

CITY OF LA GRANDE, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



The City of La Grande
Finance Department
Kimberly Hulse
Finance Officer



**CITY OF LA GRANDE, OREGON
ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Officials of the City	i
Organizational Chart	ii
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	A - C
MANAGEMENT’S DISCUSSION AND ANALYSIS	a - h
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	
General	7
Street Maintenance Fund	8
Urban Renewal General Fund	9
Proprietary Funds:	
Statement of Net Position	10
Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Fund Net Position	12
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Position of Enterprise Funds to the Statement of Activities	13
Statement of Cash Flows	14 – 15
Notes to the Basic Financial Statements	16 – 52
REQUIRED SUPPLEMENTARY INFORMATION	
Disclosures for The City’s Street System Based on a Condition Index	53
Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset)	54
Schedule of the City’s Contributions to the Oregon Public Employees Retirement System	54

	<u>Page</u>
Schedule of Proportionate Share of Net OPEB Liability (Asset)	55
Schedule of Contributions – OPERS Retirement Health Insurance Account	55
Schedule of Changes in the City’s OPEB Liability and Related Ratios	56
Notes to Required Supplementary Information	57
SUPPLEMENTAL INFORMATION	
Combining Statements – Non-Major Governmental Funds:	
Combining Balance Sheet	58
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	59
Combining Statements – Non-Major Enterprise Funds:	
Combining Statement of Net Position	60
Combining Statement of Revenues, Expenses, and Changes in Net Position	61
Combining Statement of Cash Flows	62
Combining Statements – Internal Service Funds	
Combining Statement of Net Position	63
Combining Statement of Revenues, Expenses, and Changes in Net Position	64
Combining Statement of Cash Flows	65
Budgetary Comparison Schedules:	
Schedule of Expenditures and Transfers – Budget and Actual (NON-GAAP BUDGETARY BASIS), By Department:	
General Fund	66
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Governmental Funds:	
Special Revenue Funds:	
Street & Road	67
Grants & Donations	68
911 Emergency	69
Capital Project Funds:	
Street Reserve	70
General Building/Equipment Reserve	71
Debt Service Funds:	
Urban Renewal Debt	72
Proprietary Funds:	
Enterprise Funds:	
All Water Funds:	
Water	73
Water Reserve	74
Reconciliation to Generally Accepted Accounting Principles – All Water Funds	75
All Sewer Funds:	
Sewer	76
Sewer Reserve	77
CWSRF	78
Reconciliation to Generally Accepted Accounting Principles – All Sewer Funds	79

	<u>Page</u>
All Storm Utility Funds:	
Storm Utility	80
Storm Utility Reserve	81
Reconciliation to Generally Accepted Accounting	
Principles – All Storm Utility Funds	82
All Building Inspections Funds:	
Building Inspection	83
Building Inspection Reserve	84
Reconciliation to Generally Accepted Accounting	
Principles – All Building Inspection Funds	85
Internal Service Funds:	
Motor Pool Fund	86
Public Works Service Fund	87
Other Financial Schedules:	
Schedule of Outstanding Debt Principal and Interest Transactions	88
Schedule of Governmental Activities Debt Service Future Requirements	
Loans Payable	89
Bonds Payable	90
Schedule of Business-Type Activities Debt Service Future Requirements	
Loans Payable	91
 STATISTICAL SECTION	
City of La Grande 2018/19 Ten Largest Taxpayers	92
 <u>REPORTS OF INDEPENDENT CERTIFIED</u> <u>PUBLIC ACCOUNTANTS</u> 	
INDEPENDENT AUDITOR’S REPORT REQUIRED BY OREGON STATE REGULATIONS	93 - 94



INTRODUCTORY SECTION



CITY OF LA GRANDE

OFFICIALS OF THE CITY

JUNE 30, 2019

ELECTED OFFICIALS OF THE CITY

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Steve Clements	Mayor	December 31, 2020
Gary Lillard	Mayor Pro Tem	December 31, 2022
Corrine Dutto	Council Member	December 31, 2020
Nicole Howard	Council Member	December 31, 2020
Mary Ann Miesner	Council Member	December 31, 2020
Jim Whitbeck	Council Member	December 31, 2022
Justin Rock	Council Member	December 31, 2022

CITY STAFF

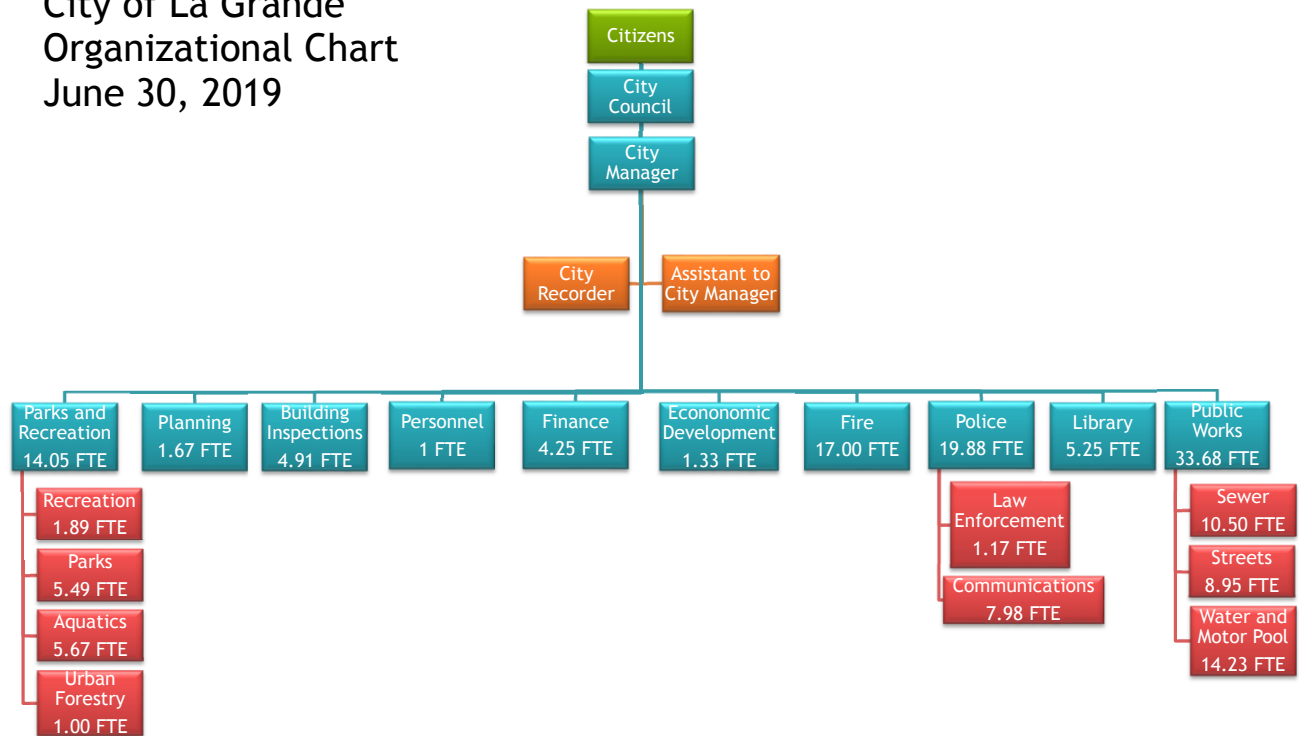
<u>Name</u>	<u>Position</u>
Robert Strobe	City Manager
Kimberly Hulse	Finance Director
Brian Harvey	Police Chief
Stu Spence	Parks Director
Kyle Carpenter	Public Works Director
Leslie Thomas	Fire Chief
Teresa Washburn	Library Director

CITY ADDRESS

CITY OF LA GRANDE
1000 Adams Avenue
P.O. Box 670
La Grande, Oregon 97850

www.cityoflagrande.org

City of La Grande Organizational Chart June 30, 2019



FINANCIAL SECTION



110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of La Grande, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of La Grande, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Grande, Oregon, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, Street Maintenance Fund, and Urban Renewal General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, disclosures for the City's street system based on a condition index under the modified approach for infrastructure, schedules of the City's Proportional Share of the Net Pension Liability (Asset) and the City's Contributions to the Oregon Public Employees Retirement System, Schedule of Proportionate Share of Net OPEB Liability (Asset), Schedule of Contributions OPERS Retirement Health Insurance Account, and the Schedule of changes in the City's OPEB Liability and Related Ratios, and Notes to Required Supplementary Information, as listed in the table of contents to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of La Grande, Oregon's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules and other financial schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 31, 2019, on our consideration of the City of La Grande's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Dickey and Tremper, LLP
Dickey and Tremper, LLP
Certified Public Accountants

December 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2019

The management of the City of La Grande, Oregon presents this narrative overview and analysis to facilitate both a short- and long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2019. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Please read it in conjunction with the City's financial statements which follow this section.

Financial Highlights

- The City's total assets on June 30, 2019 are \$105,870,476, which is a \$2,135,937 increase from last year's total assets of \$103,734,539.
- The City's total liabilities increased \$100,638 from \$14,662,247 to \$14,762,885, as of June 30, 2019.
- The City's net position increased by \$1,850,671, from \$90,094,597 to \$91,945,268 which is an increase of 2%. All assets and liabilities are reflected in this number.
- On June 30, 2019, the City's governmental funds reported combined ending fund balances of \$9,400,650, which is an increase of \$329,923 in comparison to the prior year ending fund balance of \$9,070,727. This represents a 3.6% increase in ending fund balances. Timing of activities and the addition of the Street Maintenance Fund as a major fund contributed to this increase.
- The unrestricted fund balance (not reserved for future debt obligations) of the business-type activities (water, sewer, storm utility and building inspections) increased 2% from \$6,964,955 to \$7,108,345. Total net position of business-type activities including invested in capital assets, net of related debt increased by 6%.

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to the City's basic financial statements and other required supplementary information. The basic financial statements are comprised of three components:

- (1) government-wide financial statements
- (2) fund financial statements
- (3) notes to the basic financial statements.

1. Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the City's (a) assets and deferred outflows and (b) liabilities and deferred inflows of resources. Net position is the difference between (a) and (b). The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the City owns, the liabilities it owes and the net difference. The focus of the statement of net position (the "unrestricted net position") is designed to be similar to a bottom line or "net worth" for the City and its governmental and business-type activities.

The *Statement of Activities* presents information about how the City's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows or outflows in a future fiscal period.

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2019

Overview of the Financial Statements – (continued)

Examples of such items include earned but uncollected property taxes (future inflow), pension and other postemployment benefits other than pensions and include showing water and sewer charges as revenue when billed to the customer.

This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues. The statement of activities is focused on both the gross and net cost of various activities, which are provided by the government's property tax and other revenues.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a large portion of their cost through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- General administration (City Council, City Manager's Office, Human Resources, Finance/Municipal Court)
- Police protection, code/parking enforcement and emergency management services
- Fire and Emergency Medical Services (ambulance service)
- Planning, Economic Development and Building Maintenance
- Library services
- Street Construction, Street Maintenance and Street Reserves
- Grants, Donations and General Reserves
- Urban Renewal General and Urban Renewal Debt. The Urban Renewal Funds are legally separate from the City, but for which the City is financially accountable.

The business-type activities of the City include:

- Water and Water Reserves
- Sewer, Sewer Reserves and Sewer Debt
- Building Inspections and regulations and Building Inspection Reserves
- Storm Utility and Storm Utility Reserves

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

The City has two kinds of funds:

Governmental funds - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This detailed short-term view may be useful in evaluating the City's near-term financial requirements.

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2019

Overview of the Financial Statements – (continued)

The City maintains nine (9) individual governmental funds. Information for the funds considered significant (major) appears separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. In Fiscal Year 2019, the City reports four major governmental funds: General Fund, Street Maintenance Fund, Urban Renewal General Fund and Urban Renewal Debt Fund. Data from the remaining governmental funds appear in a single, aggregated presentation. Summary fund data by fund-type for these non-major governmental funds is in the form of combining statements on pages 58-59 of this report.

Proprietary funds – The City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements.

The City's enterprise funds are the Water, Water Reserve, Sewer, Sewer Reserve, Sewer Debt, Building Inspection, Building Reserve, Storm Utility and Storm Utility Reserve Funds. Internal service funds allocate costs integrally among the City's various functions. Internal service funds include the Motor Pool fund, which accounts for fleet activities, and the Public Works Service fund, which accounts for all labor related activities for Public Works personnel. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long- term financial information. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities.

3. Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided. They are an integral part of the financial statements and should be read in conjunction with them (pages 16-52).

4. Required Supplementary Information (RSI) and Notes to RSI

In addition to the basic financial statements and accompanying notes, the RSI schedules include Disclosures for the City's Street System and certain schedules relating to the City's pension liability (asset), contributions to the Oregon Public Employees Retirement System (PERS), OPERS Health Insurance Account and other post-employment benefits (OPEB) (pages 53-57).

The City as a Whole

The City's combined net position increased by \$1,850,671, from \$90,094,597 to \$91,945,268. Net position represents cash and cash equivalents, accounts receivable, supplies inventories, capital assets (less accumulated depreciation), less all short and long-term liabilities. The City's cash and cash equivalents increased \$1,813,200 to \$22,956,154 from last year's amount of \$21,142,957. The net position of business-type activities increased \$1,960,769 while the Governmental activities net position decreased \$110,098. Overall Liabilities were similar to the prior year while overall Assets increased due to increased cash and equivalents dominantly in the Water Fund due to the Beaver Creek project. Capital assets represents utility and street systems, buildings and equipment valued over \$5,000 and having a useful life of more than one year. Net capital assets represent the cost of the asset less depreciation.

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2019

Condensed Financial Information - Following is condensed financial information derived from the City's government wide financial statement.

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019
Current Assets	\$ 11,546,499	\$ 12,149,743	\$ 13,978,367	\$ 15,062,434	\$ 25,524,866	\$ 27,212,177
Capital Assets, net	\$ 57,913,177	\$ 57,769,123	\$ 20,296,496	\$ 20,889,176	\$ 78,209,673	\$ 78,658,299
Total Assets	\$ 69,459,676	\$ 69,918,866	\$ 34,274,863	\$ 35,951,610	\$ 103,734,539	\$ 105,870,476
Deferred Outflows of Resources	\$ 1,428,509	\$ 1,648,552	\$ 48,029	\$ 45,800	\$ 1,476,538	\$ 1,694,352
Outstanding	\$ 10,257,064	\$ 11,001,299	\$ 2,766,109	\$ 2,420,209	\$ 13,023,173	\$ 13,421,508
Other Liabilities	\$ 1,180,596	\$ 891,793	\$ 458,478	\$ 449,584	\$ 1,639,074	\$ 1,341,377
Total Liabilities	\$ 11,437,660	\$ 11,893,092	\$ 3,224,587	\$ 2,869,793	\$ 14,662,247	\$ 14,762,885
Deferred Inflows of Resources	\$ 394,334	\$ 728,233	\$ 59,899	\$ 128,442	\$ 454,233	\$ 856,675
Net Position:						
Net investment in capital assets	\$ 54,805,831	\$ 54,826,136	\$ 18,844,564	\$ 19,738,820	\$ 73,650,395	\$ 74,564,956
Restricted	\$ 2,898,469	\$ 2,703,817	\$ 5,228,887	\$ 6,152,010	\$ 8,127,356	\$ 8,855,827
Unrestricted	\$ 1,351,891	\$ 1,416,140	\$ 6,964,955	\$ 7,108,345	\$ 8,316,846	\$ 8,524,485
	\$ 59,056,191	\$ 58,946,093	\$ 31,038,406	\$ 32,999,175	\$ 90,094,597	\$ 91,945,268

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2019

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019
REVENUES						
Program revenues						
Charges for services	\$ 2,238,666	\$ 1,932,194	\$ 7,340,618	\$ 7,515,194	\$ 9,579,284	\$ 9,447,388
Operating grants	1,287,288	1,557,297	-	-	1,287,288	1,557,297
Capital grants	277,470	129,254	818,922	76,813	1,096,392	206,067
General revenues	-	-	-	-	-	-
Property taxes	5,550,134	5,621,599	-	-	5,550,134	5,621,599
Franchise Taxes	2,111,515	2,182,554	-	-	2,111,515	2,182,554
Other Taxes	-	-	-	-	-	-
Other Income	25,396	39,274	-	-	25,396	39,274
Interest Income	154,024	252,768	193,536	330,965	347,560	583,733
Total Revenues	11,644,493	11,714,940	8,353,076	7,922,972	19,997,569	19,637,912
Expenses						
General government	912,410	916,281	-	-	912,410	916,281
Police department	3,381,757	3,804,415	-	-	3,381,757	3,804,415
Fire Department	2,658,009	2,774,506	-	-	2,658,009	2,774,506
Community development	1,322,288	903,628	-	-	1,322,288	903,628
Public services	2,048,755	2,010,008	-	-	2,048,755	2,010,008
Highways and streets	1,397,053	1,438,228	-	-	1,397,053	1,438,228
Interest on long-term debt	116,199	101,215	-	-	116,199	101,215
Water	-	-	1,897,310	2,358,990	1,897,310	2,358,990
Sewer	-	-	2,539,935	2,537,022	2,539,935	2,537,022
Storm utility	-	-	255,584	347,153	255,584	347,153
Building inspection	-	-	611,741	595,795	611,741	595,795
Total Expenses	11,836,471	11,948,281	5,304,570	5,838,960	17,141,041	17,787,241
Excess (deficiency) before special items and transfers	(191,978)	(233,341)	3,048,506	2,084,012	2,856,528	1,850,671
Special Items:						
Transfers of capital assets	-	-	-	-	-	-
Donated property revenue	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-
Operating Transfers	124,969	123,243	(124,969)	(123,243)	-	-
Increase (decrease) in net position	\$ (67,009)	\$ (110,098)	\$ 2,923,537	\$ 1,960,769	\$ 2,856,528	\$ 1,850,671

Governmental Activities

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,400,650 an increase of \$329,923 in comparison with the prior years ending fund balance of \$9,070,727.

The City maintains nine governmental funds and each fund has a unique purpose. Four funds (General, Street Maintenance, Urban Renewal General and Debt fund) are classified as major funds for the purposes of this report, based on criteria set forth by the Governmental Accounting Standards Board which is a mathematical formula that takes into consideration the funds relative size. The activity in the major funds is described below.

General Fund – accounted for \$9,033,999 of revenues. Expenditures and transfers out were \$8,567,786. The net change in Fund Balance was an increase of \$466,213 from the prior year 2018.

Street Maintenance – accounted for \$439,662 of revenues. Expenditures and transfers out were \$715,162. The net change in Fund Balance was a decrease of \$275,500 from the prior year 2018.

Urban Renewal General Fund – Revenues and transfers in, accounted for the \$411,391 in total revenues. Expenditures were \$471,411, a decrease of \$1,288,491 from the prior year. The majority of this decrease was due to a large transfer to the Urban Renewal Debt fund to reflect proper balances in the two funds in 2018. The fund balance decreased \$60,020.

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2019

Governmental Activities – (continued)

Urban Renewal Debt Fund - The fund balance increased by \$10,390 during the year. Revenues, were \$668,305, and expenses, including transfers out, were \$657,915. Prior year revenues and expenses were \$2,672,556 and \$1,645,365 respectively. The significant change in revenues and expenditures were attributed to the transfer of funds in 2018 as mentioned above. An increase in revenues were also seen as a result of the slight reduction in the under levy of property taxes.

Business-Type Activities

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Proprietary funds (or enterprise funds) are those funds that account for government operations where the intent is for the costs to be primarily paid for by the beneficiary. The business-type activities of the City are accounted for in nine enterprise funds. Five of these funds (water, water reserves, sewer, sewer reserves and sewer debt) are classified as major funds for the purposes of this report. The activity in the major funds is described below.

All Water Funds – The Water Fund accounts for the cost of the operation and maintenance of the City's reservoirs, wells and the distribution system for potable water. The fund net position increased by \$928,163. Reduced expenditures and increased capital from the Beaver Creek Project account for the majority of this increase in net position. Revenues were \$4,139,668 which included the Intrafund transfer of \$800,000. Expenses, including transfers out, were \$3,211,505 as compared to prior year revenues of \$4,708,450 and expenses of \$2,753,153.

All Sewer Funds – The Sewer Fund accounts for the cost of the operation and maintenance of the collection system and the waste water treatment plant. The fund net position increased by \$937,753. Revenues, including transfers in, were \$4,356,369 and expenses, including transfers out, were \$3,418,616. Prior year revenues and expenses were \$4,302,568 and \$3,417,135 respectively.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts. There were no supplemental budgets and no appropriation changes.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 was \$78,658,299 (net of accumulated depreciation) compared to the prior year net capital assets of \$78,209,673. This investment in capital assets includes land, right-of-way, buildings and improvements, improvements other than buildings (such as parks and park improvements), equipment, and infrastructure (water systems, transportation, storm water, and wastewater). Overall, the City's net book value for capital assets increased by \$448,626 due to several factors which include the completion of the Beaver Creek Project and the completion of the Contact Chlorine Basin in addition to some general equipment purchases.

The City of La Grande manages the City's roadway infrastructure using the modified approach. There have been minor changes in the assessed condition of the assets that reflect the wear of the roadways, while also showing the results of the maintenance investments. Currently, the assessed condition of each of the pavement sections exceeds the level that has been adopted by the City, and is being adequately maintained. There have historically been no differences in the actual amounts expended to maintain these levels, to the amounts needed that are estimated annually.

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2019

Capital Asset and Debt Administration – (continued)

Long-term Debt – At year-end, the City had \$4,093,343 in bonds (Including deferred premium) and notes outstanding. Total debt outstanding decreased by 10% over last year as shown in the table below. More detailed information about the City's long-term obligations is presented in Note III F beginning on page 30 of this report.

	Governmental Activities		Business-Type Activities		Total	
	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019
Sewer Treatment	\$ -	\$ -	\$ 1,451,932	\$ 1,150,356	\$ 1,451,932	\$ 1,150,356
Oregon Infrastructure Financing Authority	\$ 787,056	\$ 746,100	\$ -	\$ -	\$ 787,056	\$ 746,100
Urban Renewal Bond 2012A	\$ 820,000	\$ 775,000	\$ -	\$ -	\$ 820,000	\$ 775,000
Urban Renewal Bond 2015A	\$ 1,370,000	\$ 1,300,000	\$ -	\$ -	\$ 1,370,000	\$ 1,300,000
Deferred Premium	\$ 130,290	\$ 121,887	\$ -	\$ -	\$ 130,290	\$ 121,887
Totals	\$ 3,107,346	\$ 2,942,987	\$ 1,451,932	\$ 1,150,356	\$ 4,559,278	\$ 4,093,343

Component Units

La Grande Urban Renewal Agency is a legally separate organization for which the City is accountable. This agency is so intertwined with the City that it is in substance the same as the City and, therefore, is blended and reported as if it was a part of the City. The elected Mayor and City Council serve as the governing board of the La Grande Urban Renewal Agency. The separate financial statements for the La Grande Urban Renewal Agency are available at City Hall.

Economic Factors and Next Year's Budgets and Rates

The State of Oregon does not have a sales tax, making property taxes the major resource for most governmental agencies in Oregon. This resource is used for governmental activities. Business-type activities are funded with utility fees and charges for services.

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. Like all cities in Oregon, the City is operating under Measure 50, the ad valorem tax limitation measure approved by voters on May 20, 1997. This measure rolled back assessed values to 1995-96 levels and effectively limited increased property tax revenues the city could anticipate in future years to a maximum of three percent, with permitted allowances for increasing valuations based on new construction. No substantive changes to the basic provisions of Measure 50 have been enacted during subsequent Oregon Legislative sessions.

The following are the major assumptions used in developing the budget for fiscal year 2019-2020.

1. Assessed values, the basis of property tax revenues, will grow by 2.7%.
2. Property tax rate is set at 7.4392 as a permanent rate due to Measure 50.
3. Interest rates on investments are leveling off.
4. Most revenue projections are conservative based upon a projected status quo economy.
5. A continued moderate under-levy of the amount of assessed value upon which Urban Renewal revenues are based.
6. The City would set aside portions of its fund balances for contingencies and emergency situations.

The goals of the budget were to maintain as many of the existing staffing and service levels as possible, continue to invest in infrastructure and equipment, and maintain an appropriate level of resources needed to achieve these goals.

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2019

Requests for Information

The City's financial report is designed to provide City taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Kim Hulse, Finance Director at 1000 Adams Avenue, La Grande, OR 97850 or kimhulse@cityoflagrande.org



BASIC FINANCIAL STATEMENTS

CITY OF LA GRANDE, OREGON
STATEMENT OF NET POSITION

June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,911,547	\$ 13,044,607	\$ 22,956,154
Receivables:			
Accounts, net	925,708	942,155	1,867,863
Property taxes	572,841	-	572,841
Assessments	41,621	21,030	62,651
Notes	703,464	-	703,464
Internal balances	(247,418)	247,418	-
Prepaid items	146,192	-	146,192
Inventories	71,769	447,408	519,177
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	359,816	359,816
Net OPEB asset	24,019	-	24,019
Capital assets:			
Land	756,852	276,216	1,033,068
Infrastructure on modified approach	44,646,233	-	44,646,233
Construction in progress	47,304	366,524	413,828
Depreciable assets, net of depreciation	12,318,734	20,246,436	32,565,170
Total assets	69,918,866	35,951,610	105,870,476
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,512,905	-	1,512,905
Deferred outflows related to OPEB	135,647	45,800	181,447
Total deferred outflows of resources	1,648,552	45,800	1,694,352
Total assets and deferred outflows of resources	\$ 71,567,418	\$ 35,997,410	\$ 107,564,828
LIABILITIES			
Accounts payable and accrued expenses	862,186	445,906	1,308,092
Accrued interest payable	27,021	3,678	30,699
Deposits	2,586	-	2,586
Long-term obligations:			
Due within one year:			
Long-term liabilities	725,975	326,955	1,052,930
Due in more than one year:			
Net pension liability	4,075,567	-	4,075,567
Net OPEB liability	3,412,979	1,256,134	4,669,113
Long-term liabilities	2,786,778	837,120	3,623,898
Total liabilities	11,893,092	2,869,793	14,762,885
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	372,469	-	372,469
Deferred inflows related to OPEB	355,764	128,442	484,206
Total deferred inflows of resources	728,233	128,442	856,675
NET POSITION			
Net investment in capital assets	54,826,136	19,738,820	74,564,956
Restricted for:			
Highways and streets	879,875	-	879,875
System development	197,560	5,792,194	5,989,754
Debt service	-	359,816	359,816
Urban Renewal District projects	1,162,492	-	1,162,492
Other grants and projects	463,890	-	463,890
Unrestricted	1,416,140	7,108,345	8,524,485
Total net position	58,946,093	32,999,175	91,945,268
Total liabilities, deferred inflows, and net position	\$ 71,567,418	\$ 35,997,410	\$ 107,564,828

The notes to the basic financial statements are an integral part of this statement.

CITY OF LA GRANDE, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 916,281	\$ 109,453	\$ -	\$ 5,539	\$ (801,289)	\$ -	\$ (801,289)
Police department	3,804,415	346,547	381,286	10,335	(3,066,247)	-	(3,066,247)
Fire & EMS department	2,774,506	854,993	-	-	(1,919,513)	-	(1,919,513)
Community development	903,628	394	-	18,780	(884,454)	-	(884,454)
Public services	2,010,008	190,878	201,183	94,600	(1,523,347)	-	(1,523,347)
Highways and streets	1,438,228	429,929	974,828	-	(33,471)	-	(33,471)
Interest on long-term obligations	101,215	-	-	-	(101,215)	-	(101,215)
Total governmental activities	11,948,281	1,932,194	1,557,297	129,254	(8,329,536)	-	(8,329,536)
Business-type activities:							
Water	2,358,990	3,178,070	-	75,812	-	894,892	894,892
Sewer	2,537,022	3,406,395	-	1,001	-	870,374	870,374
Storm utility	347,153	214,205	-	-	-	(132,948)	(132,948)
Building inspection	595,795	716,524	-	-	-	120,729	120,729
Total business-type activities	5,838,960	7,515,194	-	76,813	-	1,753,047	1,753,047
Total primary government	\$17,787,241	\$ 9,447,388	\$1,557,297	\$ 206,067	(8,329,536)	1,753,047	(6,576,489)
General revenues:							
Property taxes levied for:							
General purposes					4,985,551	-	4,985,551
Debt service					636,048	-	636,048
Franchise and public services taxes					2,182,554	-	2,182,554
Interest and investment earnings					252,768	330,965	583,733
Miscellaneous					39,274	-	39,274
Transfers					123,243	(123,243)	-
Total general revenues and transfers					8,219,438	207,722	8,427,160
Change in net position					(110,098)	1,960,769	1,850,671
Net position, beginning					59,056,191	31,038,406	90,094,597
Net position, ending					\$58,946,093	\$32,999,175	\$91,945,268

The notes to the basic financial statements are an integral part of this statement.



FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for general government operations, police, fire & EMS, community development, and public services.

Street Maintenance Fund

The Street Maintenance Fund accounts for the cost of maintaining City streets. Principal sources of revenues are the street maintenance fee and interest income.

Urban Renewal General

The Urban Renewal General Fund accounts for the primary operating activity for the Agency. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Urban Renewal Debt Fund

The Urban Renewal Debt Fund accounts for revenue specifically reserved for Urban Renewal debt service.

CITY OF LA GRANDE, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Street Maintenance Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 5,186,126	\$ 494,144	\$ 100,871	\$1,054,695	\$ 2,560,105	\$ 9,395,941
Receivables:						
Property taxes	492,045	-	-	80,796	-	572,841
Accounts, net	703,386	51,901	-	-	170,421	925,708
Assessments	-	-	-	-	41,621	41,621
Notes	-	-	703,464	-	-	703,464
Inventory	-	-	-	-	67,209	67,209
 Total assets	<u>\$ 6,381,557</u>	<u>\$ 546,045</u>	<u>\$ 804,335</u>	<u>\$1,135,491</u>	<u>\$ 2,839,356</u>	<u>\$11,706,784</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 378,204	\$ 319,792	\$ (270)	\$ -	\$ 79,348	\$ 777,074
Deposits	-	-	-	-	2,586	2,586
 Total liabilities	<u>378,204</u>	<u>319,792</u>	<u>(270)</u>	<u>-</u>	<u>81,934</u>	<u>779,660</u>
DEFERRED INFLOWS OF						
Unavailable revenue	<u>689,882</u>	<u>15,915</u>	<u>703,464</u>	<u>74,140</u>	<u>43,073</u>	<u>1,526,474</u>
FUND BALANCES						
Nonspendable	-	-	-	-	67,209	67,209
Restricted	-	210,338	101,141	1,061,351	1,263,778	2,636,608
Assigned	40,000	-	-	-	1,383,362	1,423,362
Unassigned	<u>5,273,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,273,471</u>
 Total fund balances	<u>5,313,471</u>	<u>210,338</u>	<u>101,141</u>	<u>1,061,351</u>	<u>2,714,349</u>	<u>9,400,650</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,381,557</u>	<u>\$ 546,045</u>	<u>\$ 804,335</u>	<u>\$1,135,491</u>	<u>\$ 2,839,356</u>	<u>\$11,706,784</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LA GRANDE, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Fund balances - total governmental funds \$ 9,400,650

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds 56,366,921

Prepaid health insurance is expensed in the fund financial statements as it is paid, but in the Statement of Net Position, it is reported as an asset for a prepaid expenditure. 101,219

Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements. 1,526,474

Net pension liability and the related deferred outflows and deferred inflows are not due and payable in the current period, and, therefore, are not reported in the funds. (2,935,131)

Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds. (386,735)

Accrued other postemployment benefits and the related deferred outflows and deferred inflows are not due and payable in the current period, and, therefore, are not reported in the funds. (3,609,077)

Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements. (27,021)

Long-term liabilities, including bonds and notes payable and the related premium on debt, are not due and payable in the current period, and, therefore, are not reported in the fund statements. (2,942,987)

Internal service funds are used by management to charge motor pool costs and public works labor to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. 1,451,780

Net position of governmental activities \$ 58,946,093

CITY OF LA GRANDE, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	General Fund	Street Maintenance Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Totals
REVENUES						
Property taxes	\$ 4,944,804	\$ -	\$ -	\$ 635,557	\$ -	\$ 5,580,361
Other taxes	565,912	-	-	-	-	565,912
Franchise fees	1,346,886	-	-	-	-	1,346,886
Assessments	-	-	-	-	19,469	19,469
Assessment Interest	-	-	8,112	-	-	8,112
Licenses and fees	26,962	-	-	-	-	26,962
Charges for services	1,317,485	424,940	-	-	-	1,742,425
Intergovernmental	541,857	-	-	-	1,477,631	2,019,488
Fines and forfeitures	76,154	-	-	-	-	76,154
Contributions	-	-	-	-	17,150	17,150
Interest on investments	131,443	14,648	-	32,748	64,906	243,745
Miscellaneous	82,496	74	30	-	21,473	104,073
TOTAL REVENUES	<u>9,033,999</u>	<u>439,662</u>	<u>8,142</u>	<u>668,305</u>	<u>1,600,629</u>	<u>11,750,737</u>
EXPENDITURES						
Current:						
General government	871,612	-	-	-	-	871,612
Police department	3,068,097	-	-	-	368,930	3,437,027
Fire & EMS department	2,378,629	-	-	-	9,500	2,388,129
Community development	315,114	-	249,204	-	-	564,318
Public services	1,589,925	-	-	-	93,636	1,683,561
Highways and streets	-	615,162	-	-	1,010,521	1,625,683
Capital outlay	212,409	-	222,207	-	317,950	752,566
Debt service	-	-	-	254,666	-	254,666
TOTAL EXPENDITURES	<u>8,435,786</u>	<u>615,162</u>	<u>471,411</u>	<u>254,666</u>	<u>1,800,537</u>	<u>11,577,562</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>598,213</u>	<u>(175,500)</u>	<u>(463,269)</u>	<u>413,639</u>	<u>(199,908)</u>	<u>173,175</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	403,249	-	388,750	791,999
Transfers out	(132,000)	(100,000)	-	(403,249)	-	(635,249)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(132,000)</u>	<u>(100,000)</u>	<u>403,249</u>	<u>(403,249)</u>	<u>388,750</u>	<u>156,750</u>
NET CHANGE IN FUND BALANCE	466,213	(275,500)	(60,020)	10,390	188,842	329,925
FUND BALANCE, Beginning	<u>4,847,258</u>	<u>485,838</u>	<u>161,161</u>	<u>1,050,961</u>	<u>2,525,507</u>	<u>9,070,725</u>
FUND BALANCE, Ending	<u>\$ 5,313,471</u>	<u>\$ 210,338</u>	<u>\$ 101,141</u>	<u>\$ 1,061,351</u>	<u>\$ 2,714,349</u>	<u>\$ 9,400,650</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LA GRANDE, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Net change in fund balance - governmental funds \$ 329,925

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenues (92,820)

Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.

155,956

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.

Change in prepaid health insurance 9,768

Change in compensated absences 13,312

Change in accrued interest payable (10,908)

Amortization of bond premium 8,403

Change in other postemployment benefits and related deferred outflows and inflows (83,506)

Change in pension asset (liability) and related deferred outflows and inflows (345,159)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense.

Capital asset additions 661,172

Basis of assets disposed (1,279)

Depreciation expense (721,621)

(61,728)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds are allocated between governmental and business - type activities.

(33,341)

Change in net position - governmental activities \$ (110,098)

CITY OF LA GRANDE, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Property taxes	\$ 4,727,000	\$ 4,727,000	\$ 4,944,804	\$ 217,804
Other taxes	580,200	580,200	565,912	(14,288)
Franchise fees	1,200,824	1,200,824	1,346,886	146,062
Licenses and fees	23,500	23,500	26,962	3,462
Charges for services	1,365,500	1,365,500	1,317,485	(48,015)
Intergovernmental	498,724	498,724	541,857	43,133
Fines and forfeitures	61,000	61,000	76,154	15,154
Interest on investments	60,000	60,000	131,443	71,443
Miscellaneous	422,563	422,563	331,700	(90,863)
TOTAL REVENUES	<u>8,939,311</u>	<u>8,939,311</u>	<u>9,283,203</u>	<u>343,892</u>
EXPENDITURES				
Current:				
General government	1,842,395	1,842,395	1,606,215	236,180
Police department	3,241,145	3,241,145	3,068,097	173,048
Fire & EMS department	2,474,555	2,474,555	2,378,629	95,926
Community development	638,334	638,334	508,551	129,783
Public works	1,660,039	1,660,039	1,589,925	70,114
Capital outlay	242,500	242,500	212,409	30,091
Contingency	300,000	300,000	-	300,000
TOTAL EXPENDITURES	<u>10,398,968</u>	<u>10,398,968</u>	<u>9,363,826</u>	<u>1,035,142</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,459,657)</u>	<u>(1,459,657)</u>	<u>(80,623)</u>	<u>1,379,034</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	678,836	678,836	678,836	-
Transfers out	(317,000)	(317,000)	(132,000)	185,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>361,836</u>	<u>361,836</u>	<u>546,836</u>	<u>185,000</u>
NET CHANGE IN FUND BALANCE	<u>(1,097,821)</u>	<u>(1,097,821)</u>	<u>466,213</u>	<u>1,564,034</u>
FUND BALANCE, Beginning	<u>4,352,482</u>	<u>4,352,482</u>	<u>4,847,258</u>	<u>494,776</u>
FUND BALANCE, Ending	<u>\$ 3,254,661</u>	<u>\$ 3,254,661</u>	<u>\$ 5,313,471</u>	<u>\$ 2,058,810</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LA GRANDE, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STREET MAINTENANCE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Charges for services	\$ 410,000	\$ 410,000	\$ 424,940	\$ 14,940
Interest on investments	5,000	5,000	14,648	9,648
Miscellaneous	-	-	74	74
TOTAL REVENUES	<u>415,000</u>	<u>415,000</u>	<u>439,662</u>	<u>24,662</u>
EXPENDITURES				
Current:				
Highways and streets:				
Materials and services	671,400	671,400	615,162	56,238
Contingency	<u>89,418</u>	<u>89,418</u>	<u>-</u>	<u>89,418</u>
TOTAL EXPENDITURES	<u>760,818</u>	<u>760,818</u>	<u>615,162</u>	<u>145,656</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(345,818)</u>	<u>(345,818)</u>	<u>(175,500)</u>	<u>170,318</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(100,000)</u>	<u>100,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(100,000)</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	<u>(545,818)</u>	<u>(545,818)</u>	<u>(275,500)</u>	<u>270,318</u>
FUND BALANCE, Beginning	<u>629,618</u>	<u>629,618</u>	<u>485,838</u>	<u>(143,780)</u>
FUND BALANCE, Ending	<u>\$ 83,800</u>	<u>\$ 83,800</u>	<u>\$ 210,338</u>	<u>\$ 126,538</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LA GRANDE, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
URBAN RENEWAL GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Assessment Interest	\$ 8,073	\$ 8,073	\$ 8,112	\$ 39
Miscellaneous	-	-	30	30
TOTAL REVENUES	<u>8,073</u>	<u>8,073</u>	<u>8,142</u>	<u>69</u>
EXPENDITURES				
Current:				
Community development:				
Materials and services	346,998	346,998	249,204	97,794
Capital outlay	822,341	822,341	222,207	600,134
Contingency	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
TOTAL EXPENDITURES	<u>1,319,339</u>	<u>1,319,339</u>	<u>471,411</u>	<u>847,928</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,311,266)</u>	<u>(1,311,266)</u>	<u>(463,269)</u>	<u>847,997</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	50,000	50,000	-	(50,000)
Transfers in	<u>900,000</u>	<u>900,000</u>	<u>403,249</u>	<u>(496,751)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>950,000</u>	<u>950,000</u>	<u>403,249</u>	<u>(546,751)</u>
NET CHANGE IN FUND BALANCE	<u>(361,266)</u>	<u>(361,266)</u>	<u>(60,020)</u>	<u>301,246</u>
FUND BALANCE, Beginning	<u>403,485</u>	<u>403,485</u>	<u>161,161</u>	<u>(242,324)</u>
FUND BALANCE, Ending	<u>\$ 42,219</u>	<u>\$ 42,219</u>	<u>\$ 101,141</u>	<u>\$ 58,922</u>

The notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Proprietary Funds

The City of La Grande uses Proprietary Funds comprised entirely of Enterprise Funds.

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of the water sewer, storm sewer, and building inspection activities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included are:

- **All Water**
- **All Sewer**
- **Other Enterprise**

For budgetary purposes (see budget schedules in Supplemental Information), the above funds are accounted for in the following separate funds:

- **All Water Funds**
 - Water
 - Water Reserve
- **All Sewer Funds**
 - Sewer
 - Sewer Reserve
 - CWSRF
- **Other Enterprise Funds**
 - Storm Utility
 - Storm Utility Reserve
 - Building Inspections
 - Building Inspections Reserve

CITY OF LA GRANDE, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	All Water Funds	All Sewer Funds	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,030,256	\$ 7,295,763	\$ 1,718,588	\$13,044,607	\$ 515,606
Receivables:					
Accounts, net	438,455	477,806	25,894	942,155	-
Assessments	9,261	11,769	-	21,030	-
Prepaid items	-	-	-	-	44,973
Inventories	409,309	38,099	-	447,408	4,560
Total current assets	<u>4,887,281</u>	<u>7,823,437</u>	<u>1,744,482</u>	<u>14,455,200</u>	<u>565,139</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	359,816	-	359,816	-
Capital assets:					
Land	82,573	193,643	-	276,216	-
Construction in progress	303,610	62,914	-	366,524	-
Depreciable assets, net of depreciation	6,265,941	12,949,075	1,031,420	20,246,436	1,402,202
Total noncurrent assets	<u>6,652,124</u>	<u>13,565,448</u>	<u>1,031,420</u>	<u>21,248,992</u>	<u>1,402,202</u>
Total assets	<u>11,539,405</u>	<u>21,388,885</u>	<u>2,775,902</u>	<u>35,704,192</u>	<u>1,967,341</u>
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflows related to OPEB	16,895	21,863	7,042	45,800	-
Total deferred outflows of resources	<u>16,895</u>	<u>21,863</u>	<u>7,042</u>	<u>45,800</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 11,556,300</u>	<u>\$ 21,410,748</u>	<u>\$ 2,782,944</u>	<u>\$35,749,992</u>	<u>\$ 1,967,341</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 55,741	\$ 363,474	\$ 26,691	\$ 445,906	\$ 85,112
Accrued interest payable	-	3,678	-	3,678	-
Compensated absences payable	-	-	13,719	13,719	183,031
Current portion of notes and contracts payable	-	313,236	-	313,236	-
Total current liabilities	<u>55,741</u>	<u>680,388</u>	<u>40,410</u>	<u>776,539</u>	<u>268,143</u>
Long-term obligations, net of current portion					
Notes and contracts payable	-	837,120	-	837,120	-
Other postemployment benefits	463,367	599,651	193,116	1,256,134	-
Total non-current liabilities	<u>463,367</u>	<u>1,436,771</u>	<u>193,116</u>	<u>2,093,254</u>	<u>-</u>
Total liabilities	<u>519,108</u>	<u>2,117,159</u>	<u>233,526</u>	<u>2,869,793</u>	<u>268,143</u>
DEFERRED INFLOW OF RESOURCES					
Deferred inflows related to OPEB	47,380	61,315	19,747	128,442	-
Total deferred inflows of resources	<u>47,380</u>	<u>61,315</u>	<u>19,747</u>	<u>128,442</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	6,652,124	12,055,276	1,031,420	19,738,820	1,402,202
Restricted for system development	2,006,662	3,586,356	199,176	5,792,194	-
Restricted for debt service	-	359,816	-	359,816	-
Unrestricted	2,331,026	3,230,826	1,299,075	6,860,927	296,996
Total net position	<u>10,989,812</u>	<u>19,232,274</u>	<u>2,529,671</u>	<u>32,751,757</u>	<u>1,699,198</u>
Total liabilities, deferred inflows, and net position	<u>\$ 11,556,300</u>	<u>\$ 21,410,748</u>	<u>\$ 2,782,944</u>	<u>\$35,749,992</u>	<u>\$ 1,967,341</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LA GRANDE, OREGON
RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET POSITION
TO THE STATEMENT OF NET POSITION
June 30, 2019

Net position - total enterprise funds	\$ 32,751,757
--	---------------

Amounts reported for business-type activities in the Statement of Net Position are different because:

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Statement of Net Position, but a portion of the residual balance is attributed to charges paid from the Business-type Activities.

<u>247,418</u>

Net position of business - type activities	<u><u>\$ 32,999,175</u></u>
---	-----------------------------

CITY OF LA GRANDE, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Type Activities - Internal Service Funds
	All Water Funds	All Sewer Funds	Other Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 3,156,277	\$ 3,385,730	\$ 213,606	\$ 6,755,613	\$ 3,121,317
Licenses and fees	-	-	714,232	714,232	-
Miscellaneous	21,793	20,665	2,891	45,349	17,960
TOTAL OPERATING REVENUES	<u>3,178,070</u>	<u>3,406,395</u>	<u>930,729</u>	<u>7,515,194</u>	<u>3,139,277</u>
OPERATING EXPENSES					
Personal services	426,892	680,858	377,061	1,484,811	2,765,663
Materials and services	1,472,425	1,107,939	470,357	3,050,721	269,551
Depreciation	433,813	671,282	76,292	1,181,387	176,380
TOTAL OPERATING EXPENSES	<u>2,333,130</u>	<u>2,460,079</u>	<u>923,710</u>	<u>5,716,919</u>	<u>3,211,594</u>
OPERATING INCOME (LOSS)	<u>844,940</u>	<u>946,316</u>	<u>7,019</u>	<u>1,798,275</u>	<u>(72,317)</u>
NON-OPERATING INCOME (EXPENSES)					
Interest on investments	85,786	203,882	41,297	330,965	9,022
Interest expense	-	(58,578)	-	(58,578)	-
TOTAL NON-OPERATING	<u>85,786</u>	<u>145,304</u>	<u>41,297</u>	<u>272,387</u>	<u>9,022</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	930,726	1,091,620	48,316	2,070,662	(63,295)
CAPITAL CONTRIBUTIONS					
Intergovernmental	75,000	-	-	75,000	-
Assessments	812	1,001	-	1,813	-
TRANSFERS					
Transfers In	800,000	745,091	165,000	1,710,091	-
Transfers out	(878,375)	(899,959)	(55,000)	(1,833,334)	(33,507)
CHANGE IN NET POSITION	928,163	937,753	158,316	2,024,232	(96,802)
NET POSITION, Beginning	<u>10,061,649</u>	<u>18,294,521</u>	<u>2,371,355</u>	<u>30,727,525</u>	<u>1,796,000</u>
NET POSITION, Ending	<u>\$ 10,989,812</u>	<u>\$ 19,232,274</u>	<u>\$ 2,529,671</u>	<u>\$ 32,751,757</u>	<u>\$ 1,699,198</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LA GRANDE, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Change in net position - total enterprise funds	\$ 2,024,232
--	--------------

Amounts reported for business-type activities in the Statement of Activities are different because:

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue (expense) of the internal service funds are allocated to business - type activities.

(63,463)

Change in net position of business - type activities	<u>\$ 1,960,769</u>
---	---------------------

CITY OF LA GRANDE, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	All Water Funds	All Sewer Funds	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,098,641	\$ 3,404,532	\$ 929,356	\$ 7,432,529	\$ 17,960
Receipts from interfund services provided	-	-	-	-	3,121,317
Payments to suppliers	(41,297)	(432,942)	(252,518)	(726,757)	(1,182,465)
Payments to employees	-	-	(251,120)	(251,120)	(1,684,829)
Payments for interfund services used	(1,513,296)	(1,359,787)	(324,989)	(3,198,072)	(152,830)
Net cash provided from (used by) operating activities	<u>1,544,048</u>	<u>1,611,803</u>	<u>100,729</u>	<u>3,256,580</u>	<u>119,153</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	800,000	745,091	165,000	1,710,091	-
Transfers out	(878,375)	(899,959)	(55,000)	(1,833,334)	(33,507)
Net cash provided from (used by) non-capital financing activities	<u>(78,375)</u>	<u>(154,868)</u>	<u>110,000</u>	<u>(123,243)</u>	<u>(33,507)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from intergovernmental revenue	75,000	-	-	75,000	-
Assessments principal collections	1,902	2,386	-	4,288	-
Acquisition of capital assets	(578,269)	(1,157,755)	(54,950)	(1,790,974)	(94,053)
Principal paid on long-term obligations	-	(301,576)	-	(301,576)	-
Interest paid on long-term obligations	-	(60,008)	-	(60,008)	-
Net cash provided from (used by) capital and related financing activities	<u>(501,367)</u>	<u>(1,516,953)</u>	<u>(54,950)</u>	<u>(2,073,270)</u>	<u>(94,053)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	<u>85,786</u>	<u>203,882</u>	<u>41,297</u>	<u>330,965</u>	<u>9,022</u>
Net cash provided (used) by investing activities	<u>85,786</u>	<u>203,882</u>	<u>41,297</u>	<u>330,965</u>	<u>9,022</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,050,092	143,864	197,076	1,391,032	615
CASH AND CASH EQUIVALENTS, Beginning	<u>2,980,164</u>	<u>7,511,715</u>	<u>1,521,512</u>	<u>12,013,391</u>	<u>514,991</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 4,030,256</u>	<u>\$ 7,655,579</u>	<u>\$ 1,718,588</u>	<u>\$ 13,404,423</u>	<u>\$ 515,606</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LA GRANDE, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	All Water Funds	All Sewer Funds	Other Enterprise Funds	Totals	
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities					
Operating income (loss)	\$ 844,940	\$ 946,316	\$ 7,019	\$ 1,798,275	\$ (72,317)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	433,813	671,282	76,292	1,181,387	176,380
(Increase) decrease in assets:					
Receivables	(79,429)	(1,863)	(1,382)	(82,674)	-
Prepaid items	-	-	-	-	(7,082)
Inventories	323,828	(127)	-	323,701	(80)
Deferred outflows related to OPEB	911	1,179	139	2,229	-
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	18,645	(6,721)	8,030	19,954	11,008
Compensated absences payable	-	-	3,204	3,204	11,244
Other postemployment benefits	(23,834)	(30,841)	(3,364)	(58,039)	-
Deferred inflows related to OPEB	25,174	32,578	10,791	68,543	-
Net cash provided from operating activities	<u>\$ 1,544,048</u>	<u>\$ 1,611,803</u>	<u>\$ 100,729</u>	<u>\$ 3,256,580</u>	<u>\$ 119,153</u>
Non cash investing and financing					

The notes to the basic financial statements are an integral part of this statement.



NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LA GRANDE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of La Grande, Oregon (the City) is organized under the general laws of the State of Oregon. The City Council, composed of the Mayor and six Council members, comprises the legislative branch of the City. Individual departments are under the direction of the City Manager, who is appointed by the City Council.

The accompanying financial statements present all activities, funds and component units for which the City is considered financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criterion the City is a primary government with the following includable component unit.

La Grande Urban Renewal Agency

The Agency was formed on November 17, 1999 for the purpose of assisting in the economic development of the City of La Grande and is responsible for the urban growth and development within its boundaries. The Agency's governing body consists of the Mayor and City Council members. The City is required to certify to the County Assessor any incremental taxes to be levied for the benefit of the Agency. Since the City Council acts as its governing board, it has been included as a blended component unit in the financial statements. Complete financial statements for the Agency may be obtained at the City's administrative offices at 1000 Adams Avenue, La Grande, Oregon 97850.

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-types activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For Governmental Funds, funds are funded by a variety of resources, which include Restricted, Committed, Assigned, and Unassigned sources. Unless specifically tracked, expenditures are assumed to begin with Restricted, Committed, Assigned, and lastly, Unassigned.

For Proprietary Funds, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes, court fines, ambulance, and federal and state grants. Other revenue items are considered measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Street Maintenance Fund* accounts for the cost of maintaining City streets. Principal sources of revenue are the street maintenance fee and interest income.

The *Urban Renewal General Fund* accounts for the primary operating activity for the Urban Renewal Agency. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The *Urban Renewal Debt Fund* accounts for revenue specifically reserved for Urban Renewal debt service.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operation and maintenance of the water system.

The *Sewer Funds* account for the operating and maintenance of the sewer system.

The City also includes the following fund types as other governmental funds:

Special revenue funds account for revenue derived from specific taxes or other revenue sources, which are legally restricted or committed to finance particular functions or activities.

Capital projects funds account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other capital assets. Capital Project Funds exclude those types of capital related outflows financed by proprietary funds.

D. Assets, Liabilities and Equity

1. Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities of three months or less from the date of acquisition.

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2019 based on market prices. The individual fund's portion of the pool's fair value is presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources.

Other receivables including accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph C above. An allowance for uncollectible accounts has been established for the General, Street Maintenance, Water, Sewer, and Storm Utility and represents the portion of receivables not expected to be collected.

3. Inventories and Prepaid Expenses

Inventories are valued at estimated average cost value using the first-in/first-out (FIFO) method in the Water, Sewer, and Street & Road funds. Expenses are recognized when the inventories are consumed. Other inventories are taken for control purposes only with no dollar value assigned.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, land, land improvements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Infrastructure assets include the City’s street and road system. GAAP allows governments to use a modified approach for reporting infrastructure assets. This modified approach requires the government to manage its eligible infrastructure using an asset management system and to document that the eligible infrastructure assets are being preserved at or above a condition level established and disclosed by the government. The City has elected to use the modified approach for reporting its infrastructure assets. Using a pavement management system, the City has inventoried all City streets, assigned a condition, and arrived at an overall weighted composite index for all streets. The pavement management system allows the City to calculate a replacement cost for all functional classes of streets using linear feet. The total replacement cost was deflated to estimated historical cost figures using a historical construction cost index for the original estimated date of

construction. The costs of maintenance and preservation that do not add to the asset's capacity or serviceability are expensed as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. There was no interest capitalized during the year.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Life</u>
Buildings	5 – 50 years
Land Improvements	10 – 50 years
Equipment	5 – 30 years
Water & Sewer Systems	5 – 50 years

5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances and comp time. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The City accrues a liability for compensated absences, which meet the following criteria: (1) the City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees services already rendered, (2) the obligation related to rights that vest or accumulate, (3) payment of the compensation is probable, (4) the amount can be reasonably estimated. In accordance with the above criteria, the City has accrued a liability for 100% of vacation pay which has been earned, but not taken, by City employees.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time permanent employees to specified maximums.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that met the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The constraints are defined as follows:

Nonspendable - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Restricted - constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – reported when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Assigned - resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the City council approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The City Council has authorized the City Manager or his designee to use that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's fund financial statements.

Unassigned – the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned.

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources.

9. Restricted Net Position

Restrictions on net position that are imposed either by creditors, grantors, laws or other regulations, or by enabling legislation are reported as restricted net position.

10. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds, except for the proprietary funds and the General fund. The annual budget for proprietary funds is adopted on the modified accrual basis of accounting, which is not consistent with GAAP, in order to comply with Oregon Local Budget Law. The General fund budgets interfund reimbursements of expenses from other funds as revenue and transfers in, which is not consistent with GAAP. For GAAP reporting, \$928,040 was eliminated from revenues/ transfers and the corresponding reimbursed expenditures. Transfers out representing the expenditure reimbursements were reclassified to expenditures in the Street & Road Fund, 911 Emergency Fund, Water Fund, Sewer Fund, and Building Inspections Fund to be consistent with GAAP. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Management develops budget recommendations through early spring with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over expended, except in the case of grant receipts and bond sale proceeds, which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established at the department level for the General Fund. For all other funds, the level of budgetary control is established at the function level (Public Works Services, Grants and Donations, Building Inspection Services and 911 Emergency Services), capital outlay, operating contingency, interfund transfers, and debt service.

Unexpected additional resources may be added to the budget and appropriated for expenditure by using a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval by the City Council. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain City Council authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2019, there were no supplemental budgets adopted and no appropriation transfers. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses as of year-end.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2019. If bank deposits at year-end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists.

Oregon Revised Statutes Chapter 295, requires depository institutions to pledge a percentage of their uninsured public fund deposits. The percentage required to be pledged depends on how well the depository institution is capitalized. A well-capitalized institution is required to pledge collateral valued at least 10% of their quarter-end public fund deposits, while adequately capitalized and undercapitalized bank depositories are required to pledge collateral valued at 110% of their uninsured public fund deposits. Public officials are no longer required to request Certificates of Participation for balances in excess of FDIC insured amounts. Instead, they are required to ensure the institutions holding deposits have pledged the appropriate amount of collateral and are approved by the Office of the State Treasurer (OST). Public officials are also required to report all bank depositories in which they deposit public funds to the OST.

The City's deposits are comprised of bank demand deposits. For the fiscal year ended June 30, 2019, the carrying amount for the City's deposits was \$146,224 and the bank balance was \$376,554. All deposits are held in the name of the City. Of the bank balances \$250,000 was covered by federal depository insurance. The remaining \$126,554 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

Investments. The City of La Grande has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40.

In addition, The Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Credit Risk. State statutes authorize the City to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State

Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Investments held by the City at June 30, 2019 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 23,168,546
Less amounts classified as cash equivalents			<u>(23,168,546)</u>
Total Investments			<u><u>\$ -</u></u>

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position is as follows:

Cash on hand	\$ 1,200
Carrying amounts of deposits	146,224
Local Government Investment Pool	<u>23,168,546</u>
Total cash and cash equivalents	<u><u>\$ 23,315,970</u></u>
Funds:	
<u>Governmental Activities</u>	
General	\$ 5,186,126
Street Maintenance	494,144
Urban Renewal General	100,871
Urban Renewal Debt	1,054,695
Other Governmental Funds	2,560,105
Internal Service funds	<u>515,606</u>
Total Governmental Activities	<u><u>9,911,547</u></u>
<u>Business-Type Activities</u>	
Water	4,030,256
All Sewer Funds (\$359,816 restricted)	7,655,579
Other Enterprise Funds	<u>1,718,588</u>
Total Business-Type Activities	<u><u>13,404,423</u></u>
Total cash and cash equivalents	<u><u>\$ 23,315,970</u></u>

B. Receivables

Receivables as of fiscal year end for the governmental activities individual major funds, and non-major funds in the aggregate are as follows:

	General	Street Maintenance	URA General	URA Debt	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 492,045	\$ -	\$ -	\$ 80,796	\$ -	\$ 572,841
Accounts	510,681	53,823	-	-		564,504
Intergovernmental	82,158	-	-	-	170,421	252,579
Fines and assessments	477,393	-	-	-	41,621	519,014
Notes	-	-	703,464	-	-	703,464
	<u>1,562,277</u>	<u>53,823</u>	<u>703,464</u>	<u>80,796</u>	<u>212,042</u>	<u>2,612,402</u>
Less: Allowance for doubtful accounts	<u>(366,846)</u>	<u>(1,922)</u>	<u>-</u>	<u>-</u>		<u>(368,768)</u>
Total	<u>\$ 1,195,431</u>	<u>\$ 51,901</u>	<u>\$ 703,464</u>	<u>\$ 80,796</u>	<u>\$ 212,042</u>	<u>\$ 2,243,634</u>

Receivables as of June 30, 2019 for the business-type activities individual major funds are as follows:

	Water	All Sewer	Other Enterprise Funds	Total Business-Type Activities
Accounts	\$ 477,237	\$ 517,622	\$ 26,852	\$ 1,021,711
Assessments	9,261	11,769	-	21,030
Less: Allowance for doubtful accounts	<u>(38,782)</u>	<u>(39,816)</u>	<u>(958)</u>	<u>(79,556)</u>
Total Business-type Activities	<u>\$ 447,716</u>	<u>\$ 489,575</u>	<u>\$ 25,894</u>	<u>\$ 963,185</u>

Uncollected property taxes in governmental funds are reported on the statement of net position as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Union County, and remittance to the City is made at periodic intervals.

For the fiscal year 2018-2019, the City levied property taxes in the net amount of \$5,121,254 after reductions for offsets and increases for additional taxes and penalties. The tax rate for the fiscal year was \$7.4392, per \$1,000 of assessed value. The assessed valuation for the City as of January 1, 2019 was \$740,758,950. The La Grande Urban Renewal Agency, a blended component unit of the City, levied taxes its maximum taxing authority. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$652,754.

The Urban Renewal Agency has a note receivable of \$150,000 related to the funding provided towards the purchase of Liberty Theatre. The loan accrues interest at 5.5% but principal and interest can be forgiven if development requirements are met within 7 years of the initial loan disbursement in August of 2011. An amended loan agreement dated July 3, 2019 extends the

maturity date to June 1, 2021. All other terms shall remain in full force and effect, which may not be extended for any reason.

The Urban Renewal Agency extended a loan agreement to establish a new grocery store for a maximum of \$500,000. The loan accrues interest at 5% compound annually and is secured by real property. Loan principal and interest can be forgiven if the hours of operations and job creation/retention requirements are met over a maximum 10-year performance life.

The Urban Renewal Agency extended a loan agreement to Community Merchants for a maximum of \$32,235. The Urban Renewal Agency disbursed \$14,284 during the fiscal year of 2017 and the project is completed. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13th month included principal and interest based on a 15 year term. At the mid-point of the loan, (7.5 years), the remaining balance is eligible to be forgiven provided the criteria for loan forgiveness are met. The criteria for loan forgiveness includes: the company must remain in business at the time of forgiveness with a minimum of 1.5 full time equivalent employees who are employed for at least 36 months prior to the forgiveness, along with a positive cash flow for the 12 months prior to the forgiveness as demonstrated on the company income taxes, and all payments and late fees are paid and current.

The Urban Renewal Agency extended a loan agreement to Thai Fresh for a maximum amount of \$27,515. The final \$13,757 was disbursed during the fiscal year of 2018. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13th month included principal and interest based on a 15 year term. At the mid-point of the loan, (7.5 years), the remaining balance is eligible to be forgiven provided the criteria for loan forgiveness are met. The criteria for loan forgiveness includes: the company must remain in business at the time of forgiveness with a minimum of 3.0 full time equivalent employees who are employed for at least 36 months prior to the forgiveness, along with a positive cash flow for the 12 months prior to the forgiveness as demonstrated on the company income taxes, and all payments and late fees are paid and current.

The Urban Renewal Agency extended a loan agreement to Bebe Cakes for a maximum amount of \$20,500, which was fully disbursed. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13th month included principal and interest based on a 10 year term. At the mid-point of the loan, (5 years), the remaining balance is eligible to be forgiven provided the criteria for loan forgiveness are met. The criteria for loan forgiveness includes: the company must remain in business at the time of forgiveness with a minimum of 3.0 full time equivalent employees who are employed for at least 24 months prior to the forgiveness, along with a positive cash flow for the 12 months prior to the forgiveness as demonstrated on the company income taxes, and all payments and late fees are paid and current.

Assessment liens receivable represent the uncollected amounts levied against benefited property for costs of local improvements. Since the assessments are liens against the benefited property, an allowance for uncollectible amounts is not necessary, in most cases. The City issued assessments under reimbursement agreements and not all agreements have been signed or formally agreed upon.

An allowance for doubtful accounts has been established for ambulance receivables, fines, and utility receivables. Other accounts and intergovernmental receivables are considered fully collectible. Accordingly, no provision for estimated uncollectible accounts has been established.

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Deletion/ Transfer	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 756,852	\$ -	\$ -	\$ 756,852
Construction in progress	68,299	47,304	(68,299)	47,304
Infrastructure	44,324,104	322,129	-	44,646,233
Total capital assets, not being depreciated	45,149,255	369,433	(68,299)	45,450,389
Capital assets, being depreciated:				
Land Improvements	6,083,232	-	(8,013)	6,075,219
Buildings	11,794,760	-	(5,732)	11,789,028
Equipment	9,718,596	454,089	(349,165)	9,823,520
Total capital assets, being depreciated	27,596,588	454,089	(362,910)	27,687,767
Accumulated depreciation for:				
Land Improvements	(4,113,149)	(129,730)	8,013	(4,234,866)
Buildings	(4,554,393)	(275,934)	5,732	(4,824,595)
Equipment	(6,165,124)	(492,338)	347,890	(6,309,572)
Total accumulated depreciation	(14,832,666)	(898,002)	361,635	(15,369,033)
Total capital assets, being depreciated, net	12,763,922	(443,913)	(1,275)	12,318,734
Governmental activities capital assets, net	<u>\$ 57,913,177</u>	<u>\$ (74,480)</u>	<u>\$ (69,574)</u>	<u>\$ 57,769,123</u>

Depreciation expense for governmental activities is charged to governmental functions as follows:

Governmental activities

General government	\$ 14,011
Police Department	93,689
Fire Department	199,874
Community Development	9,528
Public Services	403,087
Street & Road Maintenance	177,813
Total depreciation expense - governmental activities	<u>\$ 898,002</u>

Included in the Governmental Activities Street & Road Maintenance depreciation expense is depreciation expense reported for the Internal Service Funds – Motor Pool Fund of \$176,379.

Capital asset activity for the business-type activities for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletion/ Transfer</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 276,216	-	\$ -	\$ 276,216
Construction in progress	<u>1,724,224.00</u>	<u>357,129</u>	<u>(1,714,829)</u>	<u>366,524</u>
Total capital assets, not being depreciated	<u>2,000,440</u>	<u>357,129</u>	<u>(1,714,829)</u>	<u>642,740</u>
Capital assets, being depreciated:				
Buildings	75,354	150,691	286,711	512,756
Equipment	322,007	222,266	-	544,273
Water & Sewer System	<u>36,423,547</u>	<u>2,472,099</u>	<u>-</u>	<u>38,895,646</u>
Total capital assets, being depreciated	<u>36,820,908</u>	<u>2,845,056</u>	<u>286,711</u>	<u>39,952,675</u>
Less accumulated depreciation for:				
Buildings	(31,189)	(16,157)	-	(47,346)
Equipment	(256,906)	(23,342)	-	(280,248)
Water & Sewer System	<u>(18,236,757)</u>	<u>(1,141,888)</u>	<u>-</u>	<u>(19,378,645)</u>
Total accumulated depreciation	<u>(18,524,852)</u>	<u>(1,181,387)</u>	<u>-</u>	<u>(19,706,239)</u>
Total capital assets, being depreciated, net	<u>18,296,056</u>	<u>1,663,669</u>	<u>286,711</u>	<u>20,246,436</u>
Business-type activities capital assets, net	<u>\$ 20,296,496</u>	<u>\$ 2,020,798</u>	<u>\$ (1,428,118)</u>	<u>\$ 20,889,176</u>

Depreciation expense for the business-type activities was charged to functions/programs of the City as follows:

Business-type activities

Water	\$ 433,813
All Sewer	671,282
Storm Sewer	65,515
Building Inspection	<u>10,777</u>
Total depreciation expense - business-type activities	<u>\$ 1,181,387</u>

D. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has one item that qualifies for reporting in this category. The deferred amount relating to pensions and other post-employment benefits (OPEB) is recognized as an outflow of resources in the period when the City's recognizes expense/expenditures. Governmental activities reported on the government-wide statement of Net Position related to pensions is \$1,512,905 and related to OPEB is \$135,647. Deferred outflows of resources for the business-type activities amount for OPEB was \$16,895 for Water; \$21,863 for Sewer Fund; \$7,042 for other Enterprise Funds. The City did not report any Deferred Outflows related to pension for business type activities.

E. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. Unavailable revenues from property taxes, accounts receivable, fines, assessments, and notes are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions. This amount is deferred and recognized as an inflow of resources in the period when the City recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position.

At June 30, 2019, the governmental funds report unavailable revenues from the following sources:

	General	Street Maintenance	Urban Renewal General	Urban Renewal Debt	Other Governmental Funds	Totals
Property taxes	\$ 453,852	\$ -	\$ -	\$ 74,140	\$ -	\$ 527,992
Accounts	114,857	15,915	-	-	-	130,772
Fines and assessments	121,173	-	-	-	43,073	164,246
Notes	-	-	703,464	-	-	703,464
	<u>\$ 689,882</u>	<u>\$ 15,915</u>	<u>\$ 703,464</u>	<u>\$ 74,140</u>	<u>\$ 43,073</u>	<u>\$ 1,526,474</u>

F. Long-term liabilities from direct borrowings and direct placement

1. Loans Payable – Governmental Activities

On June 8, 2006 the City entered into a loan contract with Oregon Economic Development. This loan was for the construction of the La Grande Business & Technology Park. The total loan contract was for \$2,058,286. Principal and interest at 3.52% annually was due in one lump-sum payment 30 months after the first draw. The first draw was received on September 12, 2007, resulting in a maturity date of March 12, 2010. The final draw of \$227,281 was received on February 26, 2008. A lump payment of \$1,000,000 was made on April 23, 2009 that consisted of \$905,793 of principle and \$94,207 of accrued interest. The remaining balance of \$1,152,493 was refinanced on May 27, 2009. The loan is due in annual installments beginning on December 1, 2009 for 25 years at variable interest rates ranging

from 3.00% to 5.25%. On April 10, 2018 the remaining balance of \$867,702 was refunded and refinanced for \$787,056. The loan repayment dates and payoff date remained the same. The refinance was issued with a bond premium of \$107,943 and resulted in a total cash savings of \$115,930 over the life of the loan.

Future annual requirements are as follows:

Year Ended June 30,	Principal	Interest
2020	\$ 41,209	\$ 36,644
2021	36,488	34,965
2022	36,748	33,205
2023	37,085	31,368
2024	42,440	29,514
2025-2029	242,839	114,177
2030-2034	309,291	47,477
	<u>\$ 746,100</u>	<u>\$ 327,350</u>

2. Bonds Payable – Governmental Activities

On February 21, 2012 the City issued bonds under the Local Oregon Capital Asset Program sponsored by the League of Oregon Cities. These bonds were used for the funding of the “Big H” streetscape project. The total certificate of participation issued was \$1,035,000. Interest only payments were required until December 1, 2013, after which the loan is due in annual installments of principal and semi-annual installments of interest for 20 years. Interest is at a variable rate ranging from 1% to a maximum average interest rate of 3.5%.

In February 2016 the City issued bonds under the Local Oregon Capital Asset Program sponsored by the League of Oregon Cities. These bonds were used for the funding of the Adams Avenue Streetscape Project. The total certificate of participation issued was \$1,550,000. An interest only payment is due December 1, 2016, after which the loan is due in annual installments of principal and semi-annual installments of interest for 19 years. Interest is at a fixed rate for each maturity ranging from 2% to a maximum average interest rate of 3.5%.

Future maturities of the bonds payable are as follows:

Year Ended June 30,	Principal	Interest
2020	\$ 115,000	\$ 67,236
2021	115,000	64,790
2022	125,000	61,487
2023	125,000	57,875
2024	125,000	54,050
2025-2029	705,000	200,613
2030-2034	765,000	72,151
	<u>\$2,075,000</u>	<u>\$ 578,202</u>

3. Loans Payable – Business-Type Activities – Sewer Fund

The Sewer loan payable is due in semi-annual installments of \$177,162 for 20 years including interest at 3.83% and is secured by the Net Operating Revenue of the City.

Future maturities of the loan are as follows:

Year Ended June 30,	Principal	Interest
2020	\$ 313,236	\$ 41,088
2021	325,348	28,976
2022	337,929	16,395
2023	173,843	3,329
	<u>\$ 1,150,356</u>	<u>\$ 89,788</u>

4. Changes in Long-Term Liabilities from Direct Borrowings and Direct Placements

Long-term liability activity for the year ended June 30, 2019, is as follows:

	Outstanding July 1, 2018	Issued	Reductions	Outstanding June 30, 2019	Due Within One Year
<u>Governmental activities:</u>					
Governmental bonds					
Local Oregon Capital Asset Program	\$2,190,000	\$ -	\$ 115,000	\$ 2,075,000	\$ 115,000
Total government bonds	<u>2,190,000</u>	<u>-</u>	<u>115,000</u>	<u>2,075,000</u>	<u>115,000</u>
Governmental loans/notes from direct borrowings					
IFA Refunding - Oregon Economic Development	787,056	-	40,956	746,100	41,209
Plus deferred premium	<u>130,290</u>	<u>-</u>	<u>8,403</u>	<u>121,887</u>	<u>-</u>
Total governmental loans/notes from direct borrowings	<u>917,346</u>	<u>-</u>	<u>49,359</u>	<u>867,987</u>	<u>41,209</u>
Other governmental long-term obligations					
Compensated absences	<u>571,833</u>	<u>-</u>	<u>2,067</u>	<u>569,766</u>	<u>569,766</u>
Total governmental activities	<u>\$3,679,179</u>	<u>\$ -</u>	<u>\$ 166,426</u>	<u>\$ 3,512,753</u>	<u>\$ 725,975</u>
<u>Business-type activities:</u>					
Enterprise loans/notes from direct borrowings					
CWSRF (DEQ)	\$1,451,932	\$ -	\$ 301,576	\$ 1,150,356	\$ 313,236
Total enterprise loans/notes from direct borrowings	<u>1,451,932</u>	<u>-</u>	<u>301,576</u>	<u>1,150,356</u>	<u>313,236</u>
Other business-type long-term obligations					
Compensated absences	<u>10,515</u>	<u>3,204</u>	<u>-</u>	<u>13,719</u>	<u>13,719</u>
Total business-type activities	<u>\$1,462,447</u>	<u>\$ 3,204</u>	<u>\$ 301,576</u>	<u>\$ 1,164,075</u>	<u>\$ 326,955</u>

G. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2019 were as follows:

	General Fund	Street Maintenance Fund	Urban Renewal General	Urban Renewal Debt	Non-major Governmental Funds	Total Governmental Funds
Fund Balance						
Nonspendable for:						
Prepays/Inventory	\$ -	\$ -	\$ -	\$ -	\$ 67,209	\$ 67,209
Restricted for:						
911 Dispatch Services	-	-	-	-	397,529	397,529
System Development	-	-	-	-	197,560	197,560
Highways and Streets	-	210,338	-	-	602,328	812,666
Various Grants	-	-	-	-	66,361	66,361
Urban Renewal Projects	-	-	101,141	1,061,351	-	1,162,492
Assigned to:						
System Development - Governmental	-	-	-	-	-	-
Various Activities	40,000	-	-	-	138,868	178,868
Capital Asset Reconstruction	-	-	-	-	1,244,494	1,244,494
Unassigned	5,273,471	-	-	-	-	5,273,471
Total Fund Balance	<u>\$5,313,471</u>	<u>\$ 210,338</u>	<u>\$ 101,141</u>	<u>\$1,061,351</u>	<u>\$ 2,714,349</u>	<u>\$ 9,400,650</u>

H. Transfers

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers into the business-type activities from the governmental activities for \$156,750.

A reconciliation of transfers in the fund financial statements is as follows:

	Transfers In	Transfers Out
Governmental activities:		
General	\$ -	\$ 132,000
Street Maintenance	-	100,000
Urban Renewal General	403,249	-
Urban Renewal Debt	-	403,249
Other Governmental	388,750	-
Internal Service	-	33,507
Business-type activities:		
Water	800,000	878,375
All Sewer	745,091	899,959
Other Enterprise	165,000	55,000
	<u>\$ 2,502,090</u>	<u>\$ 2,502,090</u>

As part of the budget preparation and adoption, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. Other transfers are to provide resources to pay debt service and to provide funds for projects.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; and errors and omissions for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

B. Defined Contribution Pension Plan

The City of La Grande provides pension benefits for all of its full-time employees (as defined by labor contract) through a defined contribution plan (with the exception of police officers and firefighters). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan assets are not insured. Employees are eligible to participate six months from the date of employment. Effective June 21, 2012, the City contributes 16% of management's salaries and 13% of all other salaries. Employees contribute 1% of their salaries to the retirement plan. The City's contributions for each employee are fully vested after five years of continuous service. The Principal Mutual Life Insurance company administers this plan. Contribution rates and plan amendments are approved by the City Council after negotiation with the applicable union groups. The total pension plan contributions for the fiscal year ended June 30, 2019 amounted to \$583,883. Of this amount, the employees paid \$38,498 and \$545,385 was paid by the City.

C. Defined Benefit Pension Plan – Public Employees Retirement System

Plan Description

Police and fire employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost sharing, multiple employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003, OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at

<http://www.oregon.gov/pers/EMP/pages/Actuarial-Financial-Information.aspx>.

Benefits Provided

1. Tier one/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). Police and fire member benefits are reduced if retirement occurs before age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- The member was employed by a PERS employer at the time of death,
- The member died within 120 days after termination of PERS-covered employment,
- The member died as a result of injury sustained while employed in a PERS covered job, or the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

After Retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2%.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer

contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 were \$484,094, excluding \$11,019 to fund the retirement health insurance account (RHIA). The rates in effect for the fiscal year ended June 30, 2019, excluding the RHIA rates of .50% for Tier One/Tier and .43% OPSRP, were 20.61 percent for Tier One/Tier two Police and Fire, 13.34 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported a liability of \$4,075,567 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the City's proportion was 0.02690377 percent, which decreased from its proportion of 0.02707704 percent as of June 30, 2017.

For the year ended June 30, 2019, the City's recognized pension expense (income) of \$745,064. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 138,639	\$ -
Changes of assumptions	947,562	-
Net difference between projected and actual earnings on investments	-	180,978
Changes in proportionate share.	10,522	173,242
Difference's between employer contributions and employer's proportionate share of system contributions	14,623	18,249
Total (prior to post-MD contributions)	1,111,346	372,469
Contributions subsequent to the MD	401,559	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 1,512,905</u>	<u>\$ 372,469</u>

\$401,559 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 462,301
2021	308,041
2022	(87,746)
2023	33,310
2024	22,971
Total	<u>\$ 738,877</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of Living Adjustments (COLA)	Blend 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with moro decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active Members: RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study, which reviewed experience for the four-year period ending on December 31, 2016.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	3.30%
Small Cap US Equities	1.31%	6.69%
Micro CAP US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	3.37%
Hedge Funds of Funds - Diversified	2.50%	4.09%
Hedge Funds - Events-driven	0.63%	5.86%
Timber	1.87%	5.62%
Farmland	1.87%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	

Assumed Inflation - Mean

2.50%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long term expected return on the plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount rate

The discount rate used to measure the total pension liability was 7.2 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% (Increase (8.2%))
City's proportionate share of the net pension liability (asset)	\$ 6,811,042	\$ 4,075,567	\$ 1,817,656

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the Pension Plan

The City reports payables in the amount of \$46,863 to the pension plan.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2018 measurement period that require disclosures, except that the discount rate decreased from 7.5 percent to 7.2 percent.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2018 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

D. Other post-employment benefits

The city implemented GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits other Than Pensions in the fiscal year ended June 30, 2018. This statement addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The OPEB for the City combines two separate plans. The City provides an implicit rate subsidy for retiree Health Insurance Continuation (HIC) premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan Retirement Health Insurance Account.

City of La Grande Retiree Health Plan

Plan Description. The District provides Other (than Pension) Post—Employment Benefits (OPEBs) with two main components, as follows:

- Explicit Medical Benefits – The City pays as portion of the medical premium for eligible retirees until Medicare eligibility. This explicit benefit is required to be valued under GASB Statement 75.
- Implicit Medical Benefits – In addition to the explicit medical benefits for certain retirees, continued medical coverage is offered to the City's eligible retirees and their spouses and dependents until Medicare eligibility. The active premium rate (whether paid by the City or by the retiree) still applies. However, in some cases the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the “implicit rate subsidy” and is required to be valued under GASB 75.

Retirement Eligibility. The retiree must be eligible to receive benefits from Oregon PERS. Eligibility requirements for earliest retirement under Oregon PERS are as follows:

- Tier 1/Tier 2 members: Earlier of age 55, or any age with 30 years of service.
- OPSRP members: Age 55 with 5 years of service.

Explicit Medical Benefits

Eligibility. Retirees meeting the following criteria are eligible:

- Retired from active service with at least 20 years of continuous service.
- Retired while eligible to receive a pension benefit from Oregon PERS or retired with at least 55 years of age under Employer-Sponsored retirement plan.
- Hired prior to the following dates:
 - Firefighters – July 1, 2001
 - Continuous service of 20 years, age 55, receives 3 years of medical coverage.
 - Continuous service of 25 years, age 50, receives 5 years of medical coverage.
 - Management – July 1, 2005
 - Continuous service of 20 years, receives 3 years of medical coverage.
 - Continuous service of 25 years, receives 5 years of medical coverage.
 - General Employees – July 1, 2002
 - Continuous service of 20 years, receives 3 years of medical coverage.
 - Continuous service of 25 years, receives 5 years of medical coverage.
 - Police – July 1, 2002
 - Continuous service of 20 years, age 55, receives 3 years of medical coverage.
 - Continuous service of 25 years, age 50, receives 5 years of medical coverage.
- Continuing coverage under the Employer's benefit programs through CIS

Health Care Benefits

Retirees under age 65 and their dependents are eligible to receive the same medical and dental coverage as active employees. 90% of the retiree and dependents medical and dental premiums are paid by the employer.

The co-pays and deductibles under the medical and dental coverage are the responsibility of the retiree.

A surviving spouse of a deceased retiree may continue coverage until age 65 if the retired member had at least 30 years of continuous service. Coverage ends when the spouse is eligible for another Employer-paid health plan, a new spouse's Employer-paid health plan or Medicare.

All coverage ends when the retiree turns 65.

Implicit Employer Subsidies

Eligibility

All employees of the Employer retiring from active service with a pension benefit payable immediately under Oregon PERS or another Employer-sponsored retirement plan.

The Employer's defined contribution retirement plan allows retirement at age 55 with 5 years of service.

Health Care Benefits

Retirees and their dependents under age 65 are allowed to continue the health care coverages received prior to retirement. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer.

The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

We are not aware of any additional implicit employer OPEB subsidies which result in GASB 75 liability.

Membership in the plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

	PERS Police & Fire	PERS General Service	Employer Retirement Plan*	Total
Number of Members				
Active	32	0	74	106
Retired Members	5	2	0	7
Spouse of Ineligible Retirees	-	3	0	3
Total	37	5	74	116
Spouse of Eligible Retirees	4	1	0	5
Average Age				
Active	44	0	46.3	46
Retired	58	55	0	57.4
Average Service- Actives				
PERS Service	12	0	N/A	12.4
Employer-only Service	13	0	13	12.9

	Active Members		Retired Members**
Count as of August 1, 2016	103	Count as of August 1, 2016	11
Retired with benefits	(3)	Retired with benefits	3
Terminated without benefits	(10)	Benefits ceased	(4)
New hires / newly eligible	16	Newly covered (generally spouses of former retirees)	-
Ineligible for benefits valued	-	Ineligible for benefits valued	-
Count as of July 1, 2018	106	Count as of July 1, 2018	10

* Retirees are counted and valued under PERS assumptions.

** Includes spouses of ineligible retirees.

Total OPEB Liability

The City's total OPEB liability of \$4,669,113 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement unless otherwise specified.

Valuation Date	July 1, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent per year
Discount Rate	3.87 percent, based on a 20-year general obligation bond yield index published by The Bond Buyer.
Projected Salary Increases	3.5 percent per year
Health Cost Trend	Medical and vision: 2018-6.75%, 2019-7% and between 4.75% and 6% for the subsequent 40+ years.
Cost of Living Adjustments (COLA)	3.5 percent per year, based on general inflation and the likelihood of raises throughout participant careers.
Health Mortality	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on generational basis using the Unisex Social Security Data Scale.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	<u>\$ 4,823,195</u>
Changes for the year:	
Service cost	155,476
Interest on total OPEB liability	175,109
Effect of economic/deomographic gains or losses	(320,258)
Effect of assumptions changes or inputs	11,862
Benefit payments	<u>(176,271)</u>
Net changes	<u>(154,082)</u>
Balance at June 30, 2019	<u>\$ 4,669,113</u>

Sensitivity of the total OPEB liability to changes in the discount and trend rates. The following presents the total OPEB liability of the City's, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
<i>Total OPEB (asset) liability</i>	\$ 5,001,836	\$ 4,669,113	\$ 4,354,306

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower of 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Current Trend Rate	1% Increase
<i>Total OPEB liability</i>	\$ 4,256,010	\$ 4,669,113	\$ 5,137,371

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$269,217. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (285,065)	\$ -
Changes of assumptions or inputs	(192,358)	10,559
Total (prior to post MD contributions)	(477,423)	10,559
Contributions subsequent to the measurement date	-	159,679
Net deferred (inflows) outflows of resources	<u>\$ (477,423)</u>	<u>\$ 170,238</u>

\$159,679 reported as deferred outflows of resources is related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:

2020	\$ (61,368)
2021	(61,368)
2022	(61,368)
2023	(61,368)
2024	(61,368)
Thereafter	<u>(160,024)</u>
Total	<u>\$ (466,864)</u>

Retirement Health Insurance Account (RHIA)

Plan Description. As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment

benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50% of annual covered payroll for Tier 1 and Tier 2 employees and 0.43% for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2019, 2018, and 2017 were \$11,091, \$10,419, and \$11,070 respectively.

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the City reported an asset of \$24,019 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net OPEB asset was based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the City's proportionate share was 0.02151693 percent, which was decreased from its proportionate share of 0.02227249 percent measured as of June 30, 2017.

For the year ended June 30, 2019, the City's recognized OPEB income of \$2,302. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,361
Changes of assumptions	-	76
Net difference between projected and actual earnings on investments	-	5,178
Changes in proportionate share	<u>118</u>	<u>168</u>
Total (prior to post-MD contributions)	118	6,783
Contributions subsequent to the MD	<u>11,091</u>	<u>-</u>
Net Deferred Outflow (inflow) of resources	<u>\$ 11,209</u>	<u>\$ 6,783</u>

\$11,209 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:

2020	\$ (2,227)
2021	(2,197)
2022	(1,726)
2023	<u>(515)</u>
Total	<u>\$ (6,665)</u>

Actuarial Assumptions

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, the disclosure of healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Long-Term Expected Rate of Return	7.2 percent
Discount Rate	7.2 percent
Projected Salary Increases	3.5 percent
Cost of Living Adjustments (COLA)	Blend 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with moro decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active Members: RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro CAP US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Funds of Funds - Diversified	2.50%	4.09%
Hedge Funds - Events-driven	0.63%	5.86%
Timber	1.87%	5.62%
Farmland	1.87%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	
Assumed Inflation - Mean		2.50%

Discount rate

The discount rate used to measure the total OPEB liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan invests was applied to all periods of projected benefit payments to determine the total OPEB asset.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Sensitivity of the City's Proportionate share of the net OPEB asset to changes in the discount rate

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the net

OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
<i>Total OPEB (asset) liability</i>	\$ (13,985)	\$ (24,019)	\$ (32,560)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issue OPERS financial report.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2018 measurement period that require disclosure, except that the discount rate decreased from 7.5 percent to 7.2 percent.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2018 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows

The aggregate Net OPEB Asset/Liability was reported as a net liability in the financial statements. A summary of the aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows for the two plans is as follows:

	Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Income) Expense
Health Insurance Continuation	\$ 4,669,113	\$ 170,238	\$ (477,423)	\$ 269,217
Retirement health Insurance Account (RHIA)	(24,019)	11,209	(6,783)	(2,302)
Aggregate amounts related to OPEB	<u>\$ 4,645,094</u>	<u>\$ 181,447</u>	<u>\$ (484,206)</u>	<u>\$ 266,915</u>

E. Commitments and Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The Agency committed to funding of \$690,050 to plan projects, \$200,000 to targeted partnership projects, \$50,000 to the IOOF project, and \$105,387 to the Adams Avenue Project for 2019 fiscal year along with the annual budget process.

F. Related Party Transactions

The Urban Renewal Agency paid the City of La Grande \$55,767 for administration and overhead and \$193,437 to reimburse costs reported in the economic development department during the year.

G. Tax Abatements

The GASB issued Statement No. 77, Tax Abatement Disclosures, in August, 2015. GASB 77 requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 is effective for the City for fiscal year ending June 30, 2018. The City has no tax abatements that affect them directly at June 30, 2019. Tax abatements that affect the City indirectly are as follows:

Exemption Program	Project	Tax Abatement Amount
Union County - Enterprise Zone	Outdoors RV/Northwood R.E. (lamination bldg)	\$ 5,556
Union County - Enterprise Zone	Calico Ligh Weapons Systems	856
		<u>\$ 6,412</u>

H. GASB Pronouncements

It is the City's policy to implement new GASB pronouncements no later than the required effective date. The City implemented GASB Statement No. 88, Certain Disclosures Related to Debt, Including Debt Borrowings and Direct Placements, and GASB Statement No. 89, Accounting for Interest Costs Incurred Before the End of a Construction Period. Upcoming pronouncements, which may have an effect on the City, are listed below:

GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement was issued November 2016 to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. GASB Statement No. 83 will be effective for the City for fiscal year ending June 30, 2020.

GASB Statement No. 84, Fiduciary Activities. This statement was issued January 2017 to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 will be effective for the City for fiscal year ending June 30, 2020.

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for fiscal year ending June 30, 2021.

I. Construction In Progress

The City had three construction in progress projects at June 30, 2019:

1. Concession Stand – the City started this project in the current year, which is funded by multiple sources. Some of the items related to the new concession stands have been donated by local organizations and volunteers have helped with a portion of the construction process. The total project costs is expected to be \$200,000, which \$47,304 is recorded in the current year construction in progress amounts. The project is expected to be completed in May, 2020.
2. Headworks Sewer Project – the City started this project in the prior year. The total project cost was \$94,273 and current year construction in progress amount is recorded at \$66,347 and \$9,395 was included in the prior year construction in progress. The project was completed and placed in service on September 5, 2019.
3. Water Meter Replacement – the City started gearing up for this project during the fiscal year 2018, when they purchased several of the water meters, which were recorded in inventory at June 30, 2018. During the current year the City started installing the new water meters to replace all of the meters and upgrade the whole system to a satellite water meter reading system that can be read remotely. This project is expected to span until December 2021. The project estimated cost is unknown as it was originally thought of as a maintenance project and was expected to be budgeted year by year as budget allowed. The current year construction in progress amount of \$ 303,610.

J. Subsequent Events

The City paid off the Department of Environmental Quality – CWSRF Loan on July 8, 2019 in the amount of \$1,155,064 including interest and principal.

The City was awarded a FEMA grant for \$572,095 in order to purchase a new fire engine, one of the conditions of the grant is the City will be required to contribute five percent of the grant, totaling \$28,605 towards the purchase of the fire engine.

REQUIRED SUPPLEMENTARY INFORMATION

RSI Disclosures for The City's Street System Based on a Condition Index
City of La Grande
June 30, 2019

Pavement Condition Index of the City of La Grande Street System

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Gravel	100	100	100
Oil Mat	73	73	73
Concrete	84	84	84
Major Asphalt	86	85	85
Minor Asphalt	73	73	73

Comparison of Needed-to-actual Maintenance/Preservation

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Gravel					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
Oil Mat					
Needed	163,091	223,469	-	-	564,582
Actual	163,091	223,469	-	-	564,582
Concrete					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
Major Asphalt					
Needed	374,058	116,223	2,020,841	-	23,600
Actual	374,058	116,223	2,020,841	-	23,600
Minor Asphalt					
Needed	353,073	330,746	172,309	74,402	159,411
Actual	353,073	330,746	172,309	74,402	159,411

The condition of road pavement is measured using a pavement management system. All of the streets maintained by the City are asphalt-surfaced. The pavement management system uses a measurement scale that is based on a Pavement condition Index (PCI) ranging from zero for a failed pavement to 100 for pavement in perfect condition. The City's policy is to maintain an average PCI of at least 50 for Oil Mat, 60 for Minor Asphalt, and 70 for Gravel, Concrete, and Major Asphalt. Complete condition assessments are determined every three years.

CITY OF LA GRANDE, OREGON

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION
LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability (asset)	0.02690377%	0.02707704%	0.03038888%	0.02846254%	0.02846254%	0.02846254%
City's proportionate share of the net pension liability (asset)	\$ 4,075,567	\$ 3,649,995	\$ 4,476,457	\$ 1,744,766	\$ (645,165)	\$ 1,452,485
City's covered-employee payroll	\$ 2,197,074	\$ 2,269,652	\$ 2,230,006	\$ 2,173,137	\$ 2,188,468	\$ 2,071,251
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	185.50%	160.82%	200.74%	80.29%	-29.48%	70.13%
Plan fiduciary net position as a percentage of the total pension liability	82.07%	83.12%	80.50%	91.10%	103.60%	91.97%

CITY OF LA GRANDE, OREGON

**SCHEDULE OF CITY'S CONTRIBUTIONS TO THE
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 484,094	\$ 439,351	\$ 373,737	\$ 373,147	\$ 371,348	\$ 383,769
Contributions in relation to the contractually required contributions	<u>(484,094)</u>	<u>(439,351)</u>	<u>(373,737)</u>	<u>(373,147)</u>	<u>(371,348)</u>	<u>(383,769)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,426,869	\$ 2,197,074	\$ 2,269,652	\$ 2,230,006	\$ 2,173,137	\$ 2,188,468
Contributions as a percentage of covered-employee payroll	19.95%	20.00%	16.47%	16.73%	17.09%	17.54%

* The amounts presented for each fiscal year were determined as of June 30.
Additional years will be added to the schedule as information becomes available.

CITY OF LA GRANDE, OREGON

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**

Last 10 Fiscal Years*

Measurement Date June 30,	(a) City's proportion of the net OPEB pension liability (asset)	(b) City's proportionate share of the net OPEB pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.02151693%	\$ (24,019)	\$ 2,197,074	-1.09%	124.00%
2017	0.02227249%	\$ (9,295)	\$ 2,269,652	-0.41%	108.88%
2016	0.02361866%	\$ 6,414	\$ 2,230,006	0.29%	94.15%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF LA GRANDE, OREGON

**SCHEDULE OF CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**

Last 10 Fiscal Years*

	2019	2018	2017
Contractually required contributions	\$ 11,091	\$ 10,419	\$ 11,070
Contributions in relation to the contractually required contributions	11,091	10,419	11,070
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 2,426,869	\$ 2,197,074	\$ 2,269,652
Contributions as a percentage of covered-employee payroll	0.46%	0.47%	0.49%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

CITY OF LA GRANDE, OREGON
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 155,476	\$ 168,561	N/A
Interest	175,109	142,541	N/A
Effect of changes to benefit terms	-	-	N/A
Economic/demographic gains or losses	(320,258)	-	N/A
Differences between expected and actual experience	-	-	N/A
Effect of assumptions changes or inputs	11,862	(247,315)	N/A
Benefit Payments	(176,271)	(145,905)	N/A
Net change in total OPEB liability	(154,082)	(82,118)	N/A
Total OPEB liability - beginning	4,823,195	4,905,313	N/A
Net OPEB liability - Ending	<u>\$ 4,669,113</u>	<u>\$ 4,823,195</u>	<u>\$ 4,905,313</u>
Covered-employee payroll	<u>\$ 6,276,657</u>	<u>\$ 6,055,008</u>	<u>\$ 5,824,974</u>
Total OPEB liability, as a percentage of covered-employee payroll	74.39%	79.66%	84.21%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

CITY OF LA GRANDE, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

A. Other Post-Employment Benefits

Changes of Assumptions

The City's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the discount rate. The discount rate in effect for the June 30, 2019 reporting date is 3.87% and the discount in effect for the June 30, 2020 reporting date is 3.50%

SUPPLEMENTAL INFORMATION



COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds- These funds account for revenue from specific sources that are legally restricted to expenditures for specified purposes. Funds included in this category are:

- *Street & Road* - accounts for activity within the City's street infrastructure.
- *Grants & Donations* – accounts for the monies received through grants and donations.
- *911 Emergency* – accounts for funds generated through dispatch calls and expenses related to them.

Capital Project Funds- These funds account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from long-term obligations issued to finance capital acquisitions, improvements and development charges. Funds included in this category are:

- *Capital Equipment and Improvement Fund* – accounts for capital construction projects of the City funded primarily by grant revenues.
- *General Building/Equipment Reserve* – accounts for funds related to general building and equipment repair and purchasing.

CITY OF LA GRANDE, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Special Revenue			Capital Projects		
	Street & Road	Grants & Donations	911 Emergency	Street Reserve	General Building/ Equipment Reserve	Totals
ASSETS						
Cash and cash equivalents	\$ 541,832	\$ 173,300	\$ 409,976	\$ 529,209	\$ 905,788	\$2,560,105
Receivables:						
Accounts	88,521	57,853	-	24,047	-	170,421
Assessments	-	-	-	41,621	-	41,621
Inventory	67,209	-	-	-	-	67,209
Total assets	<u>\$ 697,562</u>	<u>\$ 231,153</u>	<u>\$ 409,976</u>	<u>\$ 594,877</u>	<u>\$ 905,788</u>	<u>\$2,839,356</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 28,025	\$ 23,338	\$ 12,447	\$ 15,538	\$ -	\$ 79,348
Deposits	-	2,586	-	-	-	2,586
Total liabilities	<u>28,025</u>	<u>25,924</u>	<u>12,447</u>	<u>15,538</u>	<u>-</u>	<u>81,934</u>
DEFERRED INFLOWS						
Unavailable revenue	-	-	-	43,073	-	43,073
FUND BALANCES						
Nonspendable	67,209	-	-	-	-	67,209
Restricted	602,328	66,361	397,529	-	197,560	1,263,778
Assigned	-	138,868	-	536,266	708,228	1,383,362
Total fund balances	<u>669,537</u>	<u>205,229</u>	<u>397,529</u>	<u>536,266</u>	<u>905,788</u>	<u>2,714,349</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 697,562</u>	<u>\$ 231,153</u>	<u>\$ 409,976</u>	<u>\$ 594,877</u>	<u>\$ 905,788</u>	<u>\$2,839,356</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds			Capital Projects		
	Street & Road	Grants & Donations	911 Emergency	Street Reserve	General Building/ Equipment Reserve	Totals
REVENUES						
Assesments	\$ -	\$ -	\$ -	\$ 19,469	\$ -	\$ 19,469
Intergovernmental	974,828	160,208	320,000	22,595	-	1,477,631
Contributions	-	17,150	-	-	-	17,150
Interest on investments	11,228	5,568	11,900	13,557	22,653	64,906
Miscellaneous	2,694	12,967	37	-	5,775	21,473
TOTAL REVENUES	<u>988,750</u>	<u>195,893</u>	<u>331,937</u>	<u>55,621</u>	<u>28,428</u>	<u>1,600,629</u>
EXPENDITURES						
Current:						
Police department	-	4,849	364,081	-	-	368,930
Fire & EMS department	-	9,500	-	-	-	9,500
Public services	-	93,636	-	-	-	93,636
Highways and streets	1,010,521	-	-	-	-	1,010,521
Capital outlay	-	109,830	-	118,868	89,252	317,950
TOTAL EXPENDITURES	<u>1,010,521</u>	<u>217,815</u>	<u>364,081</u>	<u>118,868</u>	<u>89,252</u>	<u>1,800,537</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(21,771)</u>	<u>(21,922)</u>	<u>(32,144)</u>	<u>(63,247)</u>	<u>(60,824)</u>	<u>(199,908)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	156,750	-	-	100,000	132,000	388,750
TOTAL OTHER FINANCING SOURCES (USES)	<u>156,750</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>132,000</u>	<u>388,750</u>
NET CHANGE IN FUND BALANCE	134,979	(21,922)	(32,144)	36,753	71,176	188,842
FUND BALANCE, Beginning	<u>534,558</u>	<u>227,151</u>	<u>429,673</u>	<u>499,513</u>	<u>834,612</u>	<u>2,525,507</u>
FUND BALANCE, Ending	<u>\$ 669,537</u>	<u>\$ 205,229</u>	<u>\$ 397,529</u>	<u>\$ 536,266</u>	<u>\$ 905,788</u>	<u>\$ 2,714,349</u>

See auditor's report.



COMBINING STATEMENTS

Non-Major Enterprise Funds

Enterprise Funds – Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of facilities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included in this category are:

- *Building Inspection* - accounts for the City's building inspection charges and operating expenses..
- *Storm Utility* – accounts for the City's storm utility charges and operating expenses.

CITY OF LA GRANDE, OREGON
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2019

	Building Inspection	Storm Utility	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,157,232	\$ 561,356	\$ 1,718,588
Receivables:			
Accounts	<u>-</u>	<u>25,894</u>	<u>25,894</u>
Total current assets	<u>1,157,232</u>	<u>587,250</u>	<u>1,744,482</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	<u>17,738</u>	<u>1,013,682</u>	<u>1,031,420</u>
Total noncurrent assets	<u>17,738</u>	<u>1,013,682</u>	<u>1,031,420</u>
Total assets	<u>1,174,970</u>	<u>1,600,932</u>	<u>2,775,902</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflow of resources related to OPEB	<u>7,042</u>	<u>-</u>	<u>7,042</u>
Total deferred outflow of resources	<u>7,042</u>	<u>-</u>	<u>7,042</u>
Total assets and deferred outflow of resources	<u><u>\$ 1,182,012</u></u>	<u><u>\$ 1,600,932</u></u>	<u><u>\$ 2,782,944</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 15,194	\$ 11,497	\$ 26,691
Compensated absences payable	<u>13,719</u>	<u>-</u>	<u>13,719</u>
Total current liabilities	<u>28,913</u>	<u>11,497</u>	<u>40,410</u>
Long-term obligations, net of current portion:			
Other postemployment benefits	<u>193,116</u>	<u>-</u>	<u>193,116</u>
Total non-current liabilities	<u>193,116</u>	<u>-</u>	<u>193,116</u>
Total liabilities	<u>222,029</u>	<u>11,497</u>	<u>233,526</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflow of resources related to OPEB	<u>19,747</u>	<u>-</u>	<u>19,747</u>
Total deferred inflow of resources	<u>19,747</u>	<u>-</u>	<u>19,747</u>
NET POSITION			
Net investment in capital assets	17,738	1,013,682	1,031,420
Restricted for system development	-	199,176	199,176
Unrestricted	<u>922,498</u>	<u>376,577</u>	<u>1,299,075</u>
Total net position	<u>940,236</u>	<u>1,589,435</u>	<u>2,529,671</u>
Total liabilities, deferred inflows, and net position	<u><u>\$ 1,182,012</u></u>	<u><u>\$ 1,600,932</u></u>	<u><u>\$ 2,782,944</u></u>

See auditor's report.

CITY OF LA GRANDE, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2019

	Building Inspection	Storm Utility	Total
OPERATING REVENUES			
Charges for services	\$ -	\$ 213,606	\$ 213,606
Licenses and fees	714,232	-	714,232
Miscellaneous	2,292	599	2,891
TOTAL OPERATING REVENUES	<u>716,524</u>	<u>214,205</u>	<u>930,729</u>
OPERATING EXPENSES			
Personal services	377,061	-	377,061
Materials and services	207,384	262,973	470,357
Depreciation	10,777	65,515	76,292
TOTAL OPERATING EXPENSES	<u>595,222</u>	<u>328,488</u>	<u>923,710</u>
OPERATING INCOME (LOSS)	<u>121,302</u>	<u>(114,283)</u>	<u>7,019</u>
NON-OPERATING INCOME (EXPENSES)			
Interest on investments	26,862	14,435	41,297
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>26,862</u>	<u>14,435</u>	<u>41,297</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>148,164</u>	<u>(99,848)</u>	<u>48,316</u>
CAPITAL CONTRIBUTIONS			
TRANSFERS			
Transfers In	5,000	160,000	165,000
Transfers out	(5,000)	(50,000)	(55,000)
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>-</u>	<u>110,000</u>	<u>110,000</u>
CHANGE IN NET POSITION	148,164	10,152	158,316
NET POSITION, Beginning	<u>792,072</u>	<u>1,579,283</u>	<u>2,371,355</u>
NET POSITION, Ending	<u><u>\$ 940,236</u></u>	<u><u>\$ 1,589,435</u></u>	<u><u>\$ 2,529,671</u></u>

See auditor's report.

CITY OF LA GRANDE, OREGON
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2019

	Building Inspection	Storm Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 716,531	\$ 212,825	\$ 929,356
Payments to suppliers	(242,714)	(9,804)	(252,518)
Payments to employees	(251,120)	-	(251,120)
Payments for interfund services used	(82,007)	(242,982)	(324,989)
Net cash provided from (used by) operating activities	<u>140,690</u>	<u>(39,961)</u>	<u>100,729</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	5,000	160,000	165,000
Transfers out	(5,000)	(50,000)	(55,000)
Net cash provided from (used by) non-capital financing activities	<u>-</u>	<u>110,000</u>	<u>110,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	(54,950)	(54,950)
Net cash provided from (used by) capital and related financing activities	<u>-</u>	<u>(54,950)</u>	<u>(54,950)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	26,862	14,435	41,297
Net cash provided (used) by investing activities	<u>26,862</u>	<u>14,435</u>	<u>41,297</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	167,552	29,524	197,076
CASH AND CASH EQUIVALENTS, Beginning	989,680	531,832	1,521,512
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,157,232</u>	<u>\$ 561,356</u>	<u>\$ 1,718,588</u>
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities			
Operating income (loss)	\$ 121,302	\$ (114,283)	\$ 7,019
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	10,777	65,515	76,292
(Increase) decrease in assets:			
Receivables	-	(1,382)	(1,382)
Deferred outflows related to OPEB	139	-	139
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(2,159)	10,189	8,030
Compensated absences payable	3,204	-	3,204
Deferred inflows related to OPEB	10,791	-	10,791
Other postemployment benefits	(3,364)	-	(3,364)
Net cash provided from (used by) operating activities	<u>\$ 140,690</u>	<u>\$ (39,961)</u>	<u>\$ 100,729</u>

See auditor's report.

COMBINING STATEMENTS

Internal Service Funds

Internal Service Funds- These funds account for the financing services provided by one department to other departments of the City on a cost reimbursement basis. The following is a description of the City's Internal Service Funds:

- *Motor Pool* - accounts for repairs and maintenance services and fuel provided exclusively to other funds and departments of the City.
- *Public Works Service*— provides for repair services provided exclusively to other funds and departments of the City.

CITY OF LA GRANDE, OREGON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019

	Motor Pool	Public Works Service	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 333,205	\$ 182,401	\$ 515,606
Receivables:			
Prepaid items	-	44,973	44,973
Inventories	4,560	-	4,560
Total current assets	<u>337,765</u>	<u>227,374</u>	<u>565,139</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	<u>1,402,202</u>	<u>-</u>	<u>1,402,202</u>
Total noncurrent assets	<u>1,402,202</u>	<u>-</u>	<u>1,402,202</u>
Total assets	<u>1,739,967</u>	<u>227,374</u>	<u>1,967,341</u>
DEFERRED OUTFLOW OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	13,124	71,988	85,112
Compensated absences payable	<u>-</u>	<u>183,031</u>	<u>183,031</u>
Total current liabilities	<u>13,124</u>	<u>255,019</u>	<u>268,143</u>
DEFERRED INFLOW OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	1,402,202	-	1,402,202
Unrestricted	<u>324,641</u>	<u>(27,645)</u>	<u>296,996</u>
Total net position	<u>\$ 1,726,843</u>	<u>\$ (27,645)</u>	<u>\$ 1,699,198</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019

	Motor Pool	Public Works Service	Totals
OPERATING REVENUES			
Charges for services	\$ 516,694	\$ 2,604,624	\$ 3,121,318
Miscellaneous	17,959	-	17,959
TOTAL OPERATING REVENUES	<u>534,653</u>	<u>2,604,624</u>	<u>3,139,277</u>
OPERATING EXPENSES			
Personal services	152,830	2,612,833	2,765,663
Materials and services	269,551	-	269,551
Depreciation	176,380	-	176,380
TOTAL OPERATING EXPENSES	<u>598,761</u>	<u>2,612,833</u>	<u>3,211,594</u>
OPERATING INCOME (LOSS)	<u>(64,108)</u>	<u>(8,209)</u>	<u>(72,317)</u>
NON-OPERATING INCOME (EXPENSES)			
Interest on investments	9,022	-	9,022
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>9,022</u>	<u>-</u>	<u>9,022</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(55,086)</u>	<u>(8,209)</u>	<u>(63,295)</u>
TRANSFERS			
Transfers out	(33,507)	-	(33,507)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(33,507)</u>	<u>-</u>	<u>(33,507)</u>
CHANGE IN NET POSITION	(88,593)	(8,209)	(96,802)
NET POSITION, Beginning	<u>1,815,436</u>	<u>(19,436)</u>	<u>1,796,000</u>
NET POSITION, Ending	<u><u>\$ 1,726,843</u></u>	<u><u>\$ (27,645)</u></u>	<u><u>\$ 1,699,198</u></u>

See auditor's report.

CITY OF LA GRANDE, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019

	Motor Pool	Public Works Service	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 17,960	\$ -	\$ 17,960
Receipts from interfund services provided	516,693	2,604,624	3,121,317
Payments to suppliers	(262,469)	(919,996)	(1,182,465)
Payments to employees	-	(1,684,829)	(1,684,829)
Payments for interfund services used	<u>(152,830)</u>	<u>-</u>	<u>(152,830)</u>
Net cash provided from (used by) operating activities	<u>119,354</u>	<u>(201)</u>	<u>119,153</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	<u>(33,507)</u>	<u>-</u>	<u>(33,507)</u>
Net cash provided from (used by) non-capital financing activities	<u>(33,507)</u>	<u>-</u>	<u>(33,507)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	<u>(94,053)</u>	<u>-</u>	<u>(94,053)</u>
Net cash provided from (used by) capital and related financing activities	<u>(94,053)</u>	<u>-</u>	<u>(94,053)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>9,022</u>	<u>-</u>	<u>9,022</u>
Net cash provided (used by) investing activities	<u>9,022</u>	<u>-</u>	<u>9,022</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	816	(201)	615
CASH AND CASH EQUIVALENTS, Beginning	<u>332,389</u>	<u>182,602</u>	<u>514,991</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 333,205</u></u>	<u><u>\$ 182,401</u></u>	<u><u>\$ 515,606</u></u>
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities			
Operating income (loss)	\$ (64,108)	\$ (8,209)	\$ (72,317)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	176,380	-	176,380
(Increase) decrease in assets:			
Prepaid items	-	(7,082)	(7,082)
Inventories	(80)	-	(80)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	7,162	3,846	11,008
Compensated absences payable	<u>-</u>	<u>11,244</u>	<u>11,244</u>
Net cash provided from (used by) operating activities	<u><u>\$ 119,354</u></u>	<u><u>\$ (201)</u></u>	<u><u>\$ 119,153</u></u>

See auditor's report.

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General Fund and any major special revenue fund (Street Maintenance Fund and Urban Renewal General Fund) are presented as the third of the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.



**SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), BY DEPARTMENT**

▪ General Fund

CITY OF LA GRANDE, OREGON
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL, BY DEPARTMENT (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES				
Council and Manager	\$ 1,228,314	\$ 1,228,314	\$ 1,022,510	\$ 205,804
Finance and Municipal Court	629,081	629,081	583,705	45,376
Police Department	3,286,145	3,286,145	3,112,818	173,327
Fire and EMS Departments	2,619,555	2,619,555	2,522,900	96,655
Community and Economic Development/ Building Maintenance	643,334	643,334	499,280	144,054
Parks Maintenance, Aquatics, Recreation, Urban Forestry	1,105,053	1,105,053	1,049,282	55,771
Library	587,486	587,486	573,331	14,155
Contingency	300,000	300,000	-	300,000
TOTAL EXPENDITURES	<u>\$ 10,398,968</u>	<u>\$ 10,398,968</u>	<u>\$ 9,363,826</u>	<u>\$ 1,035,142</u>

See auditor's report.

**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Governmental Funds

Special Revenue Funds

- Street & Road
- Grants & Donations
- 911 Emergency

Capital Project Funds

- Street Reserve
- General Building/Equipment Reserve

Debt Service Funds

- Urban Renewal Debt

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET & ROAD FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Intergovernmental revenue	\$ 840,000	\$ 840,000	\$ 974,828	\$ 134,828
Interest on investments	5,400	5,400	11,228	5,828
Miscellaneous	10,000	10,000	2,694	(7,306)
TOTAL REVENUES	<u>855,400</u>	<u>855,400</u>	<u>988,750</u>	<u>133,350</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	368,470	368,470	342,583	25,887
Materials and services	842,710	842,710	613,684	229,026
Contingency	55,000	55,000	-	55,000
TOTAL EXPENDITURES	<u>1,266,180</u>	<u>1,266,180</u>	<u>956,267</u>	<u>309,913</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(410,780)</u>	<u>(410,780)</u>	<u>32,483</u>	<u>443,263</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	156,750	156,750	156,750	-
Transfers out	(69,254)	(69,254)	(54,254)	15,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>87,496</u>	<u>87,496</u>	<u>102,496</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCE	<u>(323,284)</u>	<u>(323,284)</u>	<u>134,979</u>	<u>458,263</u>
FUND BALANCE, Beginning	<u>382,639</u>	<u>382,639</u>	<u>534,558</u>	<u>151,919</u>
FUND BALANCE, Ending	<u>\$ 59,355</u>	<u>\$ 59,355</u>	<u>\$ 669,537</u>	<u>\$ 610,182</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GRANTS & DONATIONS FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Intergovernmental revenue	\$ 539,909	\$ 539,909	\$ 160,208	\$ (379,701)
Contributions	7,900	7,900	17,150	9,250
Interest on investments	3,500	3,500	5,568	2,068
Miscellaneous	18,000	18,000	12,967	(5,033)
TOTAL REVENUES	<u>569,309</u>	<u>569,309</u>	<u>195,893</u>	<u>(373,416)</u>
EXPENDITURES				
Current:				
Materials and services	199,605	199,605	107,985	91,620
Capital outlay	<u>427,393</u>	<u>427,393</u>	<u>109,830</u>	<u>317,563</u>
TOTAL EXPENDITURES	<u>626,998</u>	<u>626,998</u>	<u>217,815</u>	<u>409,183</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(57,689)</u>	<u>(57,689)</u>	<u>(21,922)</u>	<u>35,767</u>
NET CHANGE IN FUND BALANCE	(57,689)	(57,689)	(21,922)	35,767
FUND BALANCE, Beginning	<u>238,605</u>	<u>238,605</u>	<u>227,151</u>	<u>(11,454)</u>
FUND BALANCE, Ending	<u>\$ 180,916</u>	<u>\$ 180,916</u>	<u>\$ 205,229</u>	<u>\$ 24,313</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
911 EMERGENCY FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Intergovernmental	\$ 320,000	\$ 320,000	\$ 320,000	\$ -
Interest on investments	5,400	5,400	11,900	6,500
Miscellaneous	-	-	37	37
TOTAL REVENUES	<u>325,400</u>	<u>325,400</u>	<u>331,937</u>	<u>6,537</u>
EXPENDITURES				
Current:				
Public safety:				
Personal services	332,301	332,301	301,435	30,866
Materials and services	79,694	79,694	58,688	21,006
Contingency	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
TOTAL EXPENDITURES	<u>451,995</u>	<u>451,995</u>	<u>360,123</u>	<u>91,872</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(126,595)</u>	<u>(126,595)</u>	<u>(28,186)</u>	<u>98,409</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(3,958)</u>	<u>(3,958)</u>	<u>(3,958)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,958)</u>	<u>(3,958)</u>	<u>(3,958)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(130,553)	(130,553)	(32,144)	98,409
FUND BALANCE, Beginning	<u>401,311</u>	<u>401,311</u>	<u>429,673</u>	<u>28,362</u>
FUND BALANCE, Ending	<u>\$ 270,758</u>	<u>\$ 270,758</u>	<u>\$ 397,529</u>	<u>\$ 126,771</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STREET RESERVE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Assessments	\$ 6,747	\$ 6,747	\$ 19,469	\$ 12,722
Intergovernmental	800,000	800,000	22,595	(777,405)
Interest on investments	6,200	6,200	13,557	7,357
TOTAL REVENUES	<u>812,947</u>	<u>812,947</u>	<u>55,621</u>	<u>(757,326)</u>
EXPENDITURES				
Capital outlay	1,150,000	1,150,000	118,868	1,031,132
Contingency	100,000	100,000	-	100,000
TOTAL EXPENDITURES	<u>1,250,000</u>	<u>1,250,000</u>	<u>118,868</u>	<u>1,131,132</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(437,053)</u>	<u>(437,053)</u>	<u>(63,247)</u>	<u>373,806</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	100,000	(300,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>400,000</u>	<u>400,000</u>	<u>100,000</u>	<u>(300,000)</u>
NET CHANGE IN FUND BALANCE	<u>(37,053)</u>	<u>(37,053)</u>	<u>36,753</u>	<u>73,806</u>
FUND BALANCE, Beginning	<u>455,920</u>	<u>455,920</u>	<u>499,513</u>	<u>43,593</u>
FUND BALANCE, Ending	<u>\$ 418,867</u>	<u>\$ 418,867</u>	<u>\$ 536,266</u>	<u>\$ 117,399</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL BUILDING/EQUIPMENT RESERVE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Interest on investments	\$ 12,000	\$ 12,000	\$ 22,653	\$ 10,653
Miscellaneous	8,000	8,000	5,775	(2,225)
TOTAL REVENUES	<u>20,000</u>	<u>20,000</u>	<u>28,428</u>	<u>8,428</u>
EXPENDITURES				
Capital outlay	<u>505,479</u>	<u>505,479</u>	<u>89,252</u>	<u>416,227</u>
TOTAL EXPENDITURES	<u>505,479</u>	<u>505,479</u>	<u>89,252</u>	<u>416,227</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(485,479)</u>	<u>(485,479)</u>	<u>(60,824)</u>	<u>424,655</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>132,000</u>	<u>132,000</u>	<u>132,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>132,000</u>	<u>132,000</u>	<u>132,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(353,479)</u>	<u>(353,479)</u>	<u>71,176</u>	<u>424,655</u>
FUND BALANCE, Beginning	<u>848,526</u>	<u>848,526</u>	<u>834,612</u>	<u>(13,914)</u>
FUND BALANCE, Ending	<u>\$ 495,047</u>	<u>\$ 495,047</u>	<u>\$ 905,788</u>	<u>\$ 410,741</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
URBAN RENEWAL DEBT FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Property taxes	\$ 707,555	\$ 707,555	\$ 635,557	\$ (71,998)
Interest on investments	<u>15,800</u>	<u>15,800</u>	<u>32,748</u>	<u>16,948</u>
TOTAL REVENUES	<u>723,355</u>	<u>723,355</u>	<u>668,305</u>	<u>(55,050)</u>
EXPENDITURES				
Debt service	<u>255,034</u>	<u>255,034</u>	<u>254,666</u>	<u>368</u>
TOTAL EXPENDITURES	<u>255,034</u>	<u>255,034</u>	<u>254,666</u>	<u>368</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>468,321</u>	<u>468,321</u>	<u>413,639</u>	<u>(54,682)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(900,000)</u>	<u>(900,000)</u>	<u>(403,249)</u>	<u>496,751</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(900,000)</u>	<u>(900,000)</u>	<u>(403,249)</u>	<u>496,751</u>
NET CHANGE IN FUND BALANCE	<u>(431,679)</u>	<u>(431,679)</u>	<u>10,390</u>	<u>442,069</u>
FUND BALANCE, Beginning	<u>631,160</u>	<u>631,160</u>	<u>1,050,961</u>	<u>419,801</u>
FUND BALANCE, Ending	<u>\$ 199,481</u>	<u>\$ 199,481</u>	<u>\$ 1,061,351</u>	<u>\$ 861,870</u>

See auditor's report.



**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Proprietary Funds

Enterprise Funds

- All Water Funds
 - Water
 - Water Reserve
- All Sewer Funds
 - Sewer
 - Sewer Reserve
 - CWSRF
- Other Enterprise Funds
 - Storm Utility
 - Storm Utility Reserve
 - Building Inspections
 - Building Inspections Reserve

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Charges for services	\$ 2,923,971	\$ 2,923,971	\$ 3,152,632	\$ 228,661
Assessments	1,842	1,842	812	(1,030)
Interest on investments	25,000	25,000	54,705	29,705
Miscellaneous	10,000	10,000	21,793	11,793
TOTAL REVENUES	<u>2,960,813</u>	<u>2,960,813</u>	<u>3,229,942</u>	<u>269,129</u>
EXPENDITURES				
Current:				
Personal services	590,263	590,263	426,892	163,371 **
Materials and services	1,330,533	1,330,533	1,493,641	(163,108) **
Capital outlay	411,000	411,000	232,769	178,231 **
Contingency	200,000	200,000	-	200,000
TOTAL EXPENDITURES	<u>2,531,796</u>	<u>2,531,796</u>	<u>2,153,302</u>	<u>378,494</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>429,017</u>	<u>429,017</u>	<u>1,076,640</u>	<u>647,623</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,155,827)	(1,155,827)	(1,155,827)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,155,827)</u>	<u>(1,155,827)</u>	<u>(1,155,827)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(726,810)	(726,810)	(79,187)	647,623
FUND BALANCE, Beginning	<u>1,515,735</u>	<u>1,515,735</u>	<u>2,904,068</u>	<u>1,388,333</u>
FUND BALANCE, Ending	<u>\$ 788,925</u>	<u>\$ 788,925</u>	<u>2,824,881</u>	<u>\$ 2,035,956</u>

**Public Works Services Operational Unit budget not exceeded.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER RESERVE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 3,645	\$ 3,645
Intergovernmental	90,000	90,000	75,000	(15,000)
Interest on investments	5,500	5,500	31,081	25,581
TOTAL REVENUES	<u>95,500</u>	<u>95,500</u>	<u>109,726</u>	<u>14,226</u>
EXPENDITURES				
Capital outlay	135,000	135,000	40,504	94,496
Contingency	24,000	24,000	-	24,000
TOTAL EXPENDITURES	<u>159,000</u>	<u>159,000</u>	<u>40,504</u>	<u>118,496</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(63,500)</u>	<u>(63,500)</u>	<u>69,222</u>	<u>132,722</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	800,000	800,000	800,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	736,500	736,500	869,222	132,722
FUND BALANCE, Beginning	<u>1,128,445</u>	<u>1,128,445</u>	<u>1,137,440</u>	<u>8,995</u>
FUND BALANCE, Ending	<u>\$ 1,864,945</u>	<u>\$ 1,864,945</u>	<u>\$ 2,006,662</u>	<u>\$ 141,717</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL WATER FUNDS
For the Fiscal Year Ended June 30, 2019

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Water	\$ 2,824,881
Water Reserve	<u>2,006,662</u>
	4,831,543

Adjustments:

Capital assets, net of depreciation	6,652,124
Deferred outflows related to OPEB	16,895
Net OPEB Liability	(463,367)
Deferred inflows related to OPEB	<u>(47,383)</u>

GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET POSITION

\$ 10,989,812

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Charges for services	\$ 3,295,209	\$ 3,295,209	\$ 3,372,225	\$ 77,016
Assessments	2,324	2,324	1,001	(1,323)
Interest on investments	46,000	46,000	91,007	45,007
Miscellaneous	2,000	2,000	20,665	18,665
TOTAL REVENUES	<u>3,345,533</u>	<u>3,345,533</u>	<u>3,484,898</u>	<u>139,365</u>
EXPENDITURES				
Current:				
Personal services	914,000	914,000	680,858	233,142
Materials and services	1,154,775	1,154,775	833,740	321,035
Capital outlay	940,000	940,000	654,901	285,099
Contingency	404,444	404,444	-	404,444
TOTAL EXPENDITURES	<u>3,413,219</u>	<u>3,413,219</u>	<u>2,169,499</u>	<u>1,243,720</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(67,686)</u>	<u>(67,686)</u>	<u>1,315,399</u>	<u>1,383,085</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,164,699)	(1,164,699)	(1,164,699)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,164,699)</u>	<u>(1,164,699)</u>	<u>(1,164,699)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,232,385)	(1,232,385)	150,700	1,383,085
FUND BALANCE, Beginning	<u>2,650,522</u>	<u>2,650,522</u>	<u>3,575,954</u>	<u>925,432</u>
FUND BALANCE, Ending	<u>\$ 1,418,137</u>	<u>\$ 1,418,137</u>	<u>\$ 3,726,654</u>	<u>\$ 2,308,517</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER RESERVE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive / (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Charges for services	\$ -	\$ -	\$ 13,505	\$ 13,505
Interest on investments	58,000	58,000	99,484	41,484
TOTAL REVENUES	58,000	58,000	112,989	54,989
EXPENDITURES				
Capital outlay	1,600,000	1,600,000	463,060	1,136,940
Contingency	195,000	195,000	-	195,000
TOTAL EXPENDITURES	1,795,000	1,795,000	463,060	1,331,940
REVENUES OVER (UNDER) EXPENDITURES	(1,737,000)	(1,737,000)	(350,071)	1,386,929
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	350,000	-
TOTAL OTHER FINANCING SOURCES (USES)	350,000	350,000	350,000	-
NET CHANGE IN FUND BALANCE	(1,387,000)	(1,387,000)	(71)	1,386,929
FUND BALANCE, Beginning	2,730,245	2,730,245	3,586,426	856,181
FUND BALANCE, Ending	<u>\$ 1,343,245</u>	<u>\$ 1,343,245</u>	<u>\$ 3,586,355</u>	<u>\$ 2,243,110</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CWSRF LOAN FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive / (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Interest on investments	\$ 6,500	\$ 6,500	\$ 13,391	\$ 6,891
TOTAL REVENUES	6,500	6,500	13,391	6,891
EXPENDITURES				
Debt service	361,584	361,584	361,584	-
TOTAL EXPENDITURES	361,584	361,584	361,584	-
REVENUES OVER (UNDER) EXPENDITURES	(355,084)	(355,084)	(348,193)	6,891
OTHER FINANCING SOURCES (USES)				
Transfers in	361,584	361,584	361,584	-
TOTAL OTHER FINANCING SOURCES (USES)	361,584	361,584	361,584	-
NET CHANGE IN FUND BALANCE	6,500	6,500	13,391	6,891
FUND BALANCE, Beginning	492,002	492,002	493,379	1,377
FUND BALANCE, Ending	<u>\$ 498,502</u>	<u>\$ 498,502</u>	<u>\$ 506,770</u>	<u>\$ 8,268</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL SEWER FUNDS
For the Fiscal Year Ended June 30, 2019

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 3,726,654
Sewer Reserve	3,586,355
CWSRF Loan	<u>506,770</u>
	7,819,779

Adjustments:

Capital assets, net of depreciation	13,205,632
Deferred outflows related to OPEB	21,863
Net OPEB Liability	(599,651)
Deferred Inflows OPEB	(61,315)
Accrued interest payable	(3,678)
Long-term debt	<u>(1,150,356)</u>

GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET POSITION

\$ 19,232,274

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORM UTILITY FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Charges for services	\$ 210,000	\$ 210,000	\$ 213,606	\$ 3,606
Interest on investments	5,000	5,000	10,493	5,493
Miscellaneous	-	-	599	599
TOTAL REVENUES	<u>215,000</u>	<u>215,000</u>	<u>224,698</u>	<u>9,698</u>
EXPENDITURES				
Current:				
Materials and services	386,000	386,000	262,973	123,027
Capital outlay	110,000	110,000	54,950	55,050
Contingency	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
TOTAL EXPENDITURES	<u>546,000</u>	<u>546,000</u>	<u>317,923</u>	<u>228,077</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(331,000)</u>	<u>(331,000)</u>	<u>(93,225)</u>	<u>237,775</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	110,000	110,000	-
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(271,000)</u>	<u>(271,000)</u>	<u>(33,225)</u>	<u>237,775</u>
FUND BALANCE, Beginning	<u>334,902</u>	<u>334,902</u>	<u>409,802</u>	<u>74,900</u>
FUND BALANCE, Ending	<u>\$ 63,902</u>	<u>\$ 63,902</u>	<u>376,577</u>	<u>\$ 312,675</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORM UTILITY RESERVE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Interest on investments	\$ 480	\$ 480	\$ 3,942	\$ 3,462
TOTAL REVENUES	480	480	3,942	3,462
 REVENUES OVER (UNDER) EXPENDITURES	 480	 480	 3,942	 3,462
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
TOTAL OTHER FINANCING SOURCES (USES)	50,000	50,000	50,000	-
NET CHANGE IN FUND BALANCE	50,480	50,480	53,942	3,462
FUND BALANCE, Beginning	128,695	128,695	145,234	16,539
FUND BALANCE, Ending	<u>\$ 179,175</u>	<u>\$ 179,175</u>	<u>\$ 199,176</u>	<u>\$ 20,001</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL STORM UTILITY FUNDS
For the Fiscal Year Ended June 30, 2019**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Storm Utility	\$ 376,577
Storm Utility Reserve	<u>199,176</u>
	575,753

Adjustments:

Capital assets, net of depreciation	<u>1,013,682</u>
-------------------------------------	------------------

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 1,589,435

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUILDING INSPECTIONS FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Licenses and fees	\$ 613,000	\$ 613,000	\$ 714,232	\$ 101,232
Interest on investments	12,600	12,600	25,746	13,146
Miscellaneous	-	-	2,292	2,292
TOTAL REVENUES	<u>625,600</u>	<u>625,600</u>	<u>742,270</u>	<u>116,670</u>
EXPENDITURES				
Current:				
Personal services	448,565	448,565	373,856	74,709
Materials and services	153,406	153,406	121,389	32,017
Contingency	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
TOTAL EXPENDITURES	<u>651,971</u>	<u>651,971</u>	<u>495,245</u>	<u>156,726</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(26,371)</u>	<u>(26,371)</u>	<u>247,025</u>	<u>273,396</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(83,432)</u>	<u>(83,432)</u>	<u>(83,432)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(83,432)</u>	<u>(83,432)</u>	<u>(83,432)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(109,803)	(109,803)	163,593	273,396
FUND BALANCE, Beginning	<u>765,913</u>	<u>765,913</u>	<u>931,233</u>	<u>165,320</u>
FUND BALANCE, Ending	<u>\$ 656,110</u>	<u>\$ 656,110</u>	<u>\$ 1,094,826</u>	<u>\$ 438,716</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUILDING INSPECTIONS RESERVE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 500	\$ 500	\$ 1,116	\$ 616
TOTAL REVENUES	500	500	1,116	616
 REVENUES OVER (UNDER) EXPENDITURES	500	500	1,116	616
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	5,000	5,000	-
NET CHANGE IN FUND BALANCE	5,500	5,500	6,116	616
FUND BALANCE, Beginning	40,926	40,926	41,096	170
FUND BALANCE, Ending	<u>\$ 46,426</u>	<u>\$ 46,426</u>	<u>\$ 47,212</u>	<u>\$ 786</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL BUILDING INSPECTION FUNDS
For the Fiscal Year Ended June 30, 2019**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Building Inspection	\$ 1,094,826
Building Inspection Reserve	<u>47,212</u>
	1,142,038

Adjustments:

Capital assets, net of depreciation	17,738
Deferred outflows - OPEB	7,042
Compensated absences	(13,719)
Net OPEB liability	(193,116)
Deferred inflows - OPEB	<u>(19,747)</u>

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 940,236

**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Internal Service Funds

- Motor Pool Fund
- Public Works Service Fund

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOTOR POOL FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Charges for services	\$ 570,000	\$ 570,000	\$ 516,694	\$ (53,306)
Interest on investments	4,500	4,500	9,022	4,522
Miscellaneous	10,000	10,000	17,959	7,959
TOTAL REVENUES	<u>584,500</u>	<u>584,500</u>	<u>543,675</u>	<u>(40,825)</u>
EXPENDITURES				
Current:				
Personal services	182,217	182,217	152,830	29,387
Materials and services	337,855	337,855	268,121	69,734
Capital outlay	200,000	200,000	128,989	71,011
Contingency	<u>78,556</u>	<u>78,556</u>	<u>-</u>	<u>78,556</u>
TOTAL EXPENDITURES	<u>798,628</u>	<u>798,628</u>	<u>549,940</u>	<u>248,688</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(214,128)</u>	<u>(214,128)</u>	<u>(6,265)</u>	<u>207,863</u>
NET CHANGE IN FUND BALANCE	(214,128)	(214,128)	(6,265)	207,863
FUND BALANCE, Beginning	<u>292,371</u>	<u>292,371</u>	<u>330,906</u>	<u>38,535</u>
FUND BALANCE, Ending	<u>\$ 78,243</u>	<u>\$ 78,243</u>	<u>324,641</u>	<u>\$ 246,398</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			<u>1,402,202</u>	
NET POSITION, Ending			<u>\$ 1,726,843</u>	

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC WORKS SERVICE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Charges for services	\$ 2,912,495	\$ 2,912,495	\$ 2,604,623	\$ (307,872)
TOTAL REVENUES	<u>2,912,495</u>	<u>2,912,495</u>	<u>2,604,623</u>	<u>(307,872)</u>
EXPENDITURES				
Current:				
Personal services	2,912,495	2,912,495	2,608,669	303,826
Contingency	<u>181,972</u>	<u>181,972</u>	<u>-</u>	<u>181,972</u>
TOTAL EXPENDITURES	<u>3,094,467</u>	<u>3,094,467</u>	<u>2,608,669</u>	<u>485,798</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(181,972)</u>	<u>(181,972)</u>	<u>(4,046)</u>	<u>177,926</u>
NET CHANGE IN FUND BALANCE	(181,972)	(181,972)	(4,046)	177,926
FUND BALANCE, Beginning	<u>181,972</u>	<u>181,972</u>	<u>114,459</u>	<u>(67,513)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>110,413</u>	<u>\$ 110,413</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Prepaid insurance			44,973	
Compensated absences			<u>(183,031)</u>	
NET POSITION, Ending			<u>\$ (27,645)</u>	

See auditor's report.



OTHER FINANCIAL SCHEDULES

CITY OF LA GRANDE, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2019

	Interest Rates	Date of Issue	Original Amount	Principal			Outstanding June 30, 2019	Interest Matured and Paid
				Outstanding July 1, 2018	Issued	Matured and Paid		
<u>Governmental Funds</u>								
IFA Refunding	4.00%	4/10/2018	\$ 1,177,493	\$ 787,056	\$ -	\$ 40,956	\$ 746,100	\$ 29,185
Urban Renewal Bond - 2012	1% - 3.5%	2/21/2012	\$ 1,035,000	820,000	-	45,000	775,000	25,675
Urban Renewal Bond - 2015	2% - 3.5%	2/24/2015	\$ 1,550,000	1,370,000	-	70,000	1,300,000	43,850
				<u>2,977,056</u>	<u>-</u>	<u>155,956</u>	<u>2,821,100</u>	<u>98,710</u>
<u>Enterprise Funds</u>								
CWSRF Loan Payable	3.83%	6/1/2002	\$ 4,836,437	\$ 1,451,932	\$ -	\$ 301,576	\$ 1,150,356	\$ 52,748
				<u>1,451,932</u>	<u>-</u>	<u>301,576</u>	<u>1,150,356</u>	<u>52,748</u>
Total				<u>\$ 4,428,988</u>	<u>\$ -</u>	<u>\$ 457,532</u>	<u>\$ 3,971,456</u>	<u>\$ 151,458</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF GOVERNMENTAL ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS - LOANS PAYABLE
June 30, 2019

Year Ending June 30	Oregon Infrastructure Financing Authority		Totals	
	Principal	Interest	Principal	Interest
2020	\$ 41,209	\$ 36,644	\$ 41,209	\$ 36,644
2021	36,488	34,965	36,488	34,965
2022	36,748	33,205	36,748	33,205
2023	37,085	31,368	37,085	31,368
2024	42,440	29,514	42,440	29,514
2025	42,737	27,466	42,737	27,466
2026	48,124	25,329	48,124	25,329
2027	48,551	22,903	48,551	22,903
2028	48,978	20,475	48,978	20,475
2029	54,449	18,004	54,449	18,004
2030	54,875	15,329	54,875	15,329
2031	60,343	12,610	60,343	12,610
2032	60,835	9,618	60,835	9,618
2033	66,349	6,604	66,349	6,604
2034	66,889	3,316	66,889	3,316
	<u>\$ 746,100</u>	<u>\$ 327,350</u>	<u>\$ 746,100</u>	<u>\$ 327,350</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF GOVERNMENTAL ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS - BONDS PAYABLE
June 30, 2019

Year Ending June 30	Urban Renewal Bond -2012		Urban Renewal Bond - 2015		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 45,000	\$ 24,786	\$ 70,000	\$ 42,450	\$ 115,000	\$ 67,236
2021	45,000	23,740	70,000	41,050	115,000	64,790
2022	50,000	22,537	75,000	38,950	125,000	61,487
2023	50,000	21,175	75,000	36,700	125,000	57,875
2024	50,000	19,600	75,000	34,450	125,000	54,050
2025	50,000	17,850	80,000	31,825	130,000	49,675
2026	55,000	16,013	85,000	29,025	140,000	45,038
2027	55,000	14,087	85,000	26,050	140,000	40,137
2028	55,000	12,163	90,000	23,075	145,000	35,238
2029	60,000	10,150	90,000	20,375	150,000	30,525
2030	60,000	8,050	95,000	16,675	155,000	24,725
2031	65,000	5,863	95,000	14,350	160,000	20,213
2032	65,000	3,588	100,000	11,025	165,000	14,613
2032	70,000	1,225	105,000	7,525	175,000	8,750
2033	-	-	110,000	3,850	110,000	3,850
	<u>\$ 775,000</u>	<u>\$ 200,827</u>	<u>\$ 1,300,000</u>	<u>\$ 377,375</u>	<u>\$ 2,075,000</u>	<u>\$ 578,202</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF BUSINESS-TYPE ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS - LOANS PAYABLE
June 30, 2019

Year Ending June 30	CWSRF Loan		Totals	
	Principal	Interest	Principal	Interest
2020	\$ 313,236	\$ 41,088	\$ 313,236	\$ 41,088
2021	325,348	28,976	325,348	28,976
2022	337,929	16,395	337,929	16,395
2023	173,843	3,329	173,843	3,329
	<u>\$ 1,150,356</u>	<u>\$ 89,788</u>	<u>\$ 1,150,356</u>	<u>\$ 89,788</u>

See auditor's report.



STATISTICAL SECTION



**UNION COUNTY
ASSESSOR/TAX COLLECTOR
1001 4TH STREET, SUITE A
LA GRANDE, OREGON 97850**

**CODY VAVRA
ASSESSOR/TAX COLLECTOR**

**TELEPHONE (541) 963-1002
FAX (541) 963-1039**

**CITY OF LA GRANDE
2018/2019 TEN LARGEST TAXPAYERS**

<i>Name</i>	<i>Assessed Value</i>	<i>Total Tax *</i>
1. AVISTA CORP	\$10,884,300	\$183,008.61
2. UNION PACIFIC RAILROAD CO	\$7,477,000	\$137,028.73
3. CHARTER COMMUNICATIONS	\$6,842,900	\$118,476.13
4. ECLIPSE CASCADE RE GR LLC	\$6,580,878	\$111,024.41
5. BOISE BUILDING SOLUTIONS MFG	\$6,212,057	\$104,494.68
6. SAFEWAY	\$5,795,106	\$98,152.55
7. OREGON TRAIL ELECTRIC COOP	\$5,295,420	\$89,125.49
8. DEW CLAW LLC	\$4,864,810	\$81,796.92
9. FRONTIER COMMUNICATIONS	\$3,965,700	\$66,679.26
10. LSREF GOLDEN PROPERTY 14 LLC	\$3,410,919	\$62,510.90

*Total Tax can include special assessments

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of La Grande as of and for the year ended June 30, 2019, and have issued our report thereon dated December 31, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of La Grande financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of La Grande was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.


OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City of La Grande internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of La Grande internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of La Grande internal control over financial reporting.

We noted certain matters that we reported to management in a separate letter dated December 31, 2019.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of City of La Grande and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Dickey and Tremper, LLP

A handwritten signature in black ink that reads "Dickey and Tremper, LLP". The signature is written in a cursive, flowing style.

December 31, 2019

