

# **CITY OF LA GRANDE, OREGON**

## **ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**



The City of La Grande  
Finance Department  
Heather Rajkovich  
Finance Officer



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

**For the Fiscal Year Ended June 30, 2022**

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# INTRODUCTORY SECTION

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# CITY OF LA GRANDE

## OFFICIALS OF THE CITY

JUNE 30, 2022

### ELECTED OFFICIALS OF THE CITY

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Steve Clements	Mayor	December 31, 2022
Gary Lillard	Mayor Pro Tem	December 31, 2022
John Bozarth	Council Member	December 31, 2022
Nicole Howard	Council Member	December 31, 2024
Mary Ann Miesner	Council Member	December 31, 2024
David Glabe	Council Member	December 31, 2024
Justin Rock	Council Member	December 31, 2022

### CITY STAFF

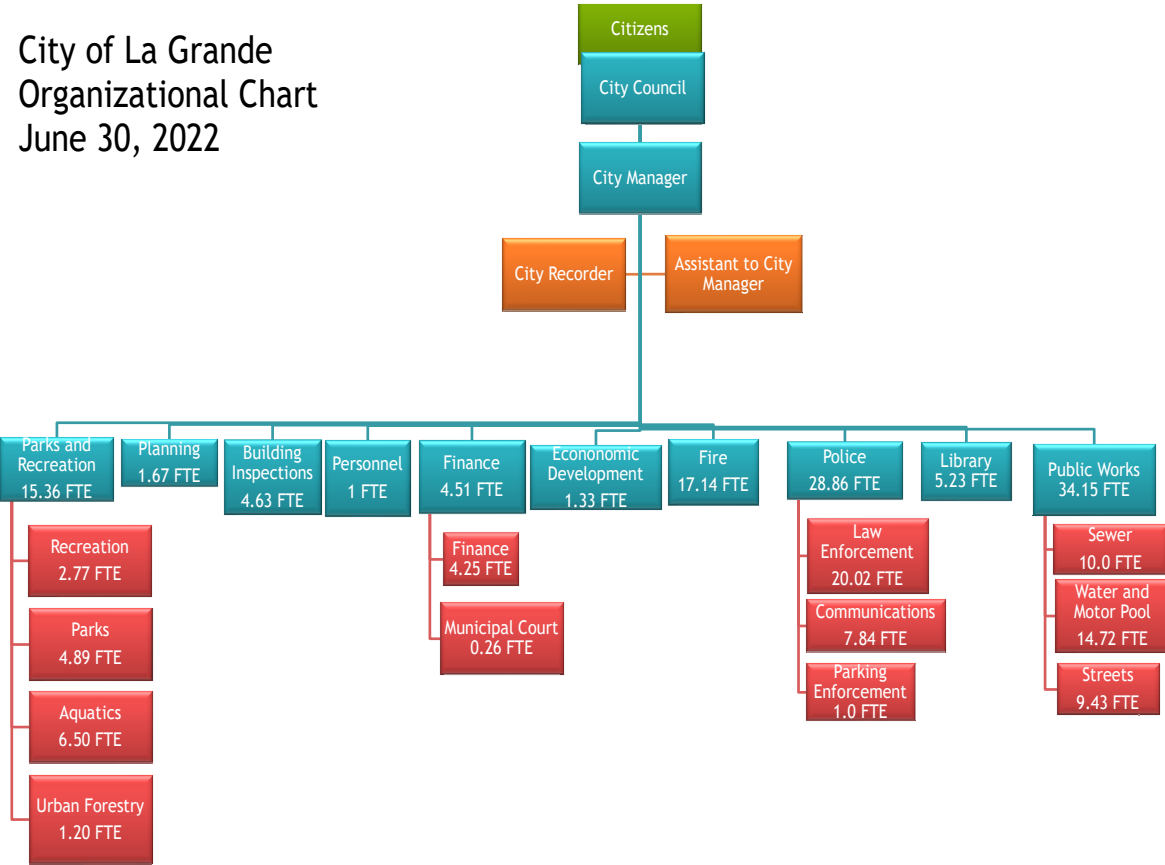
<u>Name</u>	<u>Position</u>
Robert Strobe .....	City Manager
Heather Rajkovich.....	Finance Director
Gary Bell .....	Police Chief
Stu Spence .....	Parks Director
Kyle Carpenter .....	Public Works Director
Emmitt Cornford .....	Fire Chief
Carrie Bushman .....	Library Director

### CITY ADDRESS

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

[www.cityoflagrande.org](http://www.cityoflagrande.org)

City of La Grande  
Organizational Chart  
June 30, 2022





## FINANCIAL SECTION

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**Dickey and Tremper, LLP**  
Certified Public Accountants and Business Advisors

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Pendleton, OR 97801  
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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the General Fund and Urban Renewal General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As described in Note IV.H to the financial statements, in the fiscal year ending June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

#### ***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 and for the design, implementation, and maintenance of internal control relevant to the

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Members of: American Institute of Certified Public Accountants  
National Association of Certified Valuation Analysts  
Oregon Society of Certified Public Accountants

preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters we identified during the audit.

### ***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 is the responsibility of management and 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.

### ***Supplemental 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other financial schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **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 February 22, 2023, 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.

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

February 22, 2023



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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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, 2022. 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, 2022 are \$116,302,791, which is a \$5,435,346 increase from last year's total assets of \$110,867,445.
- The City's total liabilities decreased \$1,816,321 from \$15,691,911 to \$13,875,590, as of June 30, 2022.
- The City's net position increased by \$4,461,897, from \$96,895,731 to \$101,357,628 which is an increase of 4.6%. All assets and liabilities are reflected in this number.
- On June 30, 2022, the City's governmental funds reported combined ending fund balances totaling \$12,889,321, which is an increase of \$2,287,831 in comparison to the prior year ending fund balance of \$10,601,490. This represents a 21.58 % increase in ending fund balances.
- The unrestricted net position (not reserved for future debt obligations) of the business-type activities (water, sewer, storm utility and building inspections) increased 3.23% from \$8,135,932 to \$8,398,875. Total net position of business-type activities including invested in capital assets, net of related debt increased by 4.34%.

### **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 result in cash inflows or outflows in a future fiscal period.

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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**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, 2022**

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**Overview of the Financial Statements – (continued)**

The City maintains nine (9) individual governmental funds. Information for those of these 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 2022, the City reports four major governmental funds: General Fund, Street Reserve 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 61-62 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, 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 fund statements, 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 15-54).

**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 55-60).

**The City as a Whole**

The City's combined net position increased by \$4,461,897, from \$96,895,731 to \$101,357,628. Net position represents cash and cash equivalents, accounts receivable, notes receivable, supply inventories, capital assets (less accumulated depreciation), less accounts payable, accrued interest and all short and long-term liabilities. The City's cash and cash equivalents increased \$5,118,152 to \$32,450,655 from last year's amount of \$27,332,503. The net position of business-type activities increased \$1,624,676 and the Governmental activities net position increased \$2,837,221. Overall Assets increased due to increased cash and equivalents across all Funds. Capital assets represent 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, 2022**

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

**NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>6/30/2022</b>
Current Assets	\$ 13,754,286	\$ 18,204,354	\$ 18,044,542	\$ 19,315,551	\$ 31,798,828	\$ 37,519,905
Capital Assets, net	\$ 57,952,872	\$ 57,510,051	\$ 21,115,755	\$ 21,272,835	\$ 79,068,627	\$ 78,782,886
<b>Total Assets</b>	<b>\$ 71,707,158</b>	<b>\$ 75,714,405</b>	<b>\$ 39,160,297</b>	<b>\$ 40,588,386</b>	<b>\$ 110,867,455</b>	<b>\$ 116,302,791</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 2,340,412</b>	<b>\$ 2,036,125</b>	<b>\$ 154,156</b>	<b>\$ 162,567</b>	<b>\$ 2,494,568</b>	<b>\$ 2,198,692</b>
Outstanding	\$ 12,825,800	\$ 9,694,790	\$ 1,384,135	\$ 1,467,748	\$ 14,209,935	\$ 11,162,538
Other Liabilities	\$ 1,087,260	\$ 2,576,297	\$ 394,716	\$ 136,755	\$ 1,481,976	\$ 2,713,052
<b>Total Liabilities</b>	<b>\$ 13,913,060</b>	<b>\$ 12,271,087</b>	<b>\$ 1,778,851</b>	<b>\$ 1,604,503</b>	<b>\$ 15,691,911</b>	<b>\$ 13,875,590</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 653,647</b>	<b>\$ 3,161,359</b>	<b>\$ 120,734</b>	<b>\$ 106,906</b>	<b>\$ 774,381</b>	<b>\$ 3,268,265</b>
<b>Net Position:</b>						
Net investment in capital assets	\$ 52,601,124	\$ 55,060,155	\$ 21,115,755	\$ 21,272,835	\$ 73,716,879	\$ 76,332,990
Restricted	\$ 3,030,008	\$ 4,272,502	\$ 8,163,181	\$ 9,367,834	\$ 11,193,189	\$ 13,640,336
Unrestricted	\$ 3,849,731	\$ 2,985,427	\$ 8,135,932	\$ 8,398,875	\$ 11,985,663	\$ 11,384,302
	<b>\$ 59,480,863</b>	<b>\$ 62,318,084</b>	<b>\$ 37,414,868</b>	<b>\$ 39,039,544</b>	<b>\$ 96,895,731</b>	<b>\$ 101,357,628</b>

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**CHANGES IN NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 2,244,242	\$ 2,787,150	\$ 7,660,976	\$ 7,436,079	\$ 9,905,218	\$ 10,223,229
Operating grants	1,887,557	1,949,522	-	-	1,887,557	1,949,522
Capital grants	959,546	492,117	27,903	19,027	987,449	511,144
General revenues	-	-	-	-	-	-
Property taxes	6,149,353	6,272,482	-	-	6,149,353	6,272,482
Franchise Taxes	2,543,464	2,917,887	-	-	2,543,464	2,917,887
Other Taxes	-	-	-	-	-	-
Other Income	2,206	88,262	-	-	2,206	88,262
Interest Income	80,222	78,264	119,355	100,205	199,577	178,469
<b>Total Revenues</b>	<u>13,866,590</u>	<u>14,585,684</u>	<u>7,808,234</u>	<u>7,555,311</u>	<u>21,674,824</u>	<u>22,140,995</u>
<b>Expenses</b>						
General government	1,584,781	1,466,547	-	-	1,584,781	1,466,547
Police department	3,762,968	3,259,500	-	-	3,762,968	3,259,500
Fire Department	3,306,749	2,693,498	-	-	3,306,749	2,693,498
Community development	1,029,435	775,721	-	-	1,029,435	775,721
Public services	2,155,031	2,170,845	-	-	2,155,031	2,170,845
Highways and streets	1,629,409	1,542,648	-	-	1,629,409	1,542,648
Interest on long-term debt	90,236	89,704	-	-	90,236	89,704
Water	-	-	1,765,567	2,135,513	1,765,567	2,135,513
Sewer	-	-	2,539,957	2,713,419	2,539,957	2,713,419
Storm utility	-	-	230,239	308,532	230,239	308,532
Building inspection	-	-	477,136	523,171	477,136	523,171
<b>Total Expenses</b>	<u>13,558,609</u>	<u>11,998,463</u>	<u>5,012,899</u>	<u>5,680,635</u>	<u>18,571,508</u>	<u>17,679,098</u>
Excess (deficiency) before special items and transfers	307,981	2,587,221	2,795,335	1,874,676	3,103,316	4,461,897
<b>Special Items:</b>						
Transfers of capital assets	-	-	-	-	-	-
Donated property revenue	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-
Operating Transfers	164,481	250,000	(164,481)	(250,000)	-	-
<b>Increase (decrease) in net position</b>	<u>\$ 472,462</u>	<u>\$ 2,837,221</u>	<u>\$ 2,630,854</u>	<u>\$ 1,624,676</u>	<u>\$ 3,103,316</u>	<u>\$ 4,461,897</u>

## **Governmental Activities**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,889,321 an increase of \$2,287,831 in comparison with the prior years ending fund balance of \$10,601,490.

The City maintains nine governmental funds and each fund has a unique purpose. Four funds (General, Street Reserve, 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 \$10,583,839 of revenues. Expenditures and transfers out were \$9,430,143. The net change in Fund Balance was an increase of \$1,153,696 from the prior year 2021.

Street Reserve – Revenues and transfers in, accounted for the \$236,975 in total revenues. Expenditures were \$302,139. The fund balanced decreased \$65,164.

Urban Renewal General Fund – Revenues, sale of property and transfers in, accounted for the \$490,159 in total revenues. Expenditures were \$366,508, a decrease of \$265,619 from the prior year. The fund balance increased \$123,651.

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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Urban Renewal Debt Fund - The fund balance increased by \$457,467 during the year. Revenues, were \$1,080,416, and expenses, including transfers out, were \$622,949. Prior year revenues and expenses were \$1,052,885 and \$888,972 respectively. Fluctuations in fund balance from year to year can be driven by the number of projects and the timing of the expenses on these projects.

### **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. Seven of these funds (water, water reserves, sewer, sewer reserves, sewer debt, building inspection and building inspection reserve) 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 \$960,033. Revenues were \$3,671,466 which included the Interfund transfer of \$500,000. Expenses, including transfers out, were \$2,711,433 as compared to prior year revenues of \$3,842,068 and expenses of \$2,307,076.

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 \$510,211. Revenues, including transfers in, were \$4,265,295 and expenses, including transfers out, were \$3,755,084. Prior year revenues and expenses were \$4,104,528 and \$3,407,401 respectively.

All Building Inspection Funds – The Building Inspection Fund accounts for the cost of the administration of state building codes, local codes and ordinances through construction plan review, permit issuance, inspections and code enforcement. The fund net position increased by \$207,955. Revenues, including transfer in, were \$735,043 and expenses, including transfers out, were \$527,088.

### **BUDGETARY HIGHLIGHTS**

Budget amounts shown in the financial statements reflect the original budget amounts. There were no supplemental budgets. However, the City did adjust by transfer of appropriations a change of \$15,000 from Street Maintenance contingencies to Professional Services & Fees to cover unanticipated paving costs for the 2<sup>nd</sup> Street reconstruction project.

### **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, 2022 was \$78,782,886 (net of accumulated depreciation) compared to the prior year net capital assets of \$79,068,627. 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 decreased by \$285,741 due to several factors which include the sale of property out at the Business and Technology Park and depreciation in excess of current year additions.

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 and the amounts needed that are estimated annually.

**CITY OF LA GRANDE, OREGON**  
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**June 30, 2022**

**Long-term Debt** – At year-end, the City had \$2,448,333 in bonds (including deferred premium) and notes outstanding. Total debt outstanding decreased by 6.49% over last year as shown on the following page. More detailed information about the City's long-term obligations is presented in Note III F beginning on page 31 of this report.

**OUTSTANDING DEBT**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>6/30/2022</b>
Oregon Infrastructure Financing Authority	\$ 668,403	\$ 631,655	\$ -	\$ -	\$ 668,403	\$ 631,655
Urban Renewal Bond 2012A	\$ 685,000	\$ 635,000	\$ -	\$ -	\$ 685,000	\$ 635,000
Urban Renewal Bond 2015A	\$ 1,160,000	\$ 1,085,000	\$ -	\$ -	\$ 1,160,000	\$ 1,085,000
Deferred Premium	\$ 105,081	\$ 96,678	\$ -	\$ -	\$ 105,081	\$ 96,678
<b>Totals</b>	<b>\$ 2,618,484</b>	<b>\$ 2,448,333</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,618,484</b>	<b>\$ 2,448,333</b>

**Component Units**

The City of 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 2022-2023.

1. Assessed values, the basis of property tax revenues, will approximately 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 will be lower.
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, 2022**

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**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: Heather Rajkovich, Finance Director at 1000 Adams Avenue, La Grande, OR 97850 or [hrajkovich@cityoflagrande.org](mailto:hrajkovich@cityoflagrande.org).



## **BASIC FINANCIAL STATEMENTS**

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**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF NET POSITION**

**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,599,291	\$ 17,851,364	\$ 32,450,655
Receivables:			
Accounts, net	2,017,188	868,178	2,885,366
Property taxes	316,219	-	316,219
Assessments	39,644	10,576	50,220
Notes	688,338	-	688,338
Leases	158,699	-	158,699
Internal balances	(43,748)	43,748	-
Prepaid items	184,960	-	184,960
Inventories	63,022	541,685	604,707
Net OPEB asset	52,671	-	52,671
Leased assets, net of amortization	128,070	-	128,070
Capital assets:			
Land	720,631	276,216	996,847
Infrastructure on modified approach	44,818,219	-	44,818,219
Construction in progress	-	1,110,901	1,110,901
Depreciable assets, net of depreciation	11,971,201	19,885,718	31,856,919
Total assets	<u>75,714,405</u>	<u>40,588,386</u>	<u>116,302,791</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	1,611,952	-	1,611,952
Deferred outflows related to OPEB	424,173	162,567	586,740
Total deferred outflows of resources	<u>2,036,125</u>	<u>162,567</u>	<u>2,198,692</u>
Total assets and deferred outflows of resources	<u>\$ 77,750,530</u>	<u>\$ 40,750,953</u>	<u>\$ 118,501,483</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	724,839	122,569	847,408
Accrued interest payable	23,179	-	23,179
Deposits	1,828,279	-	1,828,279
Long-term obligations:			
Due within one year:			
Long-term liabilities	841,276	14,186	855,462
Due in more than one year:			
Net pension liability	2,746,590	-	2,746,590
Net OPEB liability	3,753,610	1,467,748	5,221,358
Long-term liabilities	<u>2,353,314</u>	<u>-</u>	<u>2,353,314</u>
Total liabilities	<u>12,271,087</u>	<u>1,604,503</u>	<u>13,875,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to leases receivable	156,278	-	156,278
Deferred inflows related to pension	2,716,892	-	2,716,892
Deferred inflows related to OPEB	288,189	106,906	395,095
Total deferred inflows of resources	<u>3,161,359</u>	<u>106,906</u>	<u>3,268,265</u>
<b>NET POSITION</b>			
Net investment in capital assets	55,060,155	21,272,835	76,332,990
Restricted for:			
Highways and streets	2,016,479	-	2,016,479
System development	291,960	9,367,834	9,659,794
Urban Renewal District projects	1,649,672	-	1,649,672
Other grants and projects	314,391	-	314,391
Unrestricted	<u>2,985,427</u>	<u>8,398,875</u>	<u>11,384,302</u>
Total net position	<u>62,318,084</u>	<u>39,039,544</u>	<u>101,357,628</u>
Total liabilities, deferred inflows, and net position	<u>\$ 77,750,530</u>	<u>\$ 40,750,953</u>	<u>\$ 118,501,483</u>

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, 2022**

		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	\$ 1,466,547	\$ 160,232	\$ 56,850	\$ -	\$ (1,249,465)	\$ -	\$ (1,249,465)
Police department	3,259,500	230,001	416,304	5,097	(2,608,098)	-	(2,608,098)
Fire & EMS department	2,693,498	1,811,093	-	-	(882,405)	-	(882,405)
Community development	775,721	-	-	10,619	(765,102)	-	(765,102)
Public services	2,170,845	133,354	218,987	271,908	(1,546,596)	-	(1,546,596)
Highways and streets	1,542,648	452,470	1,257,381	204,493	371,696	-	371,696
Interest on long-term obligations	89,704	-	-	-	(89,704)	-	(89,704)
Total governmental activities	11,998,463	2,787,150	1,949,522	492,117	(6,769,674)	-	(6,769,674)
Business-type activities:							
Water	2,135,513	3,133,514	-	235	-	998,236	998,236
Sewer	2,713,419	3,367,040	-	535	-	654,156	654,156
Storm utility	308,532	215,781	-	18,257	-	(74,494)	(74,494)
Building inspection	523,171	719,744	-	-	-	196,573	196,573
Total business-type activities	5,680,635	7,436,079	-	19,027	-	1,774,471	1,774,471
Total primary government	\$17,679,098	\$10,223,229	\$1,949,522	\$ 511,144	(6,769,674)	1,774,471	(4,995,203)
General revenues:							
Property taxes levied for:							
General purposes					5,227,906	-	5,227,906
Debt service					1,044,576	-	1,044,576
Franchise and public services taxes					2,917,887	-	2,917,887
Interest and investment earnings					78,264	100,205	178,469
Miscellaneous					7,673	-	7,673
Gain (loss) on sale of property					80,589	-	80,589
Transfers					250,000	(250,000)	-
Total general revenues and transfers					9,606,895	(149,795)	9,457,100
Change in net position					2,837,221	1,624,676	4,461,897
Net position, beginning					59,480,863	37,414,868	96,895,731
Net position, ending					\$ 62,318,084	\$39,039,544	\$101,357,628

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



## **FUND FINANCIAL STATEMENTS**

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### **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 Reserve Fund**

The Street Reserve Fund accounts for the financial resources that are specifically reserved for capital outlays related to streets and roads.

#### **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, 2022**

	General Fund	Street Reserve Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,146,627	\$ 1,109,356	\$ 197,878	\$ 1,430,643	\$ 3,323,689	\$ 14,208,193
Receivables:						
Property taxes	266,735	-	-	49,484	-	316,219
Accounts, net	1,676,612	120,671	-	1,255	218,491	2,017,029
Assessments	-	39,644	-	-	-	39,644
Notes	-	-	688,338	-	-	688,338
Leases	158,699	-	-	-	-	158,699
Inventory	-	-	-	-	58,471	58,471
 Total assets	<u>\$ 10,248,673</u>	<u>\$ 1,269,671</u>	<u>\$ 886,216</u>	<u>\$ 1,481,382</u>	<u>\$ 3,600,651</u>	<u>\$ 17,486,593</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 419,009	\$ 176,235	\$ 5,000	\$ -	\$ 51,445	\$ 651,689
Deposits	<u>1,511,086</u>	<u>271,828</u>	<u>-</u>	<u>-</u>	<u>45,365</u>	<u>1,828,279</u>
 Total liabilities	<u>1,930,095</u>	<u>448,063</u>	<u>5,000</u>	<u>-</u>	<u>96,810</u>	<u>2,479,968</u>
<b>DEFERRED INFLOWS OF</b>						
Lease receivable related	156,278	-	-	-	-	156,278
Unavailable revenue	<u>1,048,982</u>	<u>148,544</u>	<u>688,338</u>	<u>24,588</u>	<u>50,574</u>	<u>1,961,026</u>
 Total deferred inflows of resources	<u>1,205,260</u>	<u>148,544</u>	<u>688,338</u>	<u>24,588</u>	<u>50,574</u>	<u>2,117,304</u>
<b>FUND BALANCES</b>						
Restricted	-	-	192,878	1,456,794	2,622,830	4,272,502
Assigned	40,000	673,064	-	-	830,437	1,543,501
Unassigned	<u>7,073,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,073,318</u>
 Total fund balances	<u>7,113,318</u>	<u>673,064</u>	<u>192,878</u>	<u>1,456,794</u>	<u>3,453,267</u>	<u>12,889,321</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,248,673</u>	<u>\$ 1,269,671</u>	<u>\$ 886,216</u>	<u>\$ 1,481,382</u>	<u>\$ 3,600,651</u>	<u>\$ 17,486,593</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, 2022**

<b>Fund balances - total governmental funds</b>	\$ 12,889,321
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	56,276,600
Lease assets and the related leases payable are not financial resources or payable in the current period and are not reported in the funds	(1,563)
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.	126,079
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	1,961,026
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.	(3,851,530)
Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(419,400)
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.	(3,564,955)
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.	(23,179)
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.	(2,448,333)
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.	<u>1,374,018</u>
<b>Net position of governmental activities</b>	<u><u>\$ 62,318,084</u></u>

**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Street Reserve Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Totals
<b>REVENUES</b>						
Property taxes	\$ 5,368,189	\$ -	\$ -	\$ 1,072,309	\$ -	\$ 6,440,498
Other taxes	837,049	-	-	-	-	837,049
Franchise fees	1,669,287	-	-	-	-	1,669,287
Assessments	50,137	26,003	6,841	-	-	82,981
Licenses and fees	58,195	-	-	-	-	58,195
Charges for services	1,738,454	-	-	-	432,248	2,170,702
Intergovernmental	647,915	106,752	-	-	1,935,624	2,690,291
Fines and forfeitures	77,144	-	-	-	-	77,144
Contributions	-	-	-	-	6,475	6,475
Interest on investments	46,471	4,220	-	8,107	16,198	74,996
Miscellaneous	90,998	-	-	-	56,855	147,853
<b>TOTAL REVENUES</b>	<u>10,583,839</u>	<u>136,975</u>	<u>6,841</u>	<u>1,080,416</u>	<u>2,447,400</u>	<u>14,255,471</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,464,799	-	-	-	-	1,464,799
Police department	3,038,261	-	-	-	429,999	3,468,260
Fire & EMS department	2,555,205	-	-	-	6,556	2,561,761
Community development	441,474	-	215,000	-	-	656,474
Public services	1,743,715	-	-	-	71,447	1,815,162
Highways and streets	-	-	-	-	1,196,602	1,196,602
Capital outlay	6,732	302,139	151,508	-	388,415	848,794
Debt service	66,157	-	-	256,441	-	322,598
<b>TOTAL EXPENDITURES</b>	<u>9,316,343</u>	<u>302,139</u>	<u>366,508</u>	<u>256,441</u>	<u>2,093,019</u>	<u>12,334,450</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,267,496</u>	<u>(165,164)</u>	<u>(359,667)</u>	<u>823,975</u>	<u>354,381</u>	<u>1,921,021</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of property	-	-	116,810	-	-	116,810
Transfers in	-	100,000	366,508	-	363,800	830,308
Transfers out	(113,800)	-	-	(366,508)	(100,000)	(580,308)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(113,800)</u>	<u>100,000</u>	<u>483,318</u>	<u>(366,508)</u>	<u>263,800</u>	<u>366,810</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,153,696	(65,164)	123,651	457,467	618,181	2,287,831
<b>FUND BALANCE, Beginning</b>	<u>5,959,622</u>	<u>738,228</u>	<u>69,227</u>	<u>999,327</u>	<u>2,835,086</u>	<u>10,601,490</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 7,113,318</u>	<u>\$ 673,064</u>	<u>\$ 192,878</u>	<u>\$ 1,456,794</u>	<u>\$ 3,453,267</u>	<u>\$ 12,889,321</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, 2022**

**Net change in fund balance - governmental funds** **\$ 2,287,831**

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 270,729

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 Position.

161,748

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 7,261

Change in compensated absences 23,438

Change in accrued interest payable 1,546

Amortization of bond premium 8,403

Change in lease assets and liabilities (1,564)

Change in other postemployment benefits and related deferred outflows and inflows 113,445

Change in pension asset (liability) and related deferred outflows and inflows 325,802

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

Capital asset additions 493,677

Basis of assets disposed (36,221)

Depreciation expense (767,096)

(309,640)

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.

(51,778)

**Change in net position - governmental activities** **\$ 2,837,221**

**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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,133,835	\$ 5,133,835	\$ 5,368,189	\$ 234,354
Other taxes	500,000	500,000	837,049	337,049
Franchise fees	1,558,000	1,558,000	1,669,287	111,287
Assessments	9,000	9,000	50,137	41,137
Licenses and fees	22,800	22,800	58,195	35,395
Charges for services	1,354,500	1,354,500	1,738,454	383,954
Intergovernmental	2,690,607	2,690,607	647,915	(2,042,692)
Fines and forfeitures	65,500	65,500	77,144	11,644
Interest on investments	55,000	55,000	46,471	(8,529)
Miscellaneous	432,335	432,335	305,998	(126,337)
<b>TOTAL REVENUES</b>	<u>11,821,577</u>	<u>11,821,577</u>	<u>10,798,839</u>	<u>(1,022,738)</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,323,341	4,323,341	2,093,033	2,230,308
Police department	3,634,799	3,634,799	3,098,961	535,838
Fire & EMS department	2,750,835	2,750,835	2,555,205	195,630
Community development	766,308	766,308	563,942	202,366
Public works	1,919,572	1,919,572	1,749,172	170,400
Capital outlay	291,000	291,000	6,732	284,268
Contingency	750,000	750,000	-	750,000
<b>TOTAL EXPENDITURES</b>	<u>14,435,855</u>	<u>14,435,855</u>	<u>10,067,045</u>	<u>4,368,810</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,614,278)</u>	<u>(2,614,278)</u>	<u>731,794</u>	<u>3,346,072</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	535,702	535,702	535,702	-
Transfers out	(113,800)	(113,800)	(113,800)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>421,902</u>	<u>421,902</u>	<u>421,902</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,192,376)</u>	<u>(2,192,376)</u>	<u>1,153,696</u>	<u>3,346,072</u>
<b>FUND BALANCE, Beginning</b>	<u>4,884,501</u>	<u>4,884,501</u>	<u>5,959,622</u>	<u>1,075,121</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 2,692,125</u>	<u>\$ 2,692,125</u>	<u>\$ 7,113,318</u>	<u>\$ 4,421,193</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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Assessment Interest	\$ 7,330	\$ 7,330	\$ 6,841	\$ (489)
<b>TOTAL REVENUES</b>	<u>7,330</u>	<u>7,330</u>	<u>6,841</u>	<u>(489)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Materials and services	358,065	358,065	215,000	143,065
Capital outlay	1,254,453	1,254,453	151,508	1,102,945
Contingency	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,762,518</u>	<u>1,762,518</u>	<u>366,508</u>	<u>1,396,010</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,755,188)</u>	<u>(1,755,188)</u>	<u>(359,667)</u>	<u>1,395,521</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	-	-	116,810	116,810
Transfers in	<u>1,612,518</u>	<u>1,612,518</u>	<u>366,508</u>	<u>(1,246,010)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,612,518</u>	<u>1,612,518</u>	<u>483,318</u>	<u>(1,129,200)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(142,670)	(142,670)	123,651	266,321
<b>FUND BALANCE, Beginning</b>	<u>183,166</u>	<u>183,166</u>	<u>69,227</u>	<u>(113,939)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 40,496</u>	<u>\$ 40,496</u>	<u>\$ 192,878</u>	<u>\$ 152,382</u>

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



## **FUND FINANCIAL STATEMENTS**

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### **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**
- **All Building Inspections**
- **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
- **All Building Inspections Funds**
  - Building Inspections
  - Building Inspections Reserve
- **Other Enterprise Funds**
  - Storm Utility
  - Storm Utility Reserve

**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2022**

	Business-type Activites - Enterprise Funds					Governmental
	All Water Funds	All Sewer Funds	Building Inspection Funds	(Non-Major) Storm Utility Funds	Total	Activities - Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 6,769,818	\$ 8,287,203	\$1,948,012	\$ 846,331	\$17,851,364	\$ 391,098
Receivables:						
Accounts, net	328,645	512,592	1,654	25,287	868,178	159
Assessments	4,672	5,904	-	-	10,576	-
Prepaid items	-	-	-	-	-	58,881
Inventories	515,114	26,571	-	-	541,685	4,551
Total current assets	<u>7,618,249</u>	<u>8,832,270</u>	<u>1,949,666</u>	<u>871,618</u>	<u>19,271,803</u>	<u>454,689</u>
Noncurrent assets:						
Capital assets:						
Land	82,573	193,643	-	-	276,216	-
Construction in progress	793,716	317,185	-	-	1,110,901	-
Depreciable assets, net of depreciation	6,290,393	12,683,616	11,254	900,455	19,885,718	1,233,451
Total noncurrent assets	<u>7,166,682</u>	<u>13,194,444</u>	<u>11,254</u>	<u>900,455</u>	<u>21,272,835</u>	<u>1,233,451</u>
Total assets	<u>14,784,931</u>	<u>22,026,714</u>	<u>1,960,920</u>	<u>1,772,073</u>	<u>40,544,638</u>	<u>1,688,140</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Deferred outflows related to OPEB	61,491	79,576	21,500	-	162,567	-
Total deferred outflows of resources	<u>61,491</u>	<u>79,576</u>	<u>21,500</u>	<u>-</u>	<u>162,567</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$14,846,422</u>	<u>\$22,106,290</u>	<u>\$1,982,420</u>	<u>\$ 1,772,073</u>	<u>\$40,707,205</u>	<u>\$ 1,688,140</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 59,669	\$ 45,532	\$ 15,571	\$ 1,797	\$ 122,569	\$ 73,150
Compensated absences payable	-	-	14,186	-	14,186	197,224
Total current liabilities	<u>59,669</u>	<u>45,532</u>	<u>29,757</u>	<u>1,797</u>	<u>136,755</u>	<u>270,374</u>
Long-term obligations, net of current portion						
Other postemployment benefits	555,170	718,456	194,122	-	1,467,748	-
Total non-current liabilities	<u>555,170</u>	<u>718,456</u>	<u>194,122</u>	<u>-</u>	<u>1,467,748</u>	<u>-</u>
Total liabilities	<u>614,839</u>	<u>763,988</u>	<u>223,879</u>	<u>1,797</u>	<u>1,604,503</u>	<u>270,374</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred inflows related to OPEB	40,437	52,330	14,139	-	106,906	-
Total deferred inflows of resources	<u>40,437</u>	<u>52,330</u>	<u>14,139</u>	<u>-</u>	<u>106,906</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	7,166,682	13,194,444	11,254	900,455	21,272,835	1,233,451
Restricted for system development	3,973,153	4,936,724	-	457,957	9,367,834	-
Unrestricted	3,051,311	3,158,804	1,733,148	411,864	8,355,127	184,315
Total net position	<u>14,191,146</u>	<u>21,289,972</u>	<u>1,744,402</u>	<u>1,770,276</u>	<u>38,995,796</u>	<u>1,417,766</u>
Total liabilities, deferred inflows, and net position	<u>\$14,846,422</u>	<u>\$22,106,290</u>	<u>\$1,982,420</u>	<u>\$ 1,772,073</u>	<u>\$40,707,205</u>	<u>\$ 1,688,140</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, 2022**

<b>Net position - total enterprise funds</b>	\$ 38,995,796
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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>43,748</u>
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<b>Net position of business - type activities</b>	<u><u>\$ 39,039,544</u></u>
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**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	Business-type Activities - Enterprise Funds					Governmental Type Activities - Internal Service Funds
	All Water Funds	All Sewer Funds	Building Inspection Funds	(Non-major) Storm Utility Funds	Total	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,105,028	\$ 3,349,876	\$ -	\$ 215,781	\$ 6,670,685	\$ 3,324,653
Licenses and fees	-	-	719,218	-	719,218	-
Miscellaneous	28,486	17,164	526	-	46,176	7,674
<b>TOTAL OPERATING REVENUES</b>	<u>3,133,514</u>	<u>3,367,040</u>	<u>719,744</u>	<u>215,781</u>	<u>7,436,079</u>	<u>3,332,327</u>
<b>OPERATING EXPENSES</b>						
Personal services	469,414	784,664	393,084	-	1,647,162	3,057,429
Materials and services	1,142,889	1,125,403	124,582	212,241	2,605,115	275,634
Depreciation	474,130	760,017	4,422	67,990	1,306,559	174,324
<b>TOTAL OPERATING EXPENSES</b>	<u>2,086,433</u>	<u>2,670,084</u>	<u>522,088</u>	<u>280,231</u>	<u>5,558,836</u>	<u>3,507,387</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,047,081</u>	<u>696,956</u>	<u>197,656</u>	<u>(64,450)</u>	<u>1,877,243</u>	<u>(175,060)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>						
Interest on investments	37,717	47,720	10,299	4,468	100,204	1,480
<b>TOTAL NON-OPERATING</b>	<u>37,717</u>	<u>47,720</u>	<u>10,299</u>	<u>4,468</u>	<u>100,204</u>	<u>1,480</u>
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	1,084,798	744,676	207,955	(59,982)	1,977,447	(173,580)
<b>CAPITAL CONTRIBUTIONS</b>						
Intergovernmental	-	-	-	18,257	18,257	-
Assessments	235	535	-	-	770	-
<b>TRANSFERS</b>						
Transfers In	500,000	850,000	5,000	260,000	1,615,000	-
Transfers out	(625,000)	(1,085,000)	(5,000)	(150,000)	(1,865,000)	-
<b>CHANGE IN NET POSITION</b>	960,033	510,211	207,955	68,275	1,746,474	(173,580)
<b>NET POSITION, Beginning</b>	<u>13,231,113</u>	<u>20,779,761</u>	<u>1,536,447</u>	<u>1,702,001</u>	<u>37,249,322</u>	<u>1,591,346</u>
<b>NET POSITION, Ending</b>	<u>\$ 14,191,146</u>	<u>\$ 21,289,972</u>	<u>\$ 1,744,402</u>	<u>\$ 1,770,276</u>	<u>\$ 38,995,796</u>	<u>\$ 1,417,766</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, 2022**

<b>Change in net position - total enterprise funds</b>	\$ 1,746,474
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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.

	(121,798)
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<b>Change in net position of business - type activities</b>	\$ <u>1,624,676</u>
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**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	Business-type Activities - Enterprise Funds					Governmental
				(Non-Major)		Activities
	All Water Funds	All Sewer Funds	Building Inspection Funds	Storm Utility Funds	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$3,223,943	\$3,359,833	\$ 719,018	\$ 241,776	\$ 7,544,570	\$ 7,515
Receipts from interfund services provided	-	-	-	-	-	3,324,653
Payments to suppliers	(173,881)	(499,414)	(212,772)	(86,838)	(972,905)	(1,404,177)
Payments to employees	-	-	(257,091)	-	(257,091)	(1,756,735)
Payments for interfund services used	<u>(1,338,551)</u>	<u>(1,424,663)</u>	<u>(42,555)</u>	<u>(164,912)</u>	<u>(2,970,681)</u>	<u>(182,235)</u>
Net cash provided from (used by) operating activities	<u>1,711,511</u>	<u>1,435,756</u>	<u>206,600</u>	<u>(9,974)</u>	<u>3,343,893</u>	<u>(10,979)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	500,000	850,000	5,000	260,000	1,615,000	-
Transfers out	<u>(625,000)</u>	<u>(1,085,000)</u>	<u>(5,000)</u>	<u>(150,000)</u>	<u>(1,865,000)</u>	<u>-</u>
Net cash provided from (used by) non-capital financing activities	<u>(125,000)</u>	<u>(235,000)</u>	<u>-</u>	<u>110,000</u>	<u>(250,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from intergovernmental revenue	-	-	-	18,257	18,257	-
Assessments principal collections	660	1,608	-	-	2,268	-
Acquisition of capital assets	<u>(489,336)</u>	<u>(1,094,578)</u>	<u>-</u>	<u>(47,472)</u>	<u>(1,631,386)</u>	<u>(291,245)</u>
Net cash provided from (used by) capital and related financing activities	<u>(488,676)</u>	<u>(1,092,970)</u>	<u>-</u>	<u>(29,215)</u>	<u>(1,610,861)</u>	<u>(291,245)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	<u>37,717</u>	<u>47,720</u>	<u>10,299</u>	<u>4,468</u>	<u>100,204</u>	<u>1,480</u>
Net cash provided (used) by investing activities	<u>37,717</u>	<u>47,720</u>	<u>10,299</u>	<u>4,468</u>	<u>100,204</u>	<u>1,480</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,135,552	155,506	216,899	75,279	1,583,236	(300,744)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>5,634,266</u>	<u>8,131,697</u>	<u>1,731,113</u>	<u>771,052</u>	<u>16,268,128</u>	<u>691,842</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$6,769,818</u>	<u>\$8,287,203</u>	<u>\$1,948,012</u>	<u>\$ 846,331</u>	<u>\$17,851,364</u>	<u>\$ 391,098</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, 2022**

	Business-type Activities - Enterprise Funds					Governmental
	All Water Funds	All Sewer Funds	Building Inspection Funds	Other Enterprise Funds	Totals	Activities Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>						
Operating income (loss)	\$ 1,047,081	\$ 696,956	\$ 197,656	\$ (64,450)	\$ 1,877,243	\$ (175,060)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	474,130	760,017	4,422	67,990	1,306,559	174,324
(Increase) decrease in assets:						
Receivables	90,429	(7,206)	(726)	25,995	108,492	(159)
Prepaid items	-	-	-	-	-	(4,466)
Inventories	51,894	28,544	-	-	80,438	(96)
Deferred outflows related to OPEB	(3,635)	(4,704)	(72)	-	(8,411)	-
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	17,244	(249,152)	189	(39,509)	(271,228)	(21,939)
Compensated absences payable	-	-	4,722	-	4,722	16,417
Other postemployment benefits	39,244	217,611	3,051	-	259,906	-
Deferred inflows related to OPEB	(4,876)	(6,310)	(2,642)	-	(13,828)	-
Net cash provided from operating activities	<u>\$ 1,711,511</u>	<u>\$ 1,435,756</u>	<u>\$ 206,600</u>	<u>\$ (9,974)</u>	<u>\$ 3,343,893</u>	<u>\$ (10,979)</u>

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



## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CITY OF LA GRANDE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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 *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 *Street Reserve Fund* accounts for the financial resources that are specifically reserved for capital outlays related to streets.

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 *Building Inspections Funds* account for the operating of the building inspections activities.

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, 2022 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. Lease Receivables**

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments received.

## **4. 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.

## **5. 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

## **6. Lease Assets**

Lease assets are assets which the City leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the City's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

## **7. 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.

## **8. Leases Payable**

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

## **9. 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.

## **10. 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.

## **11. 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.

## **12. 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.

## **13. 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, \$750,702 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 January 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, 2022, there were no supplemental budgets adopted and one appropriation transfer. 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, 2022. 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, 2022, the carrying amount for the City's deposits was \$336,229 and the bank balance was \$517,616. All deposits are held in the name of the City. Of the bank balances \$250,000 was covered by federal depository insurance. The remaining \$267,616 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, 2022 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 32,113,226
Less amounts classified as cash equivalents			<u>(32,113,226)</u>
Total Investments			<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	336,229
Local Government Investment Pool	32,113,226
Total cash and cash equivalents	<u>\$ 32,450,655</u>
Funds:	
<u>Governmental Activities</u>	
General	\$ 8,146,627
Urban Renewal General	197,878
Urban Renewal Debt	1,430,643
Street Reserve	1,109,356
Other Governmental Funds	3,323,689
Internal Service funds	391,098
Total Governmental Activities	<u>14,599,291</u>
<u>Business-Type Activities</u>	
All Water Funds	6,769,818
All Sewer Funds	8,287,203
All Building Inspection Funds	1,948,012
Other Enterprise Funds	846,331
Total Business-Type Activities	<u>17,851,364</u>
Total cash and cash equivalents	<u>\$ 32,450,655</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	URA General	URA Debt	Street Reserve	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 266,735	\$ -	\$ 49,484	\$ -	\$ -	\$ 316,219
Accounts	2,082,993	-	1,255	609	53,696	2,138,553
Intergovernmental	129,855	-	-	120,062	166,575	416,492
Fines and assessments	445,725	-	-	39,644	-	485,369
Notes	118,518	688,338	-	-	-	806,856
	<u>3,043,826</u>	<u>688,338</u>	<u>50,739</u>	<u>160,315</u>	<u>220,271</u>	<u>4,163,489</u>
Less: Allowance for doubtful accounts	<u>(1,100,479)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,780)</u>	<u>(1,102,259)</u>
Total	<u>\$ 1,943,347</u>	<u>\$ 688,338</u>	<u>\$ 50,739</u>	<u>\$ 160,315</u>	<u>\$ 218,491</u>	<u>\$ 3,061,230</u>

Receivables as of June 30, 2022 for the business-type activities individual major funds are as follows:

	Water	All Sewer	Building Inspection Funds	Other Enterprise Funds	Total Business-Type Activities
Accounts	\$ 341,170	\$ 525,252	\$ 1,654	\$ 26,175	\$ 894,251
Assessments	4,672	5,904	-	-	10,576
Less: Allowance for doubtful accounts	(12,525)	(12,660)	-	(888)	(26,073)
Total Business-type Activities	<u>\$ 333,317</u>	<u>\$ 518,496</u>	<u>\$ 1,654</u>	<u>\$ 25,287</u>	<u>\$ 878,754</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 2021-2022, the City levied property taxes in the net amount of \$5,466,534 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, 2021 was \$814,017,950. 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 \$1,094,924.

In the fiscal year ended June 30, 2020, the City implemented a COVID-19 Emergency Loan Program to financially assist local businesses that were affected by the economic shutdown. The maximum loan amount was \$10,000 and are repayable in a 48 month term at 1% interest. Repayments began after 6 months and are interest only for the following six months at which time principal and interest payments will start being due. In fiscal year 2020, 28 businesses received loans from the City for \$177,520 and six additional businesses received loans from the city for \$41,500 in the fiscal year ended June 30, 2021. No new businesses received loans in the current year and after principal repayments of \$42,594, there was \$118,518 receivable at year end. The loan program is being administered by NEOEDD.

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 December 13, 2021 extends the maturity date to June 30, 2023. All other terms shall remain in full force and effect, which may not be extended for any reason. At year end, no payments have been received.

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. At year end, no payments have been received and no amounts have been forgiven.

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 Le 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. An agreement forbearance was signed on May 11, 2020 which allowed Le Bebe Cakes to not make any payments beginning March 1, 2020 and ending July 31, 2020 due to COVID 19. During this time, interest would not accrue on the loan. Le Bebe cakes caught up in April 2021 and their loan status is 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. Lease Receivables

Lease related inflows of resources are recognized in the same manner as the lease receivable principal balance. Lease receivables for governmental activities as of the fiscal year-end for the City are as follows:

Description	Original Amount	Outstanding July 1, 2021	Increases	Decreases	Outstanding June 30, 2022
Land Leases	\$ 161,275	\$ 161,275	\$ -	\$ (8,308)	\$ 152,967
Fire Range Leases	7,554	7,554	-	(1,822)	5,732
Total	<u>\$ 168,829</u>	<u>\$ 168,829</u>	<u>\$ -</u>	<u>\$ (10,130)</u>	<u>\$ 158,699</u>

Future maturities are as follows:

#### Land Leases

Year Ended June 30,	Principal	Interest	Total
2023	\$ 8,152	\$ 4,328	\$ 12,481
2024	8,392	4,089	12,481
2025	8,639	3,842	12,481
2026	9,049	3,588	12,637
2027	10,107	3,310	13,417
2028-2032	56,362	11,896	68,258
2033-2036	52,266	3,022	55,288
	<u>\$ 152,967</u>	<u>\$ 34,074</u>	<u>\$ 187,041</u>

#### Fire Range Leases

Year Ended June 30,	Principal	Interest	Total
2023	\$ 1,856	\$ 144	\$ 2,000
2024	1,910	90	2,000
2025	1,966	34	2,000
	<u>\$ 5,732</u>	<u>\$ 268</u>	<u>\$ 6,000</u>

## D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2022, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletion/ Transfer</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 756,852	\$ -	\$ (36,221)	\$ 720,631
Infrastructure	44,818,219	-	-	44,818,219
Total capital assets, not being depreciated	45,575,071	-	(36,221)	45,538,850
Capital assets, being depreciated:				
Land Improvements	6,075,219	248,688	-	6,323,907
Buildings	12,127,402	46,980	-	12,174,382
Equipment	10,967,036	239,151	(55,069)	11,151,118
Total capital assets, being depreciated	29,169,657	534,819	(55,069)	29,649,407
Accumulated depreciation for:				
Land Improvements	(4,461,725)	(108,972)	-	(4,570,697)
Buildings	(5,312,442)	(292,199)	-	(5,604,641)
Equipment	(7,017,691)	(540,246)	55,069	(7,502,868)
Total accumulated depreciation	(16,791,856)	(941,417)	55,069	(17,678,206)
Total capital assets, being depreciated, net	12,377,801	(406,598)	-	11,971,201
Governmental activities capital assets, net	\$ 57,952,872	\$ (406,598)	\$ (36,221)	\$ 57,510,051

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

### Governmental activities

General government	\$ 15,640
Police Department	129,139
Fire Department	201,419
Community Development	9,856
Public Services	404,958
Street & Road Maintenance	180,405
Total depreciation expense - governmental activities	<u>\$ 941,417</u>

Included in the Governmental Activities Street & Road Maintenance depreciation expense is depreciation expense reported for the Internal Service Funds – Motor Pool Fund of \$174,885.

Capital asset activity for the business-type activities for the year ended June 30, 2022 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletion/ Transfer</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 276,216	-	\$ -	\$ 276,216
Construction in progress	670,487	608,162	(167,748)	1,110,901
Total capital assets, not being depreciated	946,703	608,162	(167,748)	1,387,117
Capital assets, being depreciated:				
Buildings	512,756	-	-	512,756
Equipment	1,071,692	69,956	-	1,141,648
Water & Sewer System	40,723,813	953,269	-	41,677,082
Total capital assets, being depreciated	42,308,261	1,023,225	-	43,331,486
Less accumulated depreciation for:				
Buildings	(94,401)	(23,554)	-	(117,955)
Equipment	(342,550)	(59,672)	-	(402,222)
Water & Sewer System	(21,702,258)	(1,223,333)	-	(22,925,591)
Total accumulated depreciation	(22,139,209)	(1,306,559)	-	(23,445,768)
Total capital assets, being depreciated, net	20,169,052	(283,334)	-	19,885,718
Business-type activities capital assets, net	<u>\$ 21,115,755</u>	<u>\$ 324,828</u>	<u>\$ (167,748)</u>	<u>\$ 21,272,835</u>

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

Business-type activities

Water	\$ 474,130
All Sewer	760,017
Storm Sewer	67,990
Building Inspection	<u>4,422</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,306,559</u></u>

**E. Lease Assets**

Lease asset activity for governmental activities for the year ended June 30, 2022 was as follows:

Description	Beginning Balance	Additions	Deletion/ Transfer	Ending Balance
Buildings	\$ 172,731	\$ -	\$ -	\$ 172,731
Equipment	18,100	-	-	18,100
Accumulated amortization		(62,761)	-	(62,761)
Governmental activities leased assets, net	<u>\$ 190,831</u>	<u>\$ (62,761)</u>	<u>\$ -</u>	<u>\$ 128,070</u>

Amortization expense charged to governmental functions:

Governmental activities

General government	\$ 2,567
Police Department	57,577
Public Services	<u>2,617</u>
Total amortization	<u><u>\$ 62,761</u></u>

**F. 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 recognizes expense/expenditures. Governmental activities reported on the government-wide Statement of Net Position related to pensions is \$1,611,952 and related to OPEB is \$424,173. Deferred outflows of resources for the business-type activities amount for OPEB was \$61,491 for Water; \$79,576 for Sewer Fund; \$21,500 for other Enterprise Funds. The City did not report any Deferred Outflows related to pension for business type activities.

## G. 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, 2022, the governmental funds report unavailable revenues from the following sources:

	General	Street Reserve	Urban Renewal General	Urban Renewal Debt	Other Governmental Funds	Totals
Property taxes	\$ 134,858	\$ -	\$ -	\$ 24,588	\$ -	\$ 159,446
Accounts	684,804	-	-	-	13,008	697,812
Intergovernmental	-	108,900	-	-	37,566	146,466
Fines and assessments	123,605	39,644	-	-	-	163,249
Notes	105,715	-	688,338	-	-	794,053
	<u>\$ 1,048,982</u>	<u>\$ 148,544</u>	<u>\$ 688,338</u>	<u>\$ 24,588</u>	<u>\$ 50,574</u>	<u>\$ 1,961,026</u>

## H. 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 principal and \$94,207 of accrued interest. The remaining balance of \$1,152,493 was refinanced on May 27, 2009 with Oregon Infrastructure Financing Authority. 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 with Oregon Infrastructure Financing Authority. 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
2023	\$ 37,085	\$ 31,368
2024	42,440	29,514
2025	42,737	27,466
2026	48,124	25,329
2027	48,551	22,903
2028-2032	279,480	76,036
2033-2034	133,238	9,920
	<u>\$ 631,655</u>	<u>\$ 222,536</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
2023	\$ 125,000	\$ 57,875
2024	125,000	54,050
2025	130,000	49,675
2026	140,000	45,038
2027	140,000	40,137
2028-2032	775,000	125,314
2033	285,000	12,600
	<u>\$1,720,000</u>	<u>\$ 384,689</u>

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

Long-term liability activity for the year ended June 30, 2022, is as follows:

	Outstanding July 1, 2021	Issued	Reductions	Outstanding June 30, 2022	Due Within One Year
<u>Governmental activities:</u>					
Governmental bonds					
Local Oregon Capital Asset Program	\$ 1,845,000	\$ -	\$ 125,000	\$ 1,720,000	\$ 125,000
Total government bonds	1,845,000	-	125,000	1,720,000	125,000
Governmental loans/notes from direct borrowings					
IFA Refunding - Oregon Economic Development	668,403	-	36,748	631,655	37,085
Plus deferred premium	105,081	-	8,403	96,678	-
Total governmental loans/notes from direct borrowings	773,484	-	45,151	728,333	37,085
Other governmental long-term obligations					
Compensated absences	623,645	-	7,021	616,624	616,624
Lease liabilities	190,831	-	61,198	129,633	62,567
Total governmental activities	\$ 3,432,960	\$ -	\$ 238,370	\$ 3,194,590	\$ 841,276
<u>Business-type activities:</u>					
Other business-type long-term obligations					
Compensated absences	\$ 9,464	4,722	-	14,186	14,186
Total business-type activities	\$ 9,464	\$ 4,722	\$ -	\$ 14,186	\$ 14,186

#### I. Leases Payable

Leases payable transactions for the year ended June 30, 2022 are as follows:

##### Governmental Activities:

Description	Beginning Balance	Increases	Deletion/ Decreases	Ending Balance	Due Within One Year
Buildings	\$ 172,731	\$ -	\$ (56,199)	\$ 116,532	\$ 57,422
Equipment	18,100	-	(4,999)	13,101	5,145
Total	\$ 190,831	\$ -	\$ (61,198)	\$ 129,633	\$ 62,567

Future maturities are as follows:

##### Governmental Activities

Year Ended June 30,	Principal	Interest	Total
2023	\$ 62,567	\$ 3,590	\$ 66,157
2024	63,960	1,751	65,711
2025	2,084	57	2,141
2026	1,022	14	1,036
	<u>\$ 129,633</u>	<u>\$ 5,412</u>	<u>\$ 135,046</u>

## J. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2022 were as follows:

	General Fund	Street Reserve Fund	Urban Renewal General	Urban Renewal Debt	Non-major Governmental Funds	Total Governmental Funds
<b>Fund Balance</b>						
<b>Restricted for:</b>						
911 Dispatch Services	\$ -		\$ -	\$ -	\$ 261,583	\$ 261,583
System Development	-		-	-	291,960	291,960
Highways and Streets	-		-	-	2,016,479	2,016,479
Various Grants	-		-	-	52,808	52,808
Urban Renewal Projects	-		192,878	1,456,794	-	1,649,672
<b>Assigned to:</b>						
Various Activities	40,000		-	-	124,685	164,685
Capital Asset Reconstruction	-	673,064	-	-	705,752	1,378,816
<b>Unassigned</b>	<u>7,073,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,073,318</u>
<b>Total Fund Balance</b>	<u>\$7,113,318</u>	<u>\$ 673,064</u>	<u>\$ 192,878</u>	<u>\$1,456,794</u>	<u>\$ 3,453,267</u>	<u>\$12,889,321</u>

## K. Transfers

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers from the business-type activities to the governmental activities for \$250,000.

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

	Transfers In	Transfers Out
<b>Governmental activities:</b>		
General	\$ -	\$ 113,800
Street Reserve	100,000	-
Urban Renewal General	366,508	-
Urban Renewal Debt	-	366,508
Other Governmental	363,800	100,000
Internal Service	-	-
<b>Business-type activities:</b>		
Water	500,000	625,000
All Sewer	850,000	1,085,000
Building Inspection	5,000	5,000
Other Enterprise	260,000	150,000
	<u>\$ 2,445,308</u>	<u>\$ 2,445,308</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, 2022 amounted to \$594,554. Of this amount, the employees paid \$39,488 and \$555,066 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/Pages/Financials/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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial

equivalent of benefits to which he is or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021, and will be indexed with inflation in later years.

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 members are eligible after reaching age 50. 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**

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 Deferred Benefit 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021, and will be indexed with inflation in later years.

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.

### **Benefit Changes After Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

## **3. OPSRP Individual Account Program (OPSRP IAP)**

### **Pension Benefits**

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. 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. Installment amounts vary with market returns, as the accounts remain invested while in distribution. 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**

#### **1. Employer 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, 2019 actuarial valuation, which became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2022 were \$555,430, excluding \$369 to fund the retirement health insurance account (RHIA). The rates in effect for the fiscal year ended June 30, 2022, excluding the RHIA rates of .06% for Tier One/Tier and .00% OPSRP, were 24.66 percent for Tier One/Tier two Police and Fire, 19.36 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

#### **2. Employee Contributions**

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refund, death benefits, and retirements. As permitted, the City has opted to pick-up some of the contributions on behalf of employees; contributions were \$68,847 for the year ended June 30, 2022 and is included in the employer contributions above.

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

At June 30, 2022, the City reported a liability of \$2,746,590 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2021, the City's proportion was 0.02295236 percent, which decreased from its proportion of 0.02644324 percent as of June 30, 2020.

For the year ended June 30, 2022, the City's recognized pension expense (income) of \$214,133. At June 30, 2022, 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	\$ 257,099	\$ -
Changes of assumptions	687,554	7,228
Net difference between projected and actual earnings on investments	-	2,033,279
Changes in proportionate share.	70,895	567,482
Difference's between employer contributions and employer's proportionate share of system contributions	68,347	108,903
Total (prior to post-MD contributions)	1,083,895	2,716,892
Contributions subsequent to the MD	528,057	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 1,611,952</u>	<u>\$ 2,716,892</u>

\$528,057 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:	
2023	\$ (331,548)
2024	(338,021)
2025	(397,822)
2026	(589,280)
2027	23,674
Total	<u>\$ (1,632,997)</u>

## Actuarial assumptions

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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 2018 Experience Study, which reviewed experience for the four-year period ending on December 31, 2018.

### Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	100.00%	

Assumed Inflation - Mean

2.40%

### 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 plans 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 6.9 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 6.9 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 (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% (Increase (7.9%)
City's proportionate share of the net pension liability (asset)	\$ 5,393,645	\$ 2,746,590	\$ 531,965

### **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 \$53,324 to the pension plan.

## **Changes in Plan Provisions During the Measurement Period**

A legislative change that occurred during the measurement period affected the plan provisions reflected for financial reporting purposes. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 67 and 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability.

## **Changes in Plan Provisions Subsequent to Measurement Period**

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure, except that the discount rate decreased from 7.2 percent to 6.9 percent.

### **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, 2020, the date of the latest actuarial valuation:

	<b>PERS Police &amp; Fire</b>	<b>PERS General Service</b>	<b>Employer Retirement Plan*</b>	<b>Total</b>
<b>Number of Members</b>				
Active	35	-	66	101
Retired Members	6	6	-	12
Spouse of Ineligible Retirees	-	3	-	3
<b>Total</b>	<b>41</b>	<b>9</b>	<b>66</b>	<b>116</b>
Spouse of Eligible Retirees	5	4	-	9
<b>Average Age</b>				
Active	42	-	45.9	44
Retired	58	61.2	-	59.4
<b>Average Service- Actives</b>				
PERS Service	11	-	N/A	11.9
Employer-only Service	10	-	12.6	11.9

	<b>Active Members</b>		<b>Retired Members**</b>
<b>Count as of July 1, 2018</b>	<b>106</b>	<b>Count as of July 1, 2018</b>	<b>10</b>
Retired with benefits	(7)	Retired with benefits	7
Terminated without benefits	(14)	Benefits ceased	(3)
New hires / newly eligible	16	Newly covered (generally spouses of former retirees)	1
Ineligible for benefits valued	-	Ineligible for benefits valued	-
<b>Count as of July 1, 2020</b>	<b>101</b>	<b>Count as of July 1, 2020</b>	<b>15</b>

\* Retirees are counted and valued under PERS assumptions.

\*\* Includes spouses of ineligible retirees.

## Total OPEB Liability

The City's total OPEB liability of \$5,221,358 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

## Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 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, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent per year
Discount Rate	2.16 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: 2020-3.75%, 2021-5.75%, 2022-5.25% and between 4% and 5% 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	Pub -2010 General and Safety Employee and Healthy Retiree tables, sex-distinct for members and dependents, with one-year set back for male general service employees and female safety employees.

## Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	<u>\$ 5,187,518</u>
Changes for the year:	
Service cost	174,406
Interest on total OPEB liability	115,518
Effect of economic/deomographic gains or losses	-
Effect of assumptions changes or inputs	15,097
Benefit payments	<u>(271,181)</u>
Net changes	<u>33,840</u>
Balance at June 30, 2020	<u><u>\$ 5,221,358</u></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 (1.16) percent) or 1-percentage-point higher (3.16) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<i>Total OPEB (asset) liability</i>	\$ 5,543,465	\$ 5,221,358	\$ 4,911,611

*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:

	<u>1% Decrease</u>	<u>Healthcare Current Trend Rate</u>	<u>1% Increase</u>
<i>Total OPEB liability</i>	\$ 4,795,355	\$ 5,221,358	\$ 5,701,417

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$256,221. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (270,387)	\$ -
Changes of assumptions or inputs	<u>(109,920)</u>	<u>284,047</u>
Total (prior to post MD contributions)	(380,307)	284,047
Contributions subsequent to the measurement date	<u>-</u>	<u>294,269</u>
Net deferred (inflows) outflows of resources	<u>\$ (380,307)</u>	<u>\$ 578,316</u>

\$294,269 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:

2023	\$ (33,703)
2024	(33,703)
2025	(33,703)
2026	(33,703)
2027	(6,228)
Thereafter	<u>44,780</u>
Total	<u>\$ (96,260)</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 post employment 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. The plan was closed to new entrants hired after August 29, 2003. 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 0.05% of annual covered payroll for Tier 1 and Tier 2 employees and 0.00% 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, 2022, 2021, and 2020 were \$369, \$410 and \$1,443 respectively.

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

At June 30, 2022, the City reported an asset of \$52,671 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2021, the City's proportionate share was 0.01533801 percent, which was decreased from its proportionate share of 0.02020706 percent measured as of June 30, 2020.

For the year ended June 30, 2022, the City's recognized OPEB income of \$4,146. At June 30, 2022, 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	\$ -	\$ (1,465)
Changes of assumptions	1,036	(784)
Net difference between projected and actual earnings on investments	-	(12,517)
Changes in proportionate share	<u>7,019</u>	<u>(22)</u>
Total (prior to post-MD contributions)	8,055	(14,788)
Contributions subsequent to the MD	<u>369</u>	<u>-</u>
Net Deferred Outflow (inflow) of resources	<u>\$ 8,424</u>	<u>\$ (14,788)</u>

\$369 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:

2023	\$ 146
2024	(67)
2025	(2,858)
2026	<u>(3,954)</u>
Total	<u>\$ (6,733)</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, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 percent
Cost of Living Adjustments (COLA)	Blend 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub 2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub 2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub 2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

## Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	100.00%	
Assumed Inflation - Mean		2.40%

## Discount rate

The discount rate used to measure the total OPEB liability was 6.9 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 investments 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. The actuaries opinion is that

the plans Fiduciary Net Position is projected to be sufficient 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 6.9 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 (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
<i>Total OPEB (asset) liability</i>	\$ (46,580)	\$ (52,671)	\$ (57,874)

### **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, 2021 measurement period that require disclosure, except that the discount rate decreased from 7.2 percent to 6.9 percent.

### **Changes in Plan Provisions Subsequent to Measurement Date**

We are not aware of any changes subsequent to the June 30, 2021 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	\$ 5,221,358	\$ 578,316	\$ (380,307)	\$ 256,221
Retirement health Insurance Account (RHIA)	(52,671)	8,424	(14,788)	(4,146)
Aggregate amounts related to OPEB	<u>\$ 5,168,687</u>	<u>\$ 586,740</u>	<u>\$ (395,095)</u>	<u>\$ 252,075</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 \$1,054,453 to plan projects and \$200,000 to traded sector projects for 2022 fiscal year along with the annual budget process.

## F. Related Party Transactions

The Urban Renewal Agency paid the City of La Grande \$92,532 for administration and overhead and \$122,468 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, 2022. Tax abatements that affect the City indirectly are as follows:

Exemption Program	Project	Tax Abatement Amount
Union County - Enterprise Zone	LJH Construction	\$ 3,409
Union County - Enterprise Zone	Ethiopion hands LLC	277
		<u>\$ 3,686</u>

## H. GASB Pronouncements

It is the City's policy to implement new GASB pronouncements no later than the required effective date. Upcoming pronouncements, which may have an effect on the City, are listed below:

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 was implemented by the City for fiscal year ended June 30, 2022. On implementation, the City recorded beginning lease receivables of \$168,829 for governmental activities and an equivalent amount for deferred inflows of resources. Lease assets and offsetting lease liabilities were recorded as \$190,831 for governmental activities. Implementation resulted in a zero net restatement for the City.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement was issued May 2020 to establish a definition for SBITAs, provide uniform guidance for accounting and financial reporting for transactions that meet the definition, and result in greater consistency in practice. This Statement establishes that a SBITA results in a right-to-use subscription intangible asset with a corresponding subscription liability and provides criteria for the capitalization of outlays including implementation costs. GASB Statement No. 96 will be effective for the City for fiscal year ending June 30, 2023

## **I. Construction In Progress**

The City had two construction in progress projects at June 30, 2022. The significant projects include:

1. The City started installing 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 and a 2<sup>nd</sup> Street water main replacement. This project is expected to span until December 2023. The project estimated cost is \$1,103,304 and costs incurred to date are \$793,716. The project is approximately 72% complete.
2. The City is performing improvements to the sewer system headworks U Avenue lift station projects, sewer system SCADA system upgrade, and pump replacement. Costs through June 30, 2022 were \$317,185 and total project costs are estimated at \$1,480,000. The project was approximately 21% complete.

## **II. Subsequent Events**

The city was awarded American Rescue Plan Act (ARPA) funds of approximately \$3 million to be received in two installments. The first installment of \$1,511,086 was received in August 2021 and the second installment was received in August 2022. Funds have been designated to be used towards streets and roads.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**RSI Disclosures for The City's Street System Based on a Condition Index**  
**City of La Grande**  
**June 30, 2022**

**Pavement Condition Index of the City of La Grande Street System**

	2022	2021	2020
Gravel	100	100	100
Oil Mat	69	69	74
Concrete	79	79	84
Major Asphalt	88	88	86
Minor Asphalt	73	72	74

**Comparison of Needed-to-actual Maintenance/Preservation**

	2022	2021	2020	2019	2018
<b>Gravel</b>					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
<b>Oil Mat</b>					
Needed	93,606	353,002	93,782	163,091	223,469
Actual	93,606	353,002	93,782	163,091	223,469
<b>Concrete</b>					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
<b>Major Asphalt</b>					
Needed	258,400	439,922	-	374,058	116,223
Actual	258,400	439,922	-	374,058	116,223
<b>Minor Asphalt</b>					
Needed	109,309	51,682	192,808	353,073	330,746
Actual	109,309	51,682	192,808	353,073	330,746

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 a 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\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.22952360%	0.02644324%	0.02565730%	0.02690377%	0.02707704%	0.03038888%	0.02846254%	0.02846254%	0.02846254%
City's proportionate share of the net pension liability (asset)	\$ 2,746,590	\$ 5,770,824	\$ 4,438,098	\$ 4,075,567	\$ 3,649,995	\$ 4,476,457	\$ 1,744,766	\$ (645,165)	\$ 1,452,485
City's covered payroll	\$ 2,434,077	\$ 2,285,628	\$ 2,426,869	\$ 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 payroll	112.84%	252.48%	182.87%	185.50%	160.82%	200.74%	80.29%	-29.48%	70.13%
Plan fiduciary net position as a percentage of the total pension liability	87.57%	75.79%	80.23%	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\***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 555,430	\$ 565,481	\$ 564,038	\$ 484,094	\$ 439,351	\$ 373,737	\$ 373,147	\$ 371,348	\$ 383,769
Contributions in relation to the contractually required contributions	(555,430)	(565,481)	(564,038)	(484,094)	(439,351)	(373,737)	(373,147)	(371,348)	(383,769)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$2,372,016	\$2,434,077	\$2,285,628	\$2,426,869	\$2,197,074	\$2,269,652	\$2,230,006	\$2,173,137	\$2,188,468
Contributions as a percentage of covered payroll	23.42%	23.23%	24.68%	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	(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
June 30,					
2021	0.01533801%	\$ (52,671)	\$ 2,434,077	-2.16%	183.90%
2020	0.0207060%	\$ (41,174)	\$ 2,285,628	-1.80%	150.07%
2019	0.02237838%	\$ (43,243)	\$ 2,426,869	-1.78%	144.36%
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\*

	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 369	\$ 410	\$ 1,443	\$ 11,091	\$ 10,419	\$ 11,070
Contributions in relation to the contractually required contributions	369	410	1,443	11,091	10,419	11,070
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,372,016	\$ 2,434,077	\$ 2,285,628	\$ 2,426,869	\$ 2,197,074	\$ 2,269,652
Contributions as a percentage of covered payroll	0.02%	0.02%	0.06%	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\*

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 174,406	\$ 158,243	\$ 139,904	\$ 155,476	\$ 168,561	N/A
Interest	115,518	175,069	183,049	175,109	142,541	N/A
Effect of changes to benefit terms	-	-	-	-	-	N/A
Economic/demographic gains or losses	-	(116,151)	-	(320,258)	-	N/A
Differences between expected and actual experience	-	-	-	-	-	N/A
Effect of assumptions changes or inputs	15,097	235,698	118,575	11,862	(247,315)	N/A
Benefit Payments	(271,181)	(216,303)	(159,679)	(176,271)	(145,905)	N/A
Net change in total OPEB liability	33,840	236,556	281,849	(154,082)	(82,118)	N/A
Total OPEB liability - beginning	5,187,518	4,950,962	4,669,113	4,823,195	4,905,313	N/A
Net OPEB liability - Ending	<u>\$5,221,358</u>	<u>\$5,187,518</u>	<u>\$4,950,962</u>	<u>\$4,669,113</u>	<u>\$4,823,195</u>	<u>\$4,905,313</u>
Covered payroll	<u>\$6,222,955</u>	<u>\$6,270,823</u>	<u>\$6,147,167</u>	<u>\$6,276,657</u>	<u>\$6,055,008</u>	<u>\$5,824,974</u>
Total OPEB liability, as a percentage of covered payroll	83.90%	82.72%	80.54%	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, 2022**

**A. Net Pension Liability (Asset)**

**Changes in Benefit Terms**

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions of future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contributions rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2021, annual salary in excess of \$197,730 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation and was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 30, 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end of the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective measurement dates.

**Changes of Assumptions**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay. The PERS Board selected a lower long-term expected rate of investment return assumption of 6.90 percent (reduced from 7.20 percent) on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40 percent and 3.40 percent respectively. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

## **B. Other Post-Employment Benefits**

### **Changes in Benefit Terms**

There were no significant changes in benefit terms for Other Post-Employment Benefits.

### **Changes of Assumptions**

There were no significant changes in assumptions for the RHIA Other Post-Employment Benefits except for the PERS changes described above. The RHIA OPEB valuation is tied to the PERS system, contributions, and 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, 2020 reporting date is 3.50%, the discount rate in effect for the June 30, 2021 reporting date is 2.21%, and the discount rate in effect for the June 30, 2022 reporting date is 2.16%.



## **SUPPLEMENTAL INFORMATION**

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## COMBINING STATEMENTS

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### 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.
- *Street Maintenance* – accounts for the cost of maintaining City streets. Principal sources of revenues are the street maintenance fee and interest income.
- *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:

- *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, 2022**

	Special Revenue				Capital Projects	
	Street & Road	Grants & Donations	Street Maintenance	911 Emergency	General Building/ Equipment Reserve	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,276,620	\$ 205,463	\$ 573,440	\$ 271,228	\$ 996,938	\$ 3,323,689
Receivables:						
Accounts	91,002	76,701	49,782	232	774	218,491
Inventory	58,471	-	-	-	-	58,471
Total assets	<u>\$ 1,426,093</u>	<u>\$ 282,164</u>	<u>\$ 623,222</u>	<u>\$ 271,460</u>	<u>\$ 997,712</u>	<u>\$ 3,600,651</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 19,828	\$ 21,740	\$ -	\$ 9,877	\$ -	\$ 51,445
Deposits	-	45,365	-	-	-	45,365
Total liabilities	<u>19,828</u>	<u>67,105</u>	<u>-</u>	<u>9,877</u>	<u>-</u>	<u>96,810</u>
<b>DEFERRED INFLOWS OF</b>						
Unavailable revenue	-	37,566	13,008	-	-	50,574
<b>FUND BALANCES</b>						
Restricted	1,406,265	52,808	610,214	261,583	291,960	2,622,830
Assigned	-	124,685	-	-	705,752	830,437
Total fund balances	<u>1,406,265</u>	<u>177,493</u>	<u>610,214</u>	<u>261,583</u>	<u>997,712</u>	<u>3,453,267</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,426,093</u>	<u>\$ 282,164</u>	<u>\$ 623,222</u>	<u>\$ 271,460</u>	<u>\$ 997,712</u>	<u>\$ 3,600,651</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, 2022**

	Special Revenue Funds				Capital Capital	
	Street & Road	Grants & Donations	Street Maintenance	911 Emergency	General Building/ Equipment Reserve	Totals
<b>REVENUES</b>						
Charges for services	\$ -	\$ -	\$ 432,248	\$ -	\$ -	\$ 432,248
Intergovernmental	1,257,381	278,243	-	400,000	-	1,935,624
Contributions	-	6,475	-	-	-	6,475
Interest on investments	5,304	1,181	2,761	1,033	5,919	16,198
Miscellaneous	20,919	25,429	-	7	10,500	56,855
<b>TOTAL REVENUES</b>	<u>1,283,604</u>	<u>311,328</u>	<u>435,009</u>	<u>401,040</u>	<u>16,419</u>	<u>2,447,400</u>
<b>EXPENDITURES</b>						
Current:						
Police department	-	7,939	-	422,060	-	429,999
Fire & EMS department	-	6,556	-	-	-	6,556
Public services	-	71,447	-	-	-	71,447
Highways and streets	1,031,460	-	165,142	-	-	1,196,602
Capital outlay	-	263,394	-	-	125,021	388,415
<b>TOTAL EXPENDITURES</b>	<u>1,031,460</u>	<u>349,336</u>	<u>165,142</u>	<u>422,060</u>	<u>125,021</u>	<u>2,093,019</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>252,144</u>	<u>(38,008)</u>	<u>269,867</u>	<u>(21,020)</u>	<u>(108,602)</u>	<u>354,381</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	250,000	-	-	-	113,800	363,800
Transfers out	-	-	(100,000)	-	-	(100,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>250,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>113,800</u>	<u>263,800</u>
<b>NET CHANGE IN FUND BALANCE</b>	502,144	(38,008)	169,867	(21,020)	5,198	618,181
<b>FUND BALANCE, Beginning</b>	<u>904,121</u>	<u>215,501</u>	<u>440,347</u>	<u>282,603</u>	<u>992,514</u>	<u>2,835,086</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,406,265</u>	<u>\$ 177,493</u>	<u>\$ 610,214</u>	<u>\$ 261,583</u>	<u>\$ 997,712</u>	<u>\$ 3,453,267</u>

See auditor's report.



## COMBINING STATEMENTS

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### 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, 2022**

	Motor Pool	Public Works Service	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 208,697	\$ 182,401	\$ 391,098
Receivables:			
Accounts	159	-	159
Prepaid items	-	58,881	58,881
Inventories	<u>4,551</u>	<u>-</u>	<u>4,551</u>
Total current assets	<u>213,407</u>	<u>241,282</u>	<u>454,689</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	<u>1,233,451</u>	<u>-</u>	<u>1,233,451</u>
Total noncurrent assets	<u>1,233,451</u>	<u>-</u>	<u>1,233,451</u>
Total assets	<u>1,446,858</u>	<u>241,282</u>	<u>1,688,140</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	3,868	69,282	73,150
Compensated absences payable	<u>-</u>	<u>197,224</u>	<u>197,224</u>
Total current liabilities	<u>3,868</u>	<u>266,506</u>	<u>270,374</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,233,451	-	1,233,451
Unrestricted	<u>209,539</u>	<u>(25,224)</u>	<u>184,315</u>
Total net position	<u><u>\$ 1,442,990</u></u>	<u><u>\$ (25,224)</u></u>	<u><u>\$ 1,417,766</u></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, 2022**

	Motor Pool	Public Works Service	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 461,940	\$ 2,862,713	\$ 3,324,653
Miscellaneous	7,674	-	7,674
<b>TOTAL OPERATING REVENUES</b>	<u>469,614</u>	<u>2,862,713</u>	<u>3,332,327</u>
<b>OPERATING EXPENSES</b>			
Personal services	182,235	2,875,194	3,057,429
Materials and services	275,634	-	275,634
Depreciation	174,324	-	174,324
<b>TOTAL OPERATING EXPENSES</b>	<u>632,193</u>	<u>2,875,194</u>	<u>3,507,387</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(162,579)</u>	<u>(12,481)</u>	<u>(175,060)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Interest on investments	1,480	-	1,480
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>1,480</u>	<u>-</u>	<u>1,480</u>
<b>CHANGE IN NET POSITION</b>	(161,099)	(12,481)	(173,580)
<b>NET POSITION, Beginning</b>	<u>1,604,089</u>	<u>(12,743)</u>	<u>1,591,346</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 1,442,990</u></u>	<u><u>\$ (25,224)</u></u>	<u><u>\$ 1,417,766</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, 2022**

	Motor Pool	Public Works Service	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 7,515	\$ -	\$ 7,515
Receipts from interfund services provided	461,940	2,862,713	3,324,653
Payments to suppliers	(298,199)	(1,105,978)	(1,404,177)
Payments to employees	-	(1,756,735)	(1,756,735)
Payments for interfund services used	<u>(182,235)</u>	<u>-</u>	<u>(182,235)</u>
Net cash provided from (used by) operating activities	<u>(10,979)</u>	<u>-</u>	<u>(10,979)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	<u>(291,245)</u>	<u>-</u>	<u>(291,245)</u>
Net cash provided from (used by) capital and related financing activities	<u>(291,245)</u>	<u>-</u>	<u>(291,245)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>1,480</u>	<u>-</u>	<u>1,480</u>
Net cash provided (used by) investing activities	<u>1,480</u>	<u>-</u>	<u>1,480</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(300,744)	-	(300,744)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>509,441</u>	<u>182,401</u>	<u>691,842</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u><u>\$ 208,697</u></u>	<u><u>\$ 182,401</u></u>	<u><u>\$ 391,098</u></u>
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>			
Operating income (loss)	\$ (162,579)	\$ (12,481)	\$ (175,060)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	174,324	-	174,324
(Increase) decrease in assets:			
Receivables	(159)	-	(159)
Prepaid items	-	(4,466)	(4,466)
Inventories	(96)	-	(96)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(22,469)	530	(21,939)
Compensated absences payable	<u>-</u>	<u>16,417</u>	<u>16,417</u>
Net cash provided from (used by) operating activities	<u><u>\$ (10,979)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (10,979)</u></u>

See auditor's report.

## **BUDGETARY COMPARISON SCHEDULES**

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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 (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**

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**▪ 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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>EXPENDITURES</b>				
Council and Manager	\$ 3,681,444	\$ 3,681,444	\$ 1,463,736	\$ 2,217,708
Finance and Municipal Court	641,897	641,897	629,297	12,600
Police Department	3,687,799	3,687,799	3,099,936	587,863
Fire and EMS Departments	2,950,835	2,950,835	2,557,835	393,000
Community and Economic Development/ Building Maintenance	776,308	776,308	561,312	214,996
Parks Maintenance, Aquatics, Recreation, Urban Forestry	1,251,816	1,251,816	1,115,398	136,418
Library	695,756	695,756	639,531	56,225
Contingency	750,000	750,000	-	750,000
<b>TOTAL EXPENDITURES</b>	<u>\$ 14,435,855</u>	<u>\$ 14,435,855</u>	<u>\$ 10,067,045</u>	<u>\$ 4,368,810</u>

See auditor's report.

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

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**Governmental Funds**

**Special Revenue Funds**

- Street & Road
- Grants & Donations
- Street Maintenance
- 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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental revenue	\$ 950,000	\$ 950,000	\$ 1,257,381	\$ 307,381
Interest on investments	4,500	4,500	5,304	804
Miscellaneous	10,000	10,000	20,919	10,919
<b>TOTAL REVENUES</b>	<u>964,500</u>	<u>964,500</u>	<u>1,283,604</u>	<u>319,104</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Personal services	410,000	410,000	402,493	7,507
Materials and services	1,038,813	1,038,813	567,585	471,228
Contingency	95,000	95,000	-	95,000
<b>TOTAL EXPENDITURES</b>	<u>1,543,813</u>	<u>1,543,813</u>	<u>970,078</u>	<u>573,735</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(579,313)</u>	<u>(579,313)</u>	<u>313,526</u>	<u>892,839</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	250,000	250,000	-
Transfers out	(61,382)	(61,382)	(61,382)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>188,618</u>	<u>188,618</u>	<u>188,618</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(390,695)</u>	<u>(390,695)</u>	<u>502,144</u>	<u>892,839</u>
<b>FUND BALANCE, Beginning</b>	<u>396,176</u>	<u>396,176</u>	<u>904,121</u>	<u>507,945</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 5,481</u>	<u>\$ 5,481</u>	<u>\$ 1,406,265</u>	<u>\$ 1,400,784</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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental revenue	\$ 2,204,115	\$ 2,204,115	\$ 278,243	\$ (1,925,872)
Contributions	5,400	5,400	6,475	1,075
Interest on investments	2,000	2,000	1,181	(819)
Miscellaneous	<u>181,200</u>	<u>181,200</u>	<u>25,429</u>	<u>(155,771)</u>
<b>TOTAL REVENUES</b>	<u>2,392,715</u>	<u>2,392,715</u>	<u>311,328</u>	<u>(2,081,387)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	571,315	571,315	85,942	485,373
Capital outlay	<u>1,907,500</u>	<u>1,907,500</u>	<u>263,394</u>	<u>1,644,106</u>
<b>TOTAL EXPENDITURES</b>	<u>2,478,815</u>	<u>2,478,815</u>	<u>349,336</u>	<u>2,129,479</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(86,100)</u>	<u>(86,100)</u>	<u>(38,008)</u>	<u>48,092</u>
<b>NET CHANGE IN FUND BALANCE</b>	(86,100)	(86,100)	(38,008)	48,092
<b>FUND BALANCE, Beginning</b>	<u>233,277</u>	<u>233,277</u>	<u>215,501</u>	<u>(17,776)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 147,177</u>	<u>\$ 147,177</u>	<u>\$ 177,493</u>	<u>\$ 30,316</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**STREET MAINTENANCE FUND**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 425,000	\$ 425,000	\$ 432,248	\$ 7,248
Interest on investments	4,200	4,200	2,761	(1,439)
<b>TOTAL REVENUES</b>	<u>429,200</u>	<u>429,200</u>	<u>435,009</u>	<u>5,809</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Materials and services	150,320	165,320	165,142	178
Contingency	<u>100,000</u>	<u>85,000</u>	<u>-</u>	<u>85,000</u>
<b>TOTAL EXPENDITURES</b>	<u>250,320</u>	<u>250,320</u>	<u>165,142</u>	<u>85,178</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>178,880</u>	<u>178,880</u>	<u>269,867</u>	<u>90,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	78,880	78,880	169,867	90,987
<b>FUND BALANCE, Beginning</b>	<u>216,450</u>	<u>216,450</u>	<u>440,347</u>	<u>223,897</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 295,330</u>	<u>\$ 295,330</u>	<u>\$ 610,214</u>	<u>\$ 314,884</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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Interest on investments	3,000	3,000	1,033	(1,967)
Miscellaneous	-	-	7	7
<b>TOTAL REVENUES</b>	<u>403,000</u>	<u>403,000</u>	<u>401,040</u>	<u>(1,960)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Personal services	354,209	354,209	344,360	9,849
Materials and services	76,970	76,970	51,550	25,420
Contingency	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
<b>TOTAL EXPENDITURES</b>	<u>471,179</u>	<u>471,179</u>	<u>395,910</u>	<u>75,269</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(68,179)</u>	<u>(68,179)</u>	<u>5,130</u>	<u>73,309</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(26,150)</u>	<u>(26,150)</u>	<u>(26,150)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(26,150)</u>	<u>(26,150)</u>	<u>(26,150)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(94,329)</u>	<u>(94,329)</u>	<u>(21,020)</u>	<u>73,309</u>
<b>FUND BALANCE, Beginning</b>	<u>270,146</u>	<u>270,146</u>	<u>282,603</u>	<u>12,457</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 175,817</u>	<u>\$ 175,817</u>	<u>\$ 261,583</u>	<u>\$ 85,766</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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Assessments	\$ 540	\$ 540	\$ 26,003	\$ 25,463
Intergovernmental	780,000	780,000	106,752	(673,248)
Interest on investments	3,500	3,500	4,220	720
<b>TOTAL REVENUES</b>	<u>784,040</u>	<u>784,040</u>	<u>136,975</u>	<u>(647,065)</u>
<b>EXPENDITURES</b>				
Capital outlay	940,000	940,000	302,139	637,861
Contingency	141,000	141,000	-	141,000
<b>TOTAL EXPENDITURES</b>	<u>1,081,000</u>	<u>1,081,000</u>	<u>302,139</u>	<u>778,861</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(296,960)</u>	<u>(296,960)</u>	<u>(165,164)</u>	<u>131,796</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	100,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(196,960)</u>	<u>(196,960)</u>	<u>(65,164)</u>	<u>131,796</u>
<b>FUND BALANCE, Beginning</b>	<u>554,401</u>	<u>554,401</u>	<u>738,228</u>	<u>183,827</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 357,441</u>	<u>\$ 357,441</u>	<u>\$ 673,064</u>	<u>\$ 315,623</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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 7,500	\$ 7,500	\$ 5,919	\$ (1,581)
Miscellaneous	9,000	9,000	10,500	1,500
<b>TOTAL REVENUES</b>	16,500	16,500	16,419	(81)
<b>EXPENDITURES</b>				
Capital outlay	360,000	360,000	125,021	234,979
<b>TOTAL EXPENDITURES</b>	360,000	360,000	125,021	234,979
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(343,500)	(343,500)	(108,602)	234,898
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	113,800	113,800	113,800	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	113,800	113,800	113,800	-
<b>NET CHANGE IN FUND BALANCE</b>	(229,700)	(229,700)	5,198	234,898
<b>FUND BALANCE, Beginning</b>	989,361	989,361	992,514	3,153
<b>FUND BALANCE, Ending</b>	<u>\$ 759,661</u>	<u>\$ 759,661</u>	<u>\$ 997,712</u>	<u>\$ 238,051</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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,148,000	\$ 1,148,000	\$ 1,072,309	\$ (75,691)
Interest on investments	10,000	10,000	8,107	(1,893)
<b>TOTAL REVENUES</b>	<u>1,158,000</u>	<u>1,158,000</u>	<u>1,080,416</u>	<u>(77,584)</u>
<b>EXPENDITURES</b>				
Debt service	<u>256,442</u>	<u>256,442</u>	<u>256,441</u>	<u>1</u>
<b>TOTAL EXPENDITURES</b>	<u>256,442</u>	<u>256,442</u>	<u>256,441</u>	<u>1</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>901,558</u>	<u>901,558</u>	<u>823,975</u>	<u>(77,583)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,612,518)</u>	<u>(1,612,518)</u>	<u>(366,508)</u>	<u>1,246,010</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,612,518)</u>	<u>(1,612,518)</u>	<u>(366,508)</u>	<u>1,246,010</u>
<b>NET CHANGE IN FUND BALANCE</b>	(710,960)	(710,960)	457,467	1,168,427
<b>FUND BALANCE, Beginning</b>	<u>900,730</u>	<u>900,730</u>	<u>999,327</u>	<u>98,597</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 189,770</u>	<u>\$ 189,770</u>	<u>\$ 1,456,794</u>	<u>\$ 1,267,024</u>

See auditor's report.

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

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**Proprietary Funds**

**Enterprise Funds**

- All Water Funds
  - Water
  - Water Reserve
- All Sewer Funds
  - Sewer
  - Sewer Reserve
- 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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 3,085,000	\$ 3,085,000	\$ 3,075,295	\$ (9,705)
Assessments	420	420	235	(185)
Interest on investments	20,000	20,000	17,488	(2,512)
Miscellaneous	20,000	20,000	28,486	8,486
<b>TOTAL REVENUES</b>	<u>3,125,420</u>	<u>3,125,420</u>	<u>3,121,504</u>	<u>(3,916)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	500,000	500,000	469,414	30,586
Materials and services	1,591,973	1,591,973	1,151,670	440,303
Capital outlay	881,000	881,000	250,608	630,392
Contingency	442,487	442,487	-	442,487
<b>TOTAL EXPENDITURES</b>	<u>3,415,460</u>	<u>3,415,460</u>	<u>1,871,692</u>	<u>1,543,768</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(290,040)</u>	<u>(290,040)</u>	<u>1,249,812</u>	<u>1,539,852</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(821,342)	(821,342)	(821,342)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(821,342)</u>	<u>(821,342)</u>	<u>(821,342)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,111,382)	(1,111,382)	428,470	1,539,852
<b>FUND BALANCE, Beginning</b>	<u>1,695,117</u>	<u>1,695,117</u>	<u>3,156,957</u>	<u>1,461,840</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 583,735</u>	<u>\$ 583,735</u>	<u>3,585,427</u>	<u>\$ 3,001,692</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)**  
**WATER RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 40,000	\$ 40,000	\$ 29,733	\$ (10,267)
Interest on investments	<u>25,000</u>	<u>25,000</u>	<u>20,229</u>	<u>(4,771)</u>
<b>TOTAL REVENUES</b>	<u>65,000</u>	<u>65,000</u>	<u>49,962</u>	<u>(15,038)</u>
<b>EXPENDITURES</b>				
Capital outlay	350,000	350,000	2,873	347,127
Contingency	<u>52,500</u>	<u>52,500</u>	<u>-</u>	<u>52,500</u>
<b>TOTAL EXPENDITURES</b>	<u>402,500</u>	<u>402,500</u>	<u>2,873</u>	<u>399,627</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(337,500)</u>	<u>(337,500)</u>	<u>47,089</u>	<u>384,589</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	162,500	162,500	547,089	384,589
<b>FUND BALANCE, Beginning</b>	<u>3,417,153</u>	<u>3,417,153</u>	<u>3,426,064</u>	<u>8,911</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 3,579,653</u>	<u>\$ 3,579,653</u>	<u>\$ 3,973,153</u>	<u>\$ 393,500</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, 2022**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Water	\$ 3,585,427
Water Reserve	<u>3,973,153</u>
	7,558,580

Adjustments:

Capital assets, net of depreciation	7,166,682
Deferred outflows related to OPEB	61,491
Net OPEB Liability	(555,170)
Deferred inflows related to OPEB	<u>(40,437)</u>

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

\$ 14,191,146

**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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 3,289,000	\$ 3,289,000	\$ 3,315,470	\$ 26,470
Assessments	530	530	535	5
Interest on investments	32,000	32,000	22,443	(9,557)
Miscellaneous	2,000	2,000	17,164	15,164
<b>TOTAL REVENUES</b>	<u>3,323,530</u>	<u>3,323,530</u>	<u>3,355,612</u>	<u>32,082</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	910,000	910,000	784,664	125,336
Materials and services	1,236,344	1,236,344	890,318	346,026
Capital outlay	925,000	925,000	517,850	407,150
Contingency	400,000	400,000	-	400,000
<b>TOTAL EXPENDITURES</b>	<u>3,471,344</u>	<u>3,471,344</u>	<u>2,192,832</u>	<u>1,278,512</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(147,814)</u>	<u>(147,814)</u>	<u>1,162,780</u>	<u>1,310,594</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,285,297)	(1,285,297)	(1,285,297)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,285,297)</u>	<u>(1,285,297)</u>	<u>(1,285,297)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,433,111)	(1,433,111)	(122,517)	1,310,594
<b>FUND BALANCE, Beginning</b>	<u>2,868,828</u>	<u>2,868,828</u>	<u>3,972,531</u>	<u>1,103,703</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,435,717</u>	<u>\$ 1,435,717</u>	<u>\$ 3,850,014</u>	<u>\$ 2,414,297</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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 40,000	\$ 40,000	\$ 34,406	\$ (5,594)
Interest on investments	<u>38,000</u>	<u>38,000</u>	<u>25,277</u>	<u>(12,723)</u>
<b>TOTAL REVENUES</b>	<u>78,000</u>	<u>78,000</u>	<u>59,683</u>	<u>(18,317)</u>
<b>EXPENDITURES</b>				
Capital outlay	1,285,000	1,285,000	404,000	881,000
Contingency	<u>192,750</u>	<u>192,750</u>	<u>-</u>	<u>192,750</u>
<b>TOTAL EXPENDITURES</b>	<u>1,477,750</u>	<u>1,477,750</u>	<u>404,000</u>	<u>1,073,750</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,399,750)</u>	<u>(1,399,750)</u>	<u>(344,317)</u>	<u>1,055,433</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(549,750)	(549,750)	505,683	1,055,433
<b>FUND BALANCE, Beginning</b>	<u>4,286,328</u>	<u>4,286,328</u>	<u>4,431,041</u>	<u>(144,713)</u>
<b>FUND BALANCE, Ending</b>	<u><u>\$ 3,736,578</u></u>	<u><u>\$ 3,736,578</u></u>	<u><u>\$ 4,936,724</u></u>	<u><u>\$ 1,200,146</u></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, 2022**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Sewer	\$ 3,850,014
Sewer Reserve	<u>4,936,724</u>
	8,786,738

Adjustments:

Capital assets, net of depreciation	13,194,444
Deferred outflows related to OPEB	79,576
Net OPEB Liability	(718,456)
Deferred Inflows OPEB	<u>(52,330)</u>

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

\$ 21,289,972

**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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 210,000	\$ 210,000	\$ 215,781	\$ 5,781
Intergovernmental	100	100	18,257	18,157
Interest on investments	3,100	3,100	2,589	(511)
<b>TOTAL REVENUES</b>	<u>213,200</u>	<u>213,200</u>	<u>236,627</u>	<u>23,427</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	363,171	363,171	226,023	137,148
Capital outlay	110,000	110,000	33,690	76,310
Contingency	73,713	73,713	-	73,713
<b>TOTAL EXPENDITURES</b>	<u>546,884</u>	<u>546,884</u>	<u>259,713</u>	<u>287,171</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(333,684)</u>	<u>(333,684)</u>	<u>(23,086)</u>	<u>310,598</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	110,000	110,000	110,000	-
Transfers out	(150,000)	(150,000)	(150,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(373,684)</u>	<u>(373,684)</u>	<u>(63,086)</u>	<u>310,598</u>
<b>FUND BALANCE, Beginning</b>	<u>373,684</u>	<u>373,684</u>	<u>474,951</u>	<u>101,267</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>411,865</u>	<u>\$ 411,865</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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 2,200	\$ 2,200	\$ 1,879	\$ (321)
<b>TOTAL REVENUES</b>	<u>2,200</u>	<u>2,200</u>	<u>1,879</u>	<u>(321)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>TOTAL EXPENDITURES</b>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(47,800)</u>	<u>(47,800)</u>	<u>1,879</u>	<u>49,679</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	102,200	102,200	151,879	49,679
<b>FUND BALANCE, Beginning</b>	<u>306,098</u>	<u>306,098</u>	<u>306,077</u>	<u>(21)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 408,298</u>	<u>\$ 408,298</u>	<u>\$ 457,956</u>	<u>\$ 49,658</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, 2022**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Storm Utility	\$ 411,865
Storm Utility Reserve	<u>457,956</u>
	869,821

Adjustments:

Capital assets, net of depreciation	<u>900,455</u>
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**GENERALLY ACCEPTED ACCOUNTING  
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 1,770,276

**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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 580,000	\$ 580,000	\$ 719,218	\$ 139,218
Interest on investments	12,500	12,500	10,023	(2,477)
Miscellaneous	500	500	526	26
<b>TOTAL REVENUES</b>	<u>593,000</u>	<u>593,000</u>	<u>729,767</u>	<u>136,767</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	456,584	456,584	388,362	68,222
Materials and services	150,192	150,192	84,627	65,565
Contingency	100,000	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	<u>706,776</u>	<u>706,776</u>	<u>472,989</u>	<u>233,787</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(113,776)</u>	<u>(113,776)</u>	<u>256,778</u>	<u>370,554</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(44,619)	(44,619)	(44,619)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(44,619)</u>	<u>(44,619)</u>	<u>(44,619)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(158,395)</u>	<u>(158,395)</u>	<u>212,159</u>	<u>370,554</u>
<b>FUND BALANCE, Beginning</b>	<u>1,547,938</u>	<u>1,547,938</u>	<u>1,670,841</u>	<u>122,903</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,389,543</u>	<u>\$ 1,389,543</u>	<u>\$ 1,883,000</u>	<u>\$ 493,457</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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 350	\$ 350	\$ 276	\$ (74)
<b>TOTAL REVENUES</b>	<u>350</u>	<u>350</u>	<u>276</u>	<u>(74)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>350</u>	<u>350</u>	<u>276</u>	<u>(74)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	5,350	5,350	5,276	(74)
<b>FUND BALANCE, Beginning</b>	<u>45,841</u>	<u>45,841</u>	<u>45,819</u>	<u>(22)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 51,191</u>	<u>\$ 51,191</u>	<u>\$ 51,095</u>	<u>\$ (96)</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, 2022**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Building Inspection	\$ 1,883,000
Building Inspection Reserve	<u>51,095</u>
	1,934,095

Adjustments:

Capital assets, net of depreciation	11,254
Deferred outflows - OPEB	21,500
Compensated absences	(14,186)
Net OPEB liability	(194,122)
Deferred inflows - OPEB	<u>(14,139)</u>

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

\$ 1,744,402



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

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**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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 505,000	\$ 505,000	\$ 461,940	\$ (43,060)
Interest on investments	3,700	3,700	1,480	(2,220)
Miscellaneous	60,000	60,000	7,674	(52,326)
<b>TOTAL REVENUES</b>	<u>568,700</u>	<u>568,700</u>	<u>471,094</u>	<u>(97,606)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	180,000	180,000	182,235	(2,235) **
Materials and services	351,322	351,322	271,733	79,589 **
Capital outlay	340,000	340,000	33,131	306,869 **
Contingency	67,985	67,985	-	67,985
<b>TOTAL EXPENDITURES</b>	<u>939,307</u>	<u>939,307</u>	<u>487,099</u>	<u>452,208</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(370,607)</u>	<u>(370,607)</u>	<u>(16,005)</u>	<u>354,602</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(11,912)	(11,912)	(11,912)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(11,912)</u>	<u>(11,912)</u>	<u>(11,912)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(382,519)	(382,519)	(27,917)	354,602
<b>FUND BALANCE, Beginning</b>	<u>421,679</u>	<u>421,679</u>	<u>237,456</u>	<u>(184,223)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 39,160</u>	<u>\$ 39,160</u>	<u>209,539</u>	<u>\$ 170,379</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			<u>1,233,451</u>	
<b>NET POSITION, Ending</b>			<u>\$ 1,442,990</u>	

\*\*Public Works Services level of budgetary control not exceeded.

**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, 2022**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 3,100,819	\$ 3,100,819	\$ 2,862,713	\$ (238,106)
<b>TOTAL REVENUES</b>	<u>3,100,819</u>	<u>3,100,819</u>	<u>2,862,713</u>	<u>(238,106)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	3,100,819	3,100,819	2,863,244	237,575
Contingency	<u>182,401</u>	<u>182,401</u>	<u>-</u>	<u>182,401</u>
<b>TOTAL EXPENDITURES</b>	<u>3,283,220</u>	<u>3,283,220</u>	<u>2,863,244</u>	<u>419,976</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(182,401)</u>	<u>(182,401)</u>	<u>(531)</u>	<u>181,870</u>
<b>NET CHANGE IN FUND BALANCE</b>	(182,401)	(182,401)	(531)	181,870
<b>FUND BALANCE, Beginning</b>	<u>182,401</u>	<u>182,401</u>	<u>113,650</u>	<u>(68,751)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	113,119	<u>\$ 113,119</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Prepaid insurance			58,881	
Compensated absences			<u>(197,224)</u>	
<b>NET POSITION, Ending</b>			<u>\$ (25,224)</u>	

See auditor's report.



## **OTHER FINANCIAL SCHEDULES**

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**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF OUTSTANDING DEBT PRINCIPAL**  
**AND INTEREST TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2022**

	Interest Rates	Date of Issue	Original Amount	Principal			Outstanding June 30, 2022	Interest Matured and Paid
				Outstanding July 1, 2021	Issued	Matured and Paid		
<u>Governmental Funds</u>								
IFA Refunding	4.00%	4/10/2018	\$ 1,177,493	\$ 668,403	\$ -	\$ 36,748	\$ 631,655	\$ 33,205
Urban Renewal Bond - 2012	1% - 3.5%	2/21/2012	\$ 1,035,000	685,000	-	50,000	635,000	22,538
Urban Renewal Bond - 2015	2% - 3.5%	2/24/2015	\$ 1,550,000	1,160,000	-	75,000	1,085,000	38,950
Total				\$ 2,513,403	\$ -	\$ 161,748	\$ 2,351,655	\$ 94,693

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF GOVERNMENTAL ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS - LOANS PAYABLE**  
**June 30, 2022**

Year Ending June 30	Oregon Infrastructure Financing Authority		Totals	
	Principal	Interest	Principal	Interest
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>\$ 631,655</u>	<u>\$ 222,536</u>	<u>\$ 631,655</u>	<u>\$ 222,536</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF GOVERNMENTAL ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS - BONDS PAYABLE**  
**June 30, 2022**

Year Ending June 30	Urban Renewal Bond -2012		Urban Renewal Bond - 2015		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 635,000</u>	<u>\$ 129,764</u>	<u>\$ 1,085,000</u>	<u>\$ 254,925</u>	<u>\$ 1,720,000</u>	<u>\$ 384,689</u>

See auditor's report.

## STATISTICAL SECTION

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

**CODY VAVRA  
ASSESSOR/TAX COLLECTOR**

**TELEPHONE (541) 963-1002  
assessor@union-county.org**

**CITY OF LA GRANDE  
2021/2022 TEN LARGEST TAXPAYERS**

<i><b>Name</b></i>	<i><b>Assessed Value</b></i>	<i><b>Total Tax *</b></i>
1. UNION PACIFIC RAILROAD CO	\$8,517,000	\$156,140.44
2. ECLIPSE CASCADE RE GR LLC	\$6,834,900	\$113,670.54
3. CHARTER COMMUNICATIONS	\$6,718,000	\$111,726.39
4. AVISTA CORP	\$6,699,000	\$111,410.41
5. SAFEWAY POB 1322 LLC	\$6,163,334	\$110,623.15
6. NORTHWEST FIBER LLC DBA ZIPLY	\$6,115,300	\$101,702.94
7. OREGON TRAIL ELECTRIC COOP	\$5,299,550	\$88,195.79
8. WG LA GRANDE LLC	\$4,929,552	\$82,038.41
9. COLKITT & RYDER LLC	\$4,115,003	\$71,752.27
10. ROYER A1 PROPERTIES LLC	\$3,871,437	\$68,048.10

\*Total Tax can include special assessments

**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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## **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, 2022, and have issued our report thereon dated February 22, 2023. 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 February 22, 2023.

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.

February 22, 2023





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Web: [www.dickeyandtremper.com](http://www.dickeyandtremper.com)

February 22, 2023

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

We have audited the 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; hereafter referred to as the City, for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 11, 2022. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. As described in Note IV.H to the financial statements, the City implemented GASB Statement No.87, *Leases*, for the fiscal year ended June 30, 2022. The application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of capital assets and depreciation expense is based on the useful lives of acquired assets. We evaluated the key factors, and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on management's detail review of accounts receivable aging reports and the make-up of the account balances. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of lease receivables and the related deferred inflows of resources is based on the net present value of the leased assets at the City's incremental borrowing rate. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of Other Post-Employment Benefits and the related deferred inflows and outflows is based on the actuarial valuation performed by Milliman and key assumptions agreed to by management. We evaluated the key factors and assumptions used to develop the liability for Other Post-Employment Benefits in determining that it is reasonable in relation to the financial statement taken as a whole.

Management's estimate of the net pension liability and the related deferred inflows and outflows is based on the actuarial valuation performed by Milliman and key assumptions agreed to by management and Oregon PERS. We evaluated the key factors and assumptions used to develop the net pension liability and related deferred inflows and outflows in determining that it is reasonable in relation to the financial statement taken as a whole. The actuarial valuation was based on the currently known facts and does not take into account changes subsequent to the measurement date.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

There were multiple journal entries recorded to adjust accounts receivable and deferred revenues; to adjust estimates for allowance for doubtful accounts related to court receivables; and ambulance receivables and related deferred inflows of resources. The combination of these entries were material to the financial statements.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 22, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit, we became aware of some areas other than significant deficiencies or material weaknesses, matters that are opportunities for strengthening internal controls and operating efficiency, and other observations. The comments below summarize our suggestions regarding those matters:

Bank reconciliations are still being performed by hand with the support of system reports for outstanding items, which appears to be working. It would be an improvement to utilize the system reconciliation reports and process.

There have been improvements in controls as the City has moved towards an electronic environment in many areas, streamlining operations.

The City avoids posting negative expenses for returns on credit cards by carrying the credits over until another charge for the same account number comes through to offset the credit. We recommend removing all old credits and recording negative expenses for returns in the month they occur. This should simplify the process and allow the City pay credit card invoices for the amount due listed on the invoice.

We also reported on the City’s internal control in a separate letter dated February 22, 2023. That letter disclosed items as significant deficiencies and material weaknesses.

### Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis and disclosures for the City’s street system based on a condition index under the modified approach for infrastructure, schedules of the City’s Proportionate Share of the Net Pension Liability (Asset) and the City’s Contribution to the Oregon Public Employees Retirement System, schedules of the City’s Proportionate Share of the Net OPEB Liability (Asset), Schedule of Contributions OPERS Retirement Health Insurance Account, Schedule of changes in the City’s OPEB Liability and Related Ratios, and Notes to Required Supplementary Information which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other financial schedules, which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain

inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the major taxpayers for the City of La Grande included in the statistical section of the report, which accompany the financial statements but are not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for information and use of the Mayor, members of City Council and management of the City of La Grande and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,

*Dickey and Tremper, LLP*

DICKEY AND TREMPER, LLP



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To the Board and Management of the City of La Grande:

In planning and performing our audit of the 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, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the City of La Grande's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses and a deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

There were multiple adjustments related to intergovernmental revenue consisting of revenue, receivables and deferred revenues that were made during our audit field work. These adjustments were material to the City's financial statements resulting in a material weakness. There were also issues with the City waiting until well after fiscal year end to issue final reimbursement requests for a couple of projects. We recommend doing interim reimbursement requests and reports as of June 30 to get a clean cut off, provide additional control over the transactions, and allow for better cash flow. Grants overall are decentralized, but have improved some over the years. We recommend setting up a standardized grant management policy for all departments along with a checklist of items to do and standard grant folders for at least the significant items. We also recommend that a thorough review be performed for all grants at the end of the fiscal year to assure in proper reporting and compliance.

The City changed billing companies for ambulance revenues at the beginning of the year and some processes are still getting worked out. The reporting received for the audit was not complete for May and June billings, write offs, and other miscellaneous items. The billing company was unable to print a year end aging report after the fact, but was able to provide a listing of activity that was able to be reconciled to activity posted by the City. With the revised information, management also reassessed the allowance for doubtful accounts and increased the allowance from 10% to 48%. The City was also behind on billings. We recommend printing an Accounts Receivable aging report on June 30 each year and to work on processes to speed up the billing.

There were multiple adjustments to receivables and deferred revenues that were made during our audit field work. We recommend working to improve the overall year end closing process to allow for a clean cut off and minimal adjustments needing to be made.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

A down payment was made to Trotter Ag & Steel for secondary pumps for the wastewater treatment plant. Supporting documentation for the payment included only a check request from public works approved via email. We recommend that payment be made only after receipt of a proper invoice and other documentation.

This communication is intended solely for the information and use of management, Board Members of the City of La Grande, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



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**Dickey and Tremper, LLP**  
**Certified Public Accountants**  
**Pendleton, Oregon**

**February 22, 2023**