

CITY OF LA GRANDE, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



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, 2023

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INTRODUCTORY SECTION

CITY OF LA GRANDE

OFFICIALS OF THE CITY

JUNE 30, 2023

ELECTED OFFICIALS OF THE CITY

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Justin Rock	Mayor	December 31, 2024
David Glabe	Mayor Pro Tem	December 31, 2024
Nicole Howard	Council Member	December 31, 2024
Mary Ann Miesner	Council Member	December 31, 2024
Molly King	Council Member	December 31, 2026
Corrine Dutto	Council Member	December 31, 2026
Denise Wheeler	Council Member	December 31, 2026

CITY STAFF

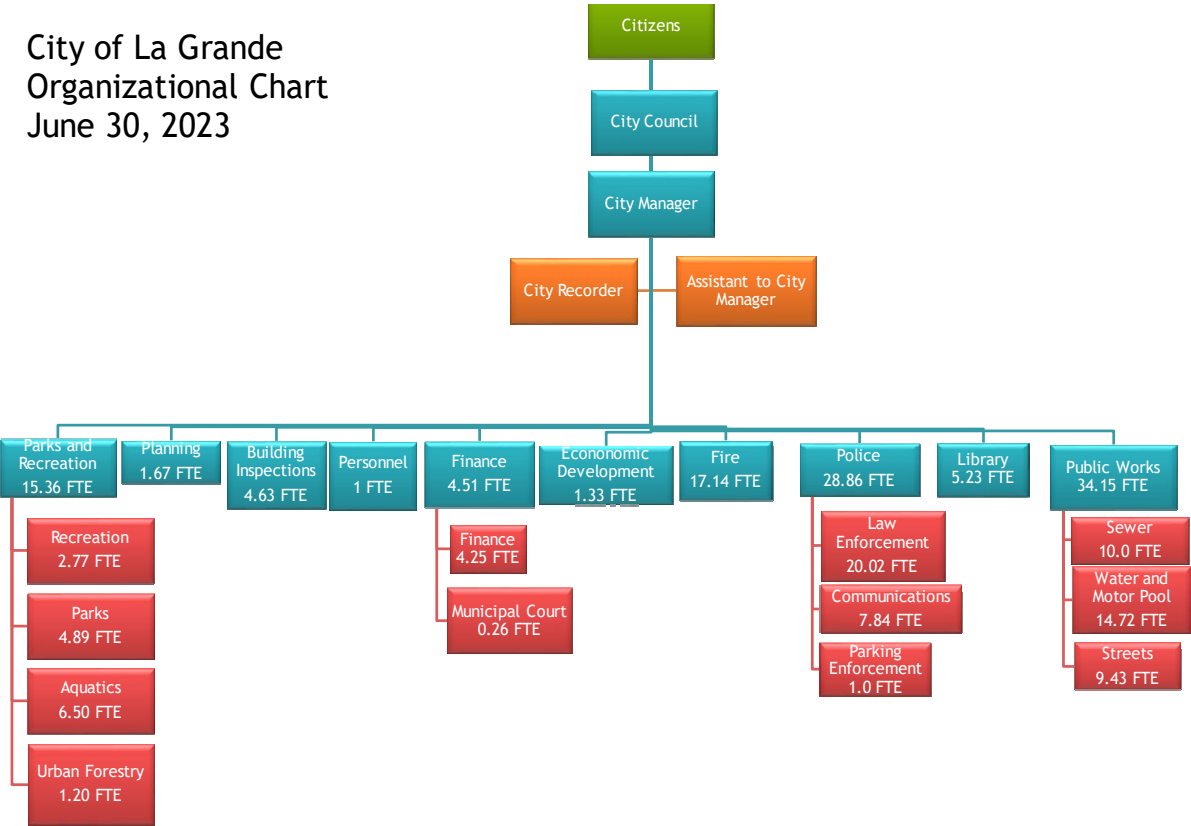
<u>Name</u>	<u>Position</u>
Robert Strobe	City Manager
Heather Rajkovich.....	Finance Director
Gary Bell	Police Chief
Stu Spence	Parks Director
Kyle Carpenter	Public Works Director
Emmitt Cornford	Fire Chief
Carrie Bushman	Library Director

CITY ADDRESS

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

www.cityoflagrande.org

City of La Grande
Organizational Chart
June 30, 2023





FINANCIAL SECTION



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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, 2023, 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, 2023, 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, 2023, the City adopted new accounting guidance, GASB Statement No. 96, Subscription-Based Information Technology Arrangements. 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 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 January 23, 2024, 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.

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

Dickey and Tremper, LLP
Certified Public Accountants

January 23, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2023

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, 2023. 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, 2023 are \$122,980,607, which is a \$6,677,816 increase from last year's total assets of \$116,302,791.
- The City's total liabilities increased \$3,003,369 from \$13,875,590 to \$16,878,959, as of June 30, 2023.
- The City's net position increased by \$4,856,510, from \$101,357,628 to \$106,214,138 which is an increase of 4.79%. All assets and liabilities are reflected in this number.
- On June 30, 2023, the City's governmental funds reported combined ending fund balances totaling \$15,209,357, which is an increase of \$2,320,036 in comparison to the prior year ending fund balance of \$12,889,321. This represents a 17.99% 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 5.8% from \$8,398,875 to \$8,886,322. Total net position of business-type activities including invested in capital assets, net of related debt increased by 4.15%

Overview of the Financial Statements

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

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

1. Government-Wide Financial Statements

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

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

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

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2023

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 and Sewer Reserves
- 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, 2023

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 2023, 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 55-58).

The City as a Whole

The City's combined net position increased by \$4,856,510, from \$101,357,628 to \$106,214,138. 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 \$6,614,453 to \$39,065,108 from last year's amount of \$32,450,655. The net position of business-type activities increased \$2,812,174 and the Governmental activities net position increased \$2,044,336. Overall Assets increased due to increased cash and equivalents across all Funds. Capital assets represents utility and street systems, buildings, and equipment valued over \$5,000 and having a useful life of more than one year. Net capital assets represent the cost of the asset less depreciation.

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2023

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

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023
Current Assets	\$ 18,204,354	\$ 22,488,474	\$ 19,315,551	\$ 21,469,078	\$ 37,519,905	\$ 43,957,552
Capital Assets, net	\$ 57,510,051	\$ 57,072,620	\$ 21,272,835	\$ 21,950,435	\$ 78,782,886	\$ 79,023,055
Total Assets	\$ 75,714,405	\$ 79,561,094	\$ 40,588,386	\$ 43,419,513	\$ 116,302,791	\$ 122,980,607
Deferred Outflows of Resources	\$ 2,036,125	\$ 2,128,530	\$ 162,567	\$ 170,400	\$ 2,198,692	\$ 2,298,930
Outstanding	\$ 9,694,790	\$ 10,538,983	\$ 1,467,748	\$ 1,427,864	\$ 11,162,538	\$ 11,966,847
Other Liabilities	\$ 2,576,297	\$ 4,724,453	\$ 136,755	\$ 187,659	\$ 2,713,052	\$ 4,912,112
Total Liabilities	\$ 12,271,087	\$ 15,263,436	\$ 1,604,503	\$ 1,615,523	\$ 13,875,590	\$ 16,878,959
Deferred Inflows of Resources	\$ 3,161,359	\$ 2,063,768	\$ 106,906	\$ 122,672	\$ 3,268,265	\$ 2,186,440
Net Position:						
Net investment in capital assets	\$ 55,060,155	\$ 54,793,017	\$ 21,272,835	\$ 21,950,435	\$ 76,332,990	\$ 76,743,452
Restricted	\$ 4,272,502	\$ 4,787,350	\$ 9,367,834	\$ 11,014,961	\$ 13,640,336	\$ 15,802,311
Unrestricted	\$ 2,985,427	\$ 4,782,053	\$ 8,398,875	\$ 8,886,322	\$ 11,384,302	\$ 13,668,375
	\$ 62,318,084	\$ 64,362,420	\$ 39,039,544	\$ 41,851,718	\$ 101,357,628	\$ 106,214,138

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2023

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023
REVENUES						
Program revenues						
Charges for services	\$ 2,787,150	\$ 2,923,761	\$ 7,436,079	\$ 8,100,676	\$ 10,223,229	\$ 11,024,437
Operating grants	1,949,522	1,888,218	-	-	1,949,522	1,888,218
Capital grants	492,117	403,217	19,027	813	511,144	404,030
General revenues	-	-	-	-	-	-
Property taxes	6,272,482	6,757,732	-	-	6,272,482	6,757,732
Franchise Taxes	2,917,887	3,098,092	-	-	2,917,887	3,098,092
Other Taxes	-	-	-	-	-	-
Other Income	88,262	694,138	-	-	88,262	694,138
Interest Income	78,264	491,059	100,205	560,492	178,469	1,051,551
Total Revenues	14,585,684	16,256,217	7,555,311	8,661,981	22,140,995	24,918,198
Expenses						
General government	1,466,547	1,377,398	-	-	1,466,547	1,377,398
Police department	3,259,500	3,969,598	-	-	3,259,500	3,969,598
Fire Department	2,693,498	2,987,383	-	-	2,693,498	2,987,383
Community development	775,721	919,525	-	-	775,721	919,525
Public services	2,170,845	2,421,542	-	-	2,170,845	2,421,542
Highways and streets	1,542,648	2,453,390	-	-	1,542,648	2,453,390
Interest on long-term debt	89,704	83,044	-	-	89,704	83,044
Water	-	-	2,135,513	2,296,284	2,135,513	2,296,284
Sewer	-	-	2,713,419	2,781,649	2,713,419	2,781,649
Storm utility	-	-	308,532	167,428	308,532	167,428
Building inspection	-	-	523,171	604,446	523,171	604,446
Total Expenses	11,998,463	14,211,880	5,680,635	5,849,807	17,679,098	20,061,687
Excess (deficiency) before special items and transfers	2,587,221	2,044,337	1,874,676	2,812,174	4,461,897	4,856,511
Special Items:						
Transfers of capital assets	-	-	-	-	-	-
Donated property revenue	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-
Operating Transfers	250,000	-	(250,000)	-	-	-
Increase (decrease) in net position	\$ 2,837,221	\$ 2,044,337	\$ 1,624,676	\$ 2,812,174	\$ 4,461,897	\$ 4,856,511

Governmental Activities

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,209,357 an increase of \$2,320,036 in comparison with the prior years ending fund balance of \$12,889,321.

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 \$12,151,802 of revenues and transfers in. Expenditures and transfers out were \$11,123,141. The net change in Fund Balance was an increase of \$1,028,661 from the prior year 2022. ,,

Street Reserve Fund – accounted for \$1,615,971 of revenues and transfers in. Expenditures were \$1,232,136. The net change in the Fund Balance was an increase of \$383,835 from prior year 2022.

Urban Renewal General Fund – Revenues, sale of property and transfers in, accounted for the \$566,069 in total revenues. Expenditures were \$502,825, an increase of \$136,317 from the prior year. The fund balance increased \$63,244.

Urban Renewal Debt Fund - The fund balance increased by \$204,500 during the year. Revenues, were

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2023

\$958,655, and expenses, including transfers out, were \$754,155. Prior year revenues and expenses were \$1,080,416 and \$622,949 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, and 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 \$1,287,247. Revenues were \$4,434,255 which included the Interfund transfer of \$900,000. Expenses, including transfers out, were \$3,147,008 as compared to prior year revenues of \$3,671,466 and expenses of \$2,711,433.

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 \$858,737. Revenues, including transfers in, were \$4,552,971 and expenses, including transfers out, were \$3,694,234. Prior year revenues and expenses were \$4,265,295 and \$3,755,084 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 \$578,311. Revenues, including transfer in, were \$1,185,971 and expenses, including transfers out, were \$607,660.

BUDGETARY HIGHLIGHTS

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

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, 2023 was \$79,023,055 (net of accumulated depreciation) compared to the prior year net capital assets of \$78,782,886. This investment in capital assets includes land, right-of-way, buildings and improvements, improvements other than buildings (such as parks and park improvements), equipment, and infrastructure (water systems, transportation, storm water, and wastewater). Overall, the City's net book value for capital assets increased by \$240,167 due to several factors which several large projects completed on the sewer system and water system.

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.

Long-term Debt – At year-end, the City had \$2,277,845 in bonds (Including deferred premium) and notes outstanding. Total debt outstanding decreased by 6.96% over last year as shown on the following page. More detailed information about the City's long-term obligations is presented in Note H beginning on page 31 of this report.

CITY OF LA GRANDE, OREGON
Management's Discussion and Analysis
June 30, 2023

OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
Oregon Infrastructure Financing Authority	\$ 631,655	\$ 594,570	\$ -	\$ -	\$ 631,655	\$ 594,570
Urban Renewal Bond 2012A	\$ 635,000	\$ 585,000	\$ -	\$ -	\$ 635,000	\$ 585,000
Urban Renewal Bond 2015A	\$ 1,085,000	\$ 1,010,000	\$ -	\$ -	\$ 1,085,000	\$ 1,010,000
Deferred Premium	\$ 96,678	\$ 88,275	\$ -	\$ -	\$ 96,678	\$ 88,275
Totals	\$ 2,448,333	\$ 2,277,845	\$ -	\$ -	\$ 2,448,333	\$ 2,277,845

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 2023-2024.

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 higher.
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, 2023

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.



BASIC FINANCIAL STATEMENTS

CITY OF LA GRANDE, OREGON
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 19,077,422	\$ 19,987,686	\$ 39,065,108
Receivables:			
Accounts, net	1,670,053	976,588	2,646,641
Property taxes	400,173	-	400,173
Assessments	36,472	8,652	45,124
Notes	683,828	-	683,828
Leases	148,691	-	148,691
Internal balances	61,576	(61,576)	-
Prepaid items	235,243	-	235,243
Inventories	56,488	557,728	614,216
Net OPEB asset	53,220	-	53,220
Leased assets, net of amortization	65,308	-	65,308
Capital Assets:			
Land	703,184	276,216	979,400
Infrastructure on modified approach	44,818,219	-	44,818,219
Construction in progress	13,000	1,483,683	1,496,683
Depreciable assets, net of depreciation	11,538,217	20,190,536	31,728,753
Total Assets	<u>79,561,094</u>	<u>43,419,513</u>	<u>122,980,607</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,687,817	-	1,687,817
Deferred outflows related to OPEB	440,713	170,400	611,113
Total deferred outflows of resources	<u>2,128,530</u>	<u>170,400</u>	<u>2,298,930</u>
Total assets and deferred outflows of resources	<u>\$ 81,689,624</u>	<u>\$ 43,589,913</u>	<u>\$ 125,279,537</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 688,108	\$ 172,646	\$ 860,754
Accrued interest payable	21,793	-	21,793
Deposits	4,014,552	-	4,014,552
Long-term obligations:			
Due within one year:	922,512	15,013	937,525
Long-term liabilities			
Due in more than one year:			
Net pension liability	3,840,735	-	3,840,735
Net OPEB liability	3,662,226	1,427,864	5,090,090
Long-term liabilities	2,113,510	-	2,113,510
Total liabilities	<u>15,263,436</u>	<u>1,615,523</u>	<u>16,878,959</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases receivable	143,727	-	143,727
Deferred inflows related to pension	1,598,132	-	1,598,132
Deferred inflows related to OPEB	321,909	122,672	444,581
Total deferred inflows of resources	<u>2,063,768</u>	<u>122,672</u>	<u>2,186,440</u>
NET POSITION			
Net investment in capital assets	54,793,017	21,950,435	76,743,452
Restricted for:			
Highways and streets	2,260,410	-	2,260,410
System development	303,670	11,014,961	11,318,631
Urban Renewal District projects	1,917,416	-	1,917,416
Other grants and projects	305,854	-	305,854
Unrestricted	4,782,053	8,886,322	13,668,375
Total net position	<u>64,362,420</u>	<u>41,851,718</u>	<u>106,214,138</u>
Total liabilities, deferred inflows, and net position	<u>\$ 81,689,624</u>	<u>\$ 43,589,913</u>	<u>\$ 125,279,537</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, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,377,398	\$ 119,683	\$ 85,540	\$ 6,757	\$ (1,165,418)	\$ -	\$ (1,165,418)
Police department	3,969,598	306,450	532,023	9,383	(3,121,742)	-	(3,121,742)
Fire & EMS department	2,987,383	1,830,080	-	-	(1,157,303)	-	(1,157,303)
Community development	919,525	10,125	-	2,545	(906,855)	-	(906,855)
Public services	2,421,542	213,757	228,988	102,097	(1,876,700)	-	(1,876,700)
Highways and streets	2,453,390	443,666	1,041,667	282,435	(685,622)	-	(685,622)
Interest on long-term obligations	83,044	-	-	-	(83,044)	-	(83,044)
Total governmental activities	14,211,881	2,923,761	1,888,218	403,217	(8,996,685)	-	(8,996,685)
Business-type activities:							
Water	2,296,284	3,314,843	-	359	-	1,018,918	1,018,918
Sewer	2,781,649	3,450,967	-	454	-	669,772	669,772
Storm Utility	167,428	217,342	-	-	-	49,914	49,914
Building inspection	604,446	1,117,524	-	-	-	513,078	513,078
Total business-type activities	5,849,807	8,100,676	-	813	-	2,251,682	2,251,682
Total primary government	<u>\$ 20,061,688</u>	<u>\$ 11,024,437</u>	<u>\$ 1,888,218</u>	<u>\$ 404,030</u>	<u>(8,996,685)</u>	<u>2,251,682</u>	<u>(6,745,003)</u>
General revenues:							
Property taxes levied for:							
General purposes					5,831,848	-	5,831,848
Debt service					925,884	-	925,884
Franchise and public services taxes					3,098,092	-	3,098,092
Interest and investment earnings					491,059	560,492	1,051,551
Miscellaneous					648,224	-	648,224
Gain (loss) on sale of property					45,914	-	45,914
Total general revenues and transfers					11,041,021	560,492	11,601,513
Change in net position					2,044,336	2,812,174	4,856,510
Net position, beginning					62,318,084	39,039,544	101,357,628
Net position, ending					<u>\$ 64,362,420</u>	<u>\$ 41,851,718</u>	<u>\$ 106,214,138</u>

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



FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Street 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
GOVERNMENT FUNDS
June 30, 2023

	General Fund	Street Reserve Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 10,718,001	\$ 1,652,136	\$ 293,622	\$ 1,648,342	\$ 4,358,941	\$ 18,671,042
Receivables:						
Property taxes	341,067	-	-	59,106	-	400,173
Accounts, net	1,474,482	32,983	-	-	162,588	1,670,053
Assessments	-	36,472	-	-	-	36,472
Notes	-	-	683,828	-	-	683,828
Leases	148,691	-	-	-	-	148,691
Inventory	-	-	-	-	51,532	51,532
Total assets	<u>\$ 12,682,241</u>	<u>\$ 1,721,591</u>	<u>\$ 977,450</u>	<u>\$ 1,707,448</u>	<u>\$ 4,573,061</u>	<u>\$ 21,661,791</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 471,947	\$ 27,817	\$ 37,500	\$ -	\$ 65,378	\$ 602,642
Deposits	3,039,817	587,156	-	-	387,579	4,014,552
Total liabilities	<u>3,511,764</u>	<u>614,973</u>	<u>37,500</u>	<u>-</u>	<u>452,957</u>	<u>4,617,194</u>
DEFERRED INFLOWS OF RESOURCES						
Lease receivable related	143,727	-	-	-	-	143,727
Unavailable revenue	884,771	49,719	683,828	46,154	27,041	1,691,513
Total deferred inflows of resources	<u>1,028,498</u>	<u>49,719</u>	<u>683,828</u>	<u>46,154</u>	<u>27,041</u>	<u>1,835,240</u>
FUND BALANCES						
Restricted	-	-	256,122	1,661,294	2,869,934	4,787,350
Assigned	3,079,817	1,056,899	-	-	1,223,129	5,359,845
Unassigned	5,062,162	-	-	-	-	5,062,162
Total fund balances	<u>8,141,979</u>	<u>1,056,899</u>	<u>256,122</u>	<u>1,661,294</u>	<u>4,093,063</u>	<u>15,209,357</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,682,241</u>	<u>\$ 1,721,591</u>	<u>\$ 977,450</u>	<u>\$ 1,707,448</u>	<u>\$ 4,573,061</u>	<u>\$ 21,661,791</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, 2023

Fund balances - total governmental funds	\$ 15,209,357
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.	55,990,156
Lease assets and the related leases payable are not financial resources or payable in the current period and are not reported in the funds.	(1,758)
Prepaid items are expensed in the fund financial statements as paid, but in the Statement of Net Position, it is reported as an asset for a prepaid expenditure.	177,618
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	1,691,513
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.	(3,751,050)
Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(489,813)
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.	(3,490,202)
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.	(21,793)
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.	(2,277,845)
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>1,326,237</u>
Net Position of Governmental Activities	<u>\$ 64,362,420</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 BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund	Street Reserve Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Totals
REVENUES						
Property taxes	\$ 5,707,281	\$ -	\$ -	\$ 904,318	\$ -	\$ 6,611,599
Other taxes	892,370	-	-	-	-	892,370
Franchise fees	1,777,328	-	-	-	-	1,777,328
Assessments	48,018	9,929	6,171	-	-	64,118
Licenses and fees	28,790	-	-	-	-	28,790
Charges for services	2,442,171	-	-	-	434,744	2,876,915
Intergovernmental	791,317	1,008,631	-	-	1,650,208	3,450,156
Fines and forfeitures	61,959	-	-	-	-	61,959
Contributions	-	-	-	-	7,431	7,431
Interest on investments	304,264	23,593	-	54,337	103,662	485,856
Miscellaneous	82,492	-	10,125	-	107,792	200,409
TOTAL REVENUES	12,135,990	1,042,153	16,296	958,655	2,303,837	16,456,931
EXPENDITURES						
Current:						
General government	1,446,865	-	-	-	-	1,446,865
Police department	3,265,836	-	-	-	457,990	3,723,826
Fire & EMS department	2,828,510	-	-	-	28,419	2,856,929
Community development	439,518	-	280,215	-	-	719,733
Public services	1,863,667	-	-	-	147,911	2,011,578
Highways and streets	-	-	-	-	1,199,884	1,199,884
Capital outlay	410,642	1,232,136	222,610	-	58,567	1,923,955
Debt service	66,157	-	-	251,329	-	317,486
TOTAL EXPENDITURES	10,321,195	1,232,136	502,825	251,329	1,892,771	14,200,256
REVENUES OVER (UNDER) EXPENDITURES	1,814,795	(189,983)	(486,529)	707,326	411,066	2,256,675
OTHER FINANCING SOURCES (USES)						
Sale of property	-	-	46,947	-	16,414	63,361
Transfers in	15,812	573,818	502,826	-	328,128	1,420,584
Transfers out	(801,946)	-	-	(502,826)	(115,812)	(1,420,584)
TOTAL OTHER FINANCING SOURCES (USES)	(786,134)	573,818	549,773	(502,826)	228,730	63,361
NET CHANGE IN FUND BALANCE	1,028,661	383,835	63,244	204,500	639,796	2,320,036
FUND BALANCE, BEGINNING	7,113,318	673,064	192,878	1,456,794	3,453,267	12,889,321
FUND BALANCE, ENDING	\$ 8,141,979	\$ 1,056,899	\$ 256,122	\$ 1,661,294	\$ 4,093,063	\$ 15,209,357

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, 2023

Net change in fund balance - governmental funds **\$ 2,320,036**

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 (269,511)

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. 162,085

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 items	51,539
Change in compensated absences	(70,412)
Change in accrued interest payable	1,386
Amortization of bond premium	8403
Change in lease assets and liabilities	(195)
Change in other postemployment benefits and related deferred outflows and inflows	74,755
Change in pension asset (liability) and related deferred outflows and inflows	100,480

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	509,738	
Basis of assets disposed	(17,447)	
Depreciation expense	<u>(778,740)</u>	(286,449)

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. (47,780)

Change in net position - governmental activities **\$ 2,044,336**

CITY OF LA GRANDE, OEGON
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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Property taxes	\$ 5,562,405	\$ 5,562,405	\$ 5,707,281	\$ 144,876
Other taxes	680,000	680,000	892,370	212,370
Franchise fees	1,562,000	1,562,000	1,777,328	215,328
Assessments	48,000	48,000	48,018	18
License and fees	27,800	27,800	28,790	990
Charges for services	1,270,000	1,270,000	2,442,171	1,172,171
Intergovernmental	2,153,945	2,153,945	791,317	(1,362,628)
Fines and fees	70,500	70,500	61,959	(8,541)
Interest on investments	25,000	25,000.00	304,264	279,264
Miscellaneous	448,303	448,303	362,708	(85,595)
TOTAL REVENUES	11,847,953	11,847,953	12,416,206	568,253
EXPENDITURES				
Current:				
General government	5,240,868	5,240,868	2,123,221	3,117,647
Police department	3,597,729	3,597,729	3,326,536	271,193
Fire & EMS department	3,369,102	3,369,102	2,828,510	540,592
Community development	772,171	772,171	619,256	152,915
Public works	1,988,825	1,988,825	1,869,125	119,700
Capital outlay	472,897	472,897	410,642	62,255
Contingency	750,000	750,000	-	750,000
TOTAL EXPENDITURES	16,191,592	16,191,592	11,177,290	5,014,302
REVENUES OVER (UNDER) EXPENDITURES	(4,343,639)	(4,343,639)	1,238,916	5,582,555
OTHER FINANCING SOURCES (USES)				
Transfers in	880,220	880,220	591,691	(288,529)
Transfers out	(801,946)	(801,946)	(801,946)	-
TOTAL OTHER FINANCING SOURCES (USES)	78,274	78,274	(210,255)	(288,529)
NET CHANGE IN FUND BALANCE	(4,265,365)	(4,265,365)	1,028,661	5,294,026
FUND BALANCE, BEGINNING	7,109,906	7,109,906.00	7,113,318	3,412
FUND BALANCE, ENDING	\$ 2,844,541	\$ 2,844,541	\$ 8,141,979	\$ 5,297,438

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

CITY OF LA GRANDE, OREGON
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
URBAN RENEWAL GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Assessment Interest	\$ 7,064	\$ 7,064	\$ 6,171	\$ (893)
Miscellaneous	-	-	10,125	10,125
				-
TOTAL REVENUES	<u>7,064</u>	<u>7,064</u>	<u>16,296</u>	<u>9,232</u>
EXPENDITURES				
Current:				
Community development:				
Materials and services	369,212	369,212	280,215	88,997
Capital outlay	1,468,742	1,468,742	222,610	1,246,132
Contingency	150,000	150,000	-	150,000
TOTAL EXPENDITURES	<u>1,987,954</u>	<u>1,987,954</u>	<u>502,825</u>	<u>1,485,129</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,980,890)</u>	<u>(1,980,890)</u>	<u>(486,529)</u>	<u>1,494,361</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	46,947	46,947
Transfers in	1,837,954	1,837,954	502,826	(1,335,128)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,837,954</u>	<u>1,837,954</u>	<u>549,773</u>	<u>(1,288,181)</u>
NET CHANGE IN FUND BALANCE	<u>(142,936)</u>	<u>(142,936)</u>	<u>63,244</u>	<u>206,180</u>
FUND BALANCE, BEGINNING	<u>146,272</u>	<u>146,272</u>	<u>192,878</u>	<u>46,606</u>
FUND BALANCE, ENDING	<u>\$ 3,336</u>	<u>\$ 3,336</u>	<u>\$ 256,122</u>	<u>\$ 252,786</u>

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



FUND FINANCIAL STATEMENTS

Proprietary Funds

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

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

- **All Water**
- **All Sewer**
- **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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	All Water Funds	All Sewer Funds	Building Inspection Funds	(Non-Major) Storm Utility Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 7,719,812	\$ 8,632,374	\$ 2,539,687	\$ 1,095,813	\$ 19,987,686	\$ 406,380
Receivables:						
Accounts, net	401,499	550,406	-	24,683	976,588	0
Assessments	3,822	4,830	-	-	8,652	-
Prepaid items	-	-	-	-	-	57,625
Inventories	531,565	26,163	-	-	557,728	4,956
Total current assets	8,656,698	9,213,773	2,539,687	1,120,496	21,530,654	468,961
Noncurrent assets:						
Capital assets:						
Land	82,573	193,643	-	-	276,216	-
Construction in progress	872,390	611,293	-	-	1,483,683	-
Depreciable assets, net of depreciation	6,450,368	12,883,162	6,832	850,174	20,190,536	1,082,464
Total noncurrent assets	7,405,331	13,688,098	6,832	850,174	21,950,435	1,082,464
Total assets	16,062,029	22,901,871	2,546,519	1,970,670	43,481,089	1,551,425
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to OPEB	64,557	83,544	22,299	-	170,400	-
Total deferred outflows of resources	64,557	83,544	22,299	-	170,400	-
Total assets and deferred outflows of resources	\$ 16,126,586	\$ 22,985,415	\$ 2,568,818	\$ 1,970,670	\$ 43,651,489	\$ 1,551,425
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 60,766	\$ 76,506	\$ 28,183	\$ 7,191	\$ 172,646	\$ 85,466
Compensated absences payable	-	-	15,013	-	15,013	201,298
Total current liabilities	60,766	76,506	43,196	7,191	187,659	286,764
Long-term obligations, net of current portion						
Other postemployment benefits	540,952	700,056	186,856	-	1,427,864	-
Total non-current liabilities	540,952	700,056	186,856	-	1,427,864	-
Total liabilities	601,718	776,562	230,052	7,191	1,615,523	286,764
DEFERRED INFLOW OF RESOURCES						
Deferred inflows related to OPEB	46,475	60,144	16,053	-	122,672	-
Total deferred inflows of resources	46,475	60,144	16,053	-	122,672	-
NET POSITION						
Net investment in capital assets	7,405,331	13,688,098	6,832	850,174	21,950,435	1,082,464
Restricted for system development	5,068,455	5,325,125	-	621,381	11,014,961	-
Unrestricted	3,004,607	3,135,486	2,315,881	491,924	8,947,898	182,197
Total net position	15,478,393	22,148,709	2,322,713	1,963,479	41,913,294	1,264,661
Total liabilities, deferred inflows, and net position	\$ 16,126,586	\$ 22,985,415	\$ 2,568,818	\$ 1,970,670	\$ 43,651,489	\$ 1,551,425

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 THE NET POSITION
June 30, 2023

Net position - total enterprise funds	\$ 41,913,294
----------------------------------------------	---------------

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.

(61,576)

Net position of business - type activities	<u><u>\$ 41,851,718</u></u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF LA GRANDE, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental	
	All Water Funds	All Sewer Funds	Building Inspection Funds	(Non-major) Storm Utility Funds	Total	Type Activities - Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 3,300,483	\$ 3,440,087	\$ -	\$ 217,342	\$ 6,957,912	\$ 3,460,678
Licenses and fees	-	-	1,113,805	-	1,113,805	-
Miscellaneous	14,360	10,880	3,719	-	28,959	17,681
TOTAL OPERATING REVENUE	3,314,843	3,450,967	1,117,524	217,342	8,100,676	3,478,359
OPERATING EXPENSES						
Personal services	473,014	810,523	419,863	-	1,703,400	3,157,538
Materials and services	1,307,549	1,118,994	178,375	90,775	2,695,693	328,141
Depreciation	466,445	804,717	4,422	69,806	1,345,390	150,987
TOTAL OPERATING EXPENSES	2,247,008	2,734,234	602,660	160,581	5,744,483	3,636,666
OPERATING INCOME (LOSS)	1,067,835	716,733	514,864	56,761	2,356,193	(158,307)
NON-OPERATING INCOME (EXPENSES)						
Interest on investments	219,053	251,550	63,447	26,442	560,492	5,203
TOTAL NON-OPERATING	219,053	251,550	63,447	26,442	560,492	5,203
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTING CONTRIBUTIONS AND TRANSFERS	1,286,888	968,283	578,311	83,203	2,916,685	(153,104)
CAPITAL CONTRIBUTIONS						
Intergovernmental	-	-	-	-	-	-
Assessments	359	454	-	-	813	-
TRANSFERS						
Transfers in	900,000	850,000	5,000	260,000	2,015,000	-
Transfers out	(900,000)	(960,000)	(5,000)	(150,000)	(2,015,000)	-
CHANGE IN NET POSITION	1,287,247	858,737	578,311	193,203	2,917,498	(153,104)
NET POSITION, BEGINNING	14,191,146	21,289,972	1,744,402	1,770,276	38,995,796	1,417,765
NET POSITION, ENDING	\$ 15,478,393	\$ 22,148,709	\$ 2,322,713	\$ 1,963,479	\$ 41,913,294	\$ 1,264,661

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, 2023

Change in net position - total enterprise funds	\$ 2,917,498
--------------------------------------------------------	--------------

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.

(105,324)

Change in net position of business - type activities	<u><u>\$ 2,812,174</u></u>
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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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	All Water Funds	All Sewer Funds	Building Inspection Funds	(Non-Major) Storm Utility Funds	Totals
CASH FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,241,989	\$ 3,413,153	\$ 1,119,178	\$ 217,946	\$ 7,992,266
Receipts from interfund services provided	-	-	-	-	-
Payments to suppliers	(271,664)	(395,849)	(263,092)	(35,911)	(966,516)
Payments to employees	-	-	(280,367)	-	(280,367)
Payments for interfund services used	(1,535,500)	(1,516,840)	(47,490)	(49,469)	(3,149,299)
Net cash provided from (used by) operating activities	1,434,825	1,500,464	528,229	132,566	3,596,084
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	900,000	850,000	5,000	260,000	2,015,000
Transfers out	(900,000)	(960,000)	(5,000)	(150,000)	(2,015,000)
Net cash provided from (used by) non-capital financing activities	-	(110,000)	-	110,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Assessments principal collections	1,209	1,528	-	-	2,737
Acquisition of capital assets	(705,093)	(1,298,371)	-	(19,526)	(2,022,990)
Net cash provided from (used by) capital and related financing activities	(703,884)	(1,296,843)	-	(19,526)	(2,020,253)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	219,053	251,550	63,446	26,442	560,491
Net cash provided (used) by investing activities	219,053	251,550	63,446	26,442	560,491
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVLENTS	949,994	345,171	591,675	249,482	2,136,322
CASH AND CASH EQUIVLENTS, Beginning	6,769,818	8,287,203	1,948,012	846,331	17,851,364
CASH AND CASH EQUIVLENTS, Ending	<u>\$ 7,719,812</u>	<u>\$ 8,632,374</u>	<u>\$ 2,539,687</u>	<u>\$ 1,095,813</u>	<u>\$ 19,987,686</u>

CITY OF LA GRANDE, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds					Governmental
	All	All	Building	(Non-Major)		Activities -
	Water	Sewer	Inspection	Storm		Internal
	Funds	Funds	Funds	Utility	Totals	Service
				Funds		Funds
Reconciliation of Operating Income (Loss) to Net						
Cash Provided (Used) by Operating Activities						
Operating Income	\$ 1,067,835	\$ 716,733	\$ 514,864	\$ 56,761	\$ 2,356,193	\$ (158,307)
Adjustments to Reconcile Operating Income to Net						
Cash Provided (Used) by Operating Activities:						
Depreciation Expense	466,445	804,717	4,422	69,806	1,345,390	150,987
(Increase) Decrease in:						
Accounts Receivable, net	(72,854)	(37,813)	1,654	605	(108,408)	159
Prepaid Items	-	-	-	-	-	1,256
Inventories	(16,451)	409	-	-	(16,042)	(405)
Deferred Outflows Related to OPEB	(3,066)	(3,968)	(799)	-	(7,833)	-
Increase (Decrease) in:						
Accounts Payable and accrued expenses	1,096	30,972	12,613	5,394	50,075	12,316
Compensated absences payable	-	-	827	-	827	4,074
Other postemployment benefits	(14,218)	(18,400)	(7,266)	-	(39,884)	-
Deferred Inflows Related to OPEB	6,038	7,814	1,914	-	15,766	-
Net Cash Provided by Operating Activities	<u>\$ 1,434,825</u>	<u>\$ 1,500,464</u>	<u>\$ 528,229</u>	<u>\$ 132,566</u>	<u>\$ 3,596,084</u>	<u>\$ 10,080</u>

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



NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LA GRANDE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 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, 2023, there were no supplemental budgets adopted and no appropriation transfers. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses as of year-end.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2023. 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, 2023, the carrying amount for the City's deposits was \$1,231,220 and the bank balance was \$1,726,557. All deposits are held in the name of the City. Of the bank balances \$250,000 was covered by federal depository insurance. The remaining \$1,476,557 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, 2023 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 37,832,688
Less amounts classified as cash equivalents			<u>(37,832,688)</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	1,231,220
Local Government Investment Pool	37,832,688
Total cash and cash equivalents	<u>\$ 39,065,108</u>
Funds:	
<u>Governmental Activities</u>	
General	\$ 10,718,001
Urban Renewal General	293,622
Urban Renewal Debt	1,648,342
Street Reserve	1,652,136
Other Governmental Funds	4,358,941
Internal Service funds	406,380
Total Governmental Activities	<u>19,077,422</u>
<u>Business-Type Activities</u>	
All Water Funds	7,719,812
All Sewer Funds	8,632,374
All Building Inspection Funds	2,539,687
Other Enterprise Funds	1,095,813
Total Business-Type Activities	<u>19,987,686</u>
Total cash and cash equivalents	<u>\$ 39,065,108</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	\$ 341,067	\$ -	\$ 59,106	\$ -	\$ -	\$ 400,173
Accounts	1,800,120	-	-	-	51,204	1,851,324
Intergovernmental	106,973	-	-	32,983	113,162	253,118
Fines and assessments	387,584	-	-	36,472	-	424,056
Notes	70,410	683,828	-	-	-	754,238
	<u>2,706,154</u>	<u>683,828</u>	<u>59,106</u>	<u>69,455</u>	<u>164,366</u>	<u>3,682,909</u>
Less: Allowance for doubtful accounts	<u>(890,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,778)</u>	<u>(892,383)</u>
Total	<u>\$ 1,815,549</u>	<u>\$ 683,828</u>	<u>\$ 59,106</u>	<u>\$ 69,455</u>	<u>\$ 162,588</u>	<u>\$ 2,790,526</u>

Receivables as of June 30, 2023 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	\$ 417,277	\$ 562,918	\$ -	\$ 25,573	\$ 1,005,768
Assessments	3,822	4,830	-	-	8,652
Less: Allowance for doubtful accounts	(15,778)	(12,512)	-	(890)	(29,180)
Total Business-type Activities	<u>\$ 405,321</u>	<u>\$ 555,236</u>	<u>\$ -</u>	<u>\$ 24,683</u>	<u>\$ 985,240</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 2022-2023, the City levied property taxes in the net amount of \$5,887,702 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, 2022 was \$853,130,875. 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 \$931,301.

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 fiscal year ending June 30, 2022 or the current year and after principal repayments of \$48,108, there was \$70,410 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 extended the maturity date to June 30, 2023, however, the Urban Renewal Agency is currently working on a second agreement amendment to further extend the maturity date. The new amendment was not yet finalized at the time of audit report issuance.

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, 2022	Increases	Decreases	Outstanding June 30, 2022
Land Leases	\$ 161,275	\$ 152,967	\$ -	\$ (8,152)	\$ 144,815
Fire Range Leases	7,554	5,732	-	(1,856)	3,876
Total	<u>\$ 168,829</u>	<u>\$ 158,699</u>	<u>\$ -</u>	<u>\$ (10,008)</u>	<u>\$ 148,691</u>

Future maturities are as follows:

Land Leases			
Year Ended June 30,	Principal	Interest	Total
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	10,404	3,013	13,417
2029-2033	59,038	10,226	69,264
2034-2036	39,187	1,679	40,866
	<u>\$ 144,815</u>	<u>\$ 29,746</u>	<u>\$ 174,561</u>

Fire Range Leases			
Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,910	\$ 90	\$ 2,000
2025	1,966	34	2,000
	<u>\$ 3,876</u>	<u>\$ 124</u>	<u>\$ 4,000</u>

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletion/ Transfer	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 720,631	\$ -	\$ (17,447)	\$ 703,184
Construction in progress	-	13,000	-	13,000
Infrastructure	44,818,219	-	-	44,818,219
Total capital assets, not being depreciated	45,538,850	13,000	(17,447)	45,534,403
Capital assets, being depreciated:				
Land Improvements	6,323,907	7,324	-	6,331,231
Buildings	12,174,382	-	-	12,174,382
Equipment	11,151,118	489,419	(127,509)	11,513,028
Total capital assets, being depreciated	29,649,407	496,743	(127,509)	30,018,641
Accumulated depreciation for:				
Land Improvements	(4,570,697)	(113,742)	-	(4,684,439)
Buildings	(5,604,641)	(292,809)	-	(5,897,450)
Equipment	(7,502,868)	(523,176)	127,509	(7,898,535)
Total accumulated depreciation	(17,678,206)	(929,727)	127,509	(18,480,424)
Total capital assets, being depreciated, net	11,971,201	(432,984)	-	11,538,217
Governmental activities capital assets, net	<u>\$ 57,510,051</u>	<u>\$ (419,984)</u>	<u>\$ (17,447)</u>	<u>\$ 57,072,620</u>

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

Governmental activities

General government	\$ 19,612
Police Department	138,046
Fire Department	200,715
Community Development	9,856
Public Services	404,140
Street & Road Maintenance	157,358
Total depreciation expense - governmental activities	<u>\$ 929,727</u>

Included in the Governmental Activities Street & Road Maintenance depreciation expense is depreciation expense reported for the Internal Service Funds – Motor Pool Fund of \$150,987.

Capital asset activity for the business-type activities for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletion/ Transfer	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 276,216	-	\$ -	\$ 276,216
Construction in progress	1,110,901	929,315	(556,533)	1,483,683
Total capital assets, not being depreciated	1,387,117	929,315	(556,533)	1,759,899
Capital assets, being depreciated:				
Buildings	512,756	-	-	512,756
Equipment	1,141,648	119,033	-	1,260,681
Water & Sewer System	41,677,082	1,531,175	-	43,208,257
Total capital assets, being depreciated	43,331,486	1,650,208	-	44,981,694
Less accumulated depreciation for:				
Buildings	(117,955)	(23,527)	-	(141,482)
Equipment	(402,222)	(64,683)	-	(466,905)
Water & Sewer System	(22,925,591)	(1,257,180)	-	(24,182,771)
Total accumulated depreciation	(23,445,768)	(1,345,390)	-	(24,791,158)
Total capital assets, being depreciated, net	19,885,718	304,818	-	20,190,536
Business-type activities capital assets, net	<u>\$ 21,272,835</u>	<u>\$ 1,234,133</u>	<u>\$ (556,533)</u>	<u>\$ 21,950,435</u>

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

Business-type activities

Water	\$ 466,445
All Sewer	804,717
Storm Sewer	69,806
Building Inspection	4,422
Total depreciation expense - business-type activities	<u>\$ 1,345,390</u>

E. Lease Assets

Lease asset activity for governmental activities for the year ended June 30, 2023 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)	(62,762)	-	(125,523)
Governmental activities leased assets, net	<u>\$ 128,070</u>	<u>\$ (62,762)</u>	<u>\$ -</u>	<u>\$ 65,308</u>

Amortization expense charged to governmental functions:

Governmental activities

General government	\$ 2,567
Police Department	57,577
Public Services	2,618
Total amortization	<u>\$ 62,762</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 \$1,687,817 and related to OPEB is \$440,713. Deferred outflows of resources for the business-type activities amount for OPEB was \$64,557 for Water; \$83,544 for Sewer Fund; \$22,299 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, 2023, 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	\$ 259,425	\$ -	\$ -	\$ 46,154	\$ -	\$ 305,579
Accounts	463,972	-	-	-	12,967	476,939
Intergovernmental	-	13,247	-	-	14,074	27,321
Fines and assessments	102,793	36,472	-	-	-	139,265
Notes	58,581	-	683,828	-	-	742,409
	<u>\$ 884,771</u>	<u>\$ 49,719</u>	<u>\$ 683,828</u>	<u>\$ 46,154</u>	<u>\$ 27,041</u>	<u>\$ 1,691,513</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
2024	\$ 42,440	\$ 29,514
2025	42,737	27,466
2026	48,124	25,329
2027	48,551	22,903
2028	48,978	20,475
2029-2033	296,851	62,165
2034	66,889	3,316
	<u>\$ 594,570</u>	<u>\$ 191,168</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
2024	\$ 125,000	\$ 54,050
2025	130,000	49,675
2026	140,000	45,038
2027	140,000	40,137
2028	145,000	35,238
2029-2033	805,000	98,826
2034	110,000	3,850
	<u>\$1,595,000</u>	<u>\$ 326,814</u>

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

Long-term liability activity for the year ended June 30, 2023, is as follows:

	Outstanding July 1, 2022	Issued	Reductions	Outstanding June 30, 2023	Due Within One Year
<u>Governmental activities:</u>					
Governmental bonds					
Local Oregon Capital Asset Program	\$ 1,720,000	\$ -	\$ 125,000	\$ 1,595,000	\$ 125,000
Total government bonds	1,720,000	-	125,000	1,595,000	125,000
Governmental loans/notes from direct borrowings					
IFA Refunding - Oregon Economic Development	631,655	-	37,085	594,570	42,440
Plus deferred premium	96,678	-	8,403	88,275	-
Total governmental loans/notes from direct borrowings	728,333	-	45,488	682,845	42,440
Other governmental long-term obligations					
Compensated absences	616,624	74,487	-	691,111	691,111
Lease liabilities	129,633	-	62,567	67,066	63,961
Total governmental activities	\$ 3,194,590	\$ -	\$ 233,055	\$ 3,036,022	\$ 922,512
<u>Business-type activities:</u>					
Other business-type long-term obligations					
Compensated absences	\$ 14,186	827	-	15,013	15,013
Total business-type activities	\$ 14,186	\$ 827	\$ -	\$ 15,013	\$ 15,013

I. Leases Payable

Leases payable transactions for the year ended June 30, 2023 are as follows:

Governmental Activities:					
Description	Beginning Balance	Increases	Deletion/ Decreases	Ending Balance	Due Within One Year
Buildings	\$ 116,532	\$ -	\$ (57,422)	\$ 59,110	\$ 59,110
Equipment	13,101	-	(5,145)	7,956	4,851
Total	\$ 129,633	\$ -	\$ (62,567)	\$ 67,066	\$ 63,961

Future maturities are as follows:

Governmental Activities			
Year Ended June 30,	Principal	Interest	Total
2024	\$ 63,961	\$ 1,751	\$ 65,712
2025	2,084	57	2,141
2026	1,021	14	1,035
	<u>\$ 67,066</u>	<u>\$ 1,822</u>	<u>\$ 68,888</u>

J. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2023 were as follows:

	General Fund	Street Reserve Fund	Urban Renewal General	Urban Renewal Debt	Non-major Governmental Funds	Total Governmental Funds
Fund Balance						
Restricted for:						
911 Dispatch Services	\$ -		\$ -	\$ -	\$ 240,319	\$ 240,319
System Development	-		-	-	303,670	303,670
Highways and Streets	-		-	-	2,260,410	2,260,410
Various Grants	-		-	-	65,535	65,535
Urban Renewal Projects	-		256,122	1,661,294	-	1,917,416
Assigned to:						
Various Activities	40,000		-	-	197,096	237,096
Capital Asset Reconstruction	-	1,056,900	-	-	1,026,032	2,082,932
American Recovery Act	2,937,482					2,937,482
Opioid Settlement	102,335					102,335
Unassigned	<u>5,062,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,062,162</u>
Total Fund Balance	<u>\$ 8,141,979</u>	<u>\$ 1,056,900</u>	<u>\$ 256,122</u>	<u>\$ 1,661,294</u>	<u>\$ 4,093,062</u>	<u>\$ 15,209,357</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 \$0.

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

	Transfers In	Transfers Out
Governmental activities:		
General	\$ 15,812	\$ 801,946
Street Reserve	573,818	-
Urban Renewal General	502,826	-
Urban Renewal Debt	-	502,826
Other Governmental	328,128	115,812
Internal Service	-	-
Business-type activities:		
Water	900,000	900,000
All Sewer	850,000	960,000
Building Inspection	5,000	5,000
Other Enterprise	260,000	150,000
	<u>\$ 3,435,584</u>	<u>\$ 3,435,584</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, 2023 amounted to \$649,901. Of this amount, the employees paid \$43,131 and \$555,738 was paid by the City. There was also \$51,032 of employer contributions credited from forfeitures.

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 \$210,582 in 2022, 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 \$210,582 in 2022, 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, 2020 actuarial valuation, which became effective July 1, 2021. Effective January 1, 2019, 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. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2023 were \$587,069, excluding \$239 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 \$73,588 for the year ended June 30, 2023 and is included in the employer contributions above.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$3,333 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the members IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

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

At June 30, 2023, the City reported a liability of \$3,840,735 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the City's proportion was 0.02508316 percent, which increased from its proportion of 0.02295236 percent as of June 30, 2021.

For the year ended June 30, 2023, the City's recognized pension expense (income) of \$401,952. At June 30, 2023, 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	\$ 186,437	\$ 23,952
Changes of assumptions	602,632	5,506
Net difference between projected and actual earnings on investments	-	686,649
Changes in proportionate share.	341,270	411,898
Difference's between employer contributions and employer's proportionate share of system contributions	52,131	470,127
Total (prior to post-MD contributions)	1,182,470	1,598,132
Contributions subsequent to the MD	505,347	-
Net Deferred Outflow/(Inflow) of Resources	\$ 1,687,817	\$ 1,598,132

\$505,347 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:	
2024	\$ (113,017)
2025	(181,061)
2026	(391,363)
2027	272,989
2028	(3,210)
Total	\$ (415,662)

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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
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	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. 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. 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.

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 2020 Experience Study, which reviewed experience for the four-year period ending on December 31, 2020.

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	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
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:

	<u>1% Decrease (5.9%)</u>	<u>Discount Rate (6.9%)</u>	<u>1% (Increase (7.9%)</u>
City's proportionate share of the net pension liability (asset)	\$ 6,811,211	\$ 3,840,735	\$ 1,354,584

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 \$52,839 to the pension plan.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Period

There were no changes subsequent to the June 30, 2022 measurement period that require disclosure.

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, 2022, the date of the latest actuarial valuation:

	PERS Police & Fire	PERS General Service	Employer Retirement Plan*	Total
Number of Members				
Active	32	-	71	103
Retired Members	9	8	-	17
Spouse of Ineligible Retirees	-	-	-	-
Total	41	8	71	120
Spouse of Eligible Retirees	8	4	-	12
Average Age				
Active	37.5	-	45.2	43
Retired	57.3	62	-	59.4
Average Service- Actives				
PERS Service	8.7	-	N/A	8.7
Employer-only Service	8.6	-	11	10.3
Expected Future Service	14.8	-	9.7	11.3

	Active Members		Retired Members**
Count as of July 1, 2020	101	Count as of July 1, 2020	15
Retired with benefits	(9)	Retired with benefits	9
Terminated without benefits	(12)	Benefits ceased	(7)
New hires / newly eligible	23	Newly covered (generally spouses of former retirees)	-
Ineligible for benefits valued	-	Ineligible for benefits valued	-
Count as of July 1, 2022	103	Count as of July 1, 2022	17

* Retirees are counted and valued under PERS assumptions.

** Includes spouses of ineligible retirees.

Total OPEB Liability

The City's total OPEB liability of \$5,090,089 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 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, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent per year
Discount Rate	3.54 percent, based on a 20-year general obligation bond yield index published by The Bond Buyer.
Projected Salary Increases	3.4 percent per year
Health Cost Trend	Medical and vision: 2022-4.25%, 2023-6.75%, 2024-6.50% and between 3% and 6% for the subsequent 40+ years.
Cost of Living Adjustments (COLA)	3.4 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, 2022	\$ 5,221,358
Changes for the year:	
Service cost	179,801
Interest on total OPEB liability	113,504
Effect of economic/deomographic gains or losses	(143,413)
Effect of assumptions changes or inputs	13,108
Benefit payments	(294,269)
Net changes	(131,269)
Balance at June 30, 2023	\$ 5,090,089

Sensitivity of the total OPEB liability to changes in the discount and trend rates. The following presents the total OPEB liability of the City's, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54) percent) or 1-percentage-point higher (4.54) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<i>Total OPEB (asset) liability</i>	\$ 5,400,933	\$ 5,090,089	\$ 4,796,292

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>	\$ 4,739,409	\$ 5,090,089	\$ 5,481,006

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$249,501. At June 30, 2023, 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	\$ (354,865)	\$ -
Changes of assumptions or inputs	(82,441)	254,545
Total (prior to post MD contributions)	(437,306)	254,545
Contributions subsequent to the measurement date	-	352,906
Net deferred (inflows) outflows of resources	<u>\$ (437,306)</u>	<u>\$ 607,451</u>

\$352,906 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:

2024	\$ (43,804)
2025	(43,804)
2026	(43,804)
2027	(16,329)
2028	14,170
Thereafter	<u>(49,190)</u>
Total	<u>\$ (182,761)</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, 2023, 2022, and 2021 were \$239, \$369 and \$410 respectively.

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

At June 30, 2023, the City reported an asset of \$53,220 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the City's proportionate share was 0.01497727 percent, which was decreased from its proportionate share of 0.01533801 percent measured as of June 30, 2021.

For the year ended June 30, 2023, the City's recognized OPEB income of \$3,063. At June 30, 2023, 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	\$ -	\$ (1,442)
Changes of assumptions	417	(1,774)
Net difference between projected and actual earnings on investments	-	(4,059)
Changes in proportionate share	<u>3,006</u>	<u>-</u>
Total (prior to post-MD contributions)	3,423	(7,275)
Contributions subsequent to the MD	<u>239</u>	<u>-</u>
Net Deferred Outflow (inflow) of resources	<u>\$ 3,662</u>	<u>\$ (7,275)</u>

\$239 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:

2024	\$ (302)
2025	(2,287)
2026	(2,561)
2027	<u>1,298</u>
Total	<u>\$ (3,852)</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, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
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	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
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 invests was applied to all periods of projected benefit payments to determine the total OPEB asset.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. 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>	\$ (47,966)	\$ (53,220)	\$ (57,723)

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, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2022 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	\$ 5,090,089	\$ 607,451	\$ (437,306)	\$ 249,501
Retirement health Insurance Account (RHIA)	(53,220)	3,662	(7,275)	(3,063)
Aggregate amounts related to OPEB	<u>\$ 5,036,869</u>	<u>\$ 611,113</u>	<u>\$ (444,581)</u>	<u>\$ 246,438</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 \$1,268,742 to plan projects and \$200,000 to traded sector projects for 2023 fiscal year along with the annual budget process.

F. Related Party Transactions

The Urban Renewal Agency paid the City of La Grande \$100,479 for administration and overhead and \$179,738 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, 2023. Tax abatements that affect the City indirectly are as follows:

Exemption Program	Project	Tax Abatement Amount
Union County - Enterprise Zone	LJH Construction	\$ 3,216
Union County - Enterprise Zone	Ethiopian hands LLC	321
		<u>\$ 3,537</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. 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 was effective for the City for fiscal year ended June 30, 2023, however, there were no agreements which fit the SBITA criteria.

I. Construction In Progress

The City had two construction in progress projects at June 30, 2023. 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 2nd Street water main replacement. This project is expected to span until December 2023. The project estimated cost is \$903,304 and costs incurred to date are \$854,756. The project is approximately 95% complete.
2. The City is performing improvements to the sewer system headworks, sewer system SCADA system upgrade, and irrigation pivot install. Costs through June 30, 2023 were \$611,293 and total project costs are estimated at \$1,029,707. The project was approximately 59% complete.

J. 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. A total of \$86,390 was expended in FY 23.



REQUIRED SUPPLEMENTARY INFORMATION

RSI Disclosures for The City's Street System Based on a Condition Index
City of La Grande
June 30, 2023

Pavement Condition Index of the City of La Grande Street System

	2023	2022	2021
Gravel	100	100	100
Oil Mat	70	69	69
Concrete	79	79	79
Major Asphalt	89	88	88
Minor Asphalt	74	73	72

Comparison of Needed-to-actual Maintenance/Preservation

	2023	2022	2021	2020	2019
Gravel					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
Oil Mat					
Needed	86,904	93,606	353,002	93,782	163,091
Actual	86,904	93,606	353,002	93,782	163,091
Concrete					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
Major Asphalt					
Needed	440,574	258,480	439,922	-	374,058
Actual	440,574	258,480	439,922	-	374,058
Minor Asphalt					
Needed	156,915	109,309	51,682	192,808	353,073
Actual	156,915	109,309	51,682	192,808	353,073

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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.02508316%	0.02295236%	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)	\$ 3,840,735	\$ 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	\$ 2,372,016	\$ 2,434,077	\$ 2,285,628	\$ 2,426,869	\$ 2,197,074	\$ 2,269,652	\$ 2,230,006	\$ 2,173,137	\$ 2,188,468	\$ 2,071,251
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	161.92%	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	84.55%	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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 587,069	\$ 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	(587,069)	(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	\$2,421,626	\$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	24.24%	23.42%	23.23%	24.68%	19.95%	20.00%	16.47%	16.73%	17.09%	17.54%

CITY OF LA GRANDE, OREGON

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

Last 10 Fiscal Years*

Measurement Date June 30,	(a) City's proportion of the net OPEB pension liability (asset)	(b) City's proportionate share of the net OPEB pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.01497727%	\$ (53,220)	\$ 2,372,016	-2.24%	194.66%
2021	0.01533801%	\$ (52,671)	\$ 2,434,077	-2.16%	183.90%
2020	0.020207060%	\$ (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*

	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 239	\$ 369	\$ 410	\$ 1,443	\$ 11,091	\$ 10,419	\$ 11,070
Contributions in relation to the contractually required contributions	239	369	410	1,443	11,091	10,419	11,070
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,421,626	\$ 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	0.01%	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*

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 179,801	\$ 174,406	\$ 158,243	\$ 139,904	\$ 155,476	\$ 168,561	N/A
Interest	113,504	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	(143,413)	-	(116,151)	-	(320,258)	-	N/A
Differences between expected and actual experience	-	-	-	-	-	-	N/A
Effect of assumptions changes or inputs	13,108	15,097	235,698	118,575	11,862	(247,315)	N/A
Benefit Payments	(294,269)	(271,181)	(216,303)	(159,679)	(176,271)	(145,905)	N/A
Net change in total OPEB liability	(131,269)	33,840	236,556	281,849	(154,082)	(82,118)	N/A
Total OPEB liability - beginning	5,221,358	5,187,518	4,950,962	4,669,113	4,823,195	4,905,313	N/A
Net OPEB liability - Ending	<u>\$5,090,089</u>	<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>\$6,734,712</u>	<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	75.58%	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, 2023

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 2022, annual salary in excess of \$210,852 (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, 2021 reporting date is 2.21%, the discount rate in effect for the June 30, 2022 reporting date is 2.16%, and the discount rate in effect for the June 30, 2023 reporting date is 3.54%.



SUPPLEMENTAL INFORMATION



COMBINING STATEMENTS

Non-Major Governmental Funds

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

- *Street & Road* - accounts for activity within the City's street infrastructure.
- *Grants & Donations* – accounts for the monies received through grants and donations.
- *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, 2023

	Special Revenue				Capital Projects	
	Street & Road	Grants & Donations	Street Maintenance	911 Emergency	General Building/ Equipment Reserve	Totals
ASSETS						
Cash and cash equivalents	\$ 1,267,209	\$ 674,606	\$ 834,915	\$ 252,508	\$ 1,329,703	\$ 4,358,941
Receivables:						
Accounts	99,087	14,074	49,427	-	-	162,588
Inventory	51,532	-	-	-	-	51,532
Total Assets	<u>\$ 1,417,828</u>	<u>\$ 688,680</u>	<u>\$ 884,342</u>	<u>\$ 252,508</u>	<u>\$ 1,329,703</u>	<u>\$ 4,573,061</u>
LIABILITIES						
Accounts payable and accrued liabilities	24,474	24,396	4,319	12,189	-	65,378
Deposits	-	387,579	-	-	-	387,579
Total liabilities	<u>24,474</u>	<u>411,975</u>	<u>4,319</u>	<u>12,189</u>	<u>-</u>	<u>452,957</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	14,074	12,967	-	-	27,041
FUND BALANCES						
Restricted	1,393,354	65,535	867,056	240,319	303,670	2,869,934
Assigned	-	197,096	-	-	1,026,033	1,223,129
Total fund balances	<u>1,393,354</u>	<u>262,631</u>	<u>867,056</u>	<u>240,319</u>	<u>1,329,703</u>	<u>4,093,063</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,417,828</u>	<u>\$ 688,680</u>	<u>\$ 884,342</u>	<u>\$ 252,508</u>	<u>\$ 1,329,703</u>	<u>\$ 4,573,061</u>

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, 2023

	Special Revenue Funds				Capital Projects	
	Street & Road	Grants & Donations	Street Maintenance	911 Emergency	General Building/ Equipment Reserve	Totals
REVENUES						
Charges for services	\$ -	\$ -	\$ 434,744	\$ -	\$ -	\$ 434,744
Intergovernmental	1,041,667	183,541	-	425,000	-	1,650,208
Contributions	-	7,431	-	-	-	7,431
Interest on investments	34,983	7,968	23,458	2,695	34,558	103,662
Miscellaneous	8,963	96,204	-	-	2,625	107,792
TOTAL REVENUES	1,085,613	295,144	458,202	427,695	37,183	2,303,837
EXPENDITURES						
Current:						
Police department	-	9,031	-	448,959	-	457,990
Fire & EMS department	-	28,419	-	-	-	28,419
Public services	-	147,911	-	-	-	147,911
Highways and streets	1,098,524	-	101,360	-	-	1,199,884
Capital outlay	-	8,833	-	-	49,734	58,567
TOTAL EXPENDITURES	1,098,524	194,194	101,360	448,959	49,734	1,892,771
REVENUES OVER (UNDER) EXPENDITURES	(12,911)	100,950	356,842	(21,264)	(12,551)	411,066
OTHER FINANCING SOURCES (USES)						
Sale of property	-	-	-	-	16,414	16,414
Transfers in	-	-	-	-	328,128	328,128
Transfers out	-	(15,812)	(100,000)	-	-	(115,812)
TOTAL OTHER FINANCING SOURCES (USES)	-	(15,812)	(100,000)	-	344,542	228,730
NET CHANGE IN FUND BALANCE	(12,911)	85,138	256,842	(21,264)	331,991	639,796
FUND BALANCE, Beginning	1,406,265	177,493	610,214	261,583	997,712	3,453,267
FUND BALANCE, Ending	\$ 1,393,354	\$ 262,631	\$ 867,056	\$ 240,319	\$ 1,329,703	\$ 4,093,063



COMBINING STATEMENTS

Internal Service Funds

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

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

CITY OF LA GRANDE, OREGON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

	Motor Pool	Public Works Service	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 223,979	\$ 182,401	\$ 406,380
Receivables:			
Prepaid items	-	57,625	57,625
Inventories	4,956	-	4,956
Total current assets	228,935	240,026	468,961
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	1,082,464	-	1,082,464
Total noncurrent assets	1,082,464	-	1,082,464
Total assets	1,311,399	240,026	1,551,425
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	11,712	73,754	85,466
Compensated absences payable	-	201,298	201,298
Total current liabilities	11,712	275,052	286,764
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	1,082,464	-	1,082,464
Unrestricted	217,223	(35,026)	182,197
Total net position	\$ 1,299,687	\$ (35,026)	\$ 1,264,661

CITY OF LA GRANDE, OREGON
COMBINING STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2023

	Motor Pool	Public Works Service	Totals
OPERATING REVENUES			
Charges for services	\$ 511,178	\$ 2,949,500	\$ 3,460,678
Miscellaneous	17,681	-	17,681
TOTAL OPERATING REVENUES	<u>528,859</u>	<u>2,949,500</u>	<u>3,478,359</u>
OPERATING EXPENSES			
Personal services	198,236	2,959,302	3,157,538
Materials and services	328,141	-	328,141
Depreciation	150,987	-	150,987
TOTAL OPERATING EXPENSES	<u>677,364</u>	<u>2,959,302</u>	<u>3,636,666</u>
OPERATING INCOME (LOSS)	<u>(148,505)</u>	<u>(9,802)</u>	<u>(158,307)</u>
NON-OPERATING INCOME (EXPENSES)			
Interest on investments	5,203	-	5,203
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>5,203</u>	<u>-</u>	<u>5,203</u>
CHANGE IN NET POSITION	(143,302)	(9,802)	(153,104)
NET POSITION, Beginning	<u>1,442,989</u>	<u>(25,224)</u>	<u>1,417,765</u>
NET POSITION, Ending	<u><u>\$ 1,299,687</u></u>	<u><u>\$ (35,026)</u></u>	<u><u>\$ 1,264,661</u></u>

CITY OF LA GRANDE, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2023

	Motor Pool	Public Works Service	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 17,840	\$ -	\$ 17,840
Receipts from interfund services provided	511,178	2,949,500	3,460,678
Payments to suppliers	(320,702)	(1,125,375)	(1,446,077)
Payments to employees	-	(1,824,125)	(1,824,125)
Payments for interfund services used	(198,236)	-	(198,236)
Net cash provided from (used by) operating activities	10,080	-	10,080
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	5,202	-	5,202
Net cash provided (used by) investing activities	5,202	-	5,202
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVLENTS	15,282	-	15,282
CASH AND CASH EQUIVLENTS, Beginning	208,697	182,401	391,098
CASH AND CASH EQUIVLENTS, Ending	<u>\$ 223,979</u>	<u>\$ 182,401</u>	<u>\$ 406,380</u>
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities			
Operating income (loss)	\$ (148,505)	\$ (9,802)	\$ (158,307)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation Expense	150,987	-	150,987
(Increase) decrease in assets:			
Receivables	159	-	159
Prepaid items	-	1,256	1,256
Inventories	(405)	-	(405)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	7,844	4,472	12,316
Compensated absences payable	-	4,074	4,074
Net cash provided from (used by) operating activities	<u>\$ 10,080</u>	<u>\$ -</u>	<u>\$ 10,080</u>

BUDGETARY COMPARISON SCHEDULES

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

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



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

▪ General Fund

CITY OF LA GRANDE, OREGON
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL, BY DEPARTMENT (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES				
Council and Manager	\$ 4,530,376	\$ 4,530,376	\$ 1,462,890	\$ 3,067,486
Finance and Municipal Court	726,532	726,532	675,871	50,661
Police Department	3,749,586	3,749,586	3,480,567	269,019
Fire and Ems Departments	3,604,802	3,604,802	3,067,713	537,089
Community and Economic Deveopment/ Building maintenance	783,471	783,471	611,311	172,160
Parks Maintenance, Aquatics, Recreation, Urban Forestry	1,332,441	1,332,441	1,177,411	155,030
Library	714,384	714,384	701,527	12,857
Contingency	750,000	750,000	-	750,000
TOTAL EXPENDITURES	\$ 16,191,592	\$ 16,191,592	\$ 11,177,290	\$ 5,014,302

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

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive /</u>
				<u>(Negative)</u>
REVENUES				
Intergovernmental revenue	\$ 950,000	\$ 950,000	\$ 1,041,667	\$ 91,667
Interest on investments	4,000	4,000	34,983	30,983
Miscellaneous	10,000	10,000	8,963	(1,037)
TOTAL REVENUES	<u>964,000</u>	<u>964,000</u>	<u>1,085,613</u>	<u>121,613</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	410,000	410,000	350,660	59,340
Materials and services	1,147,924	1,147,924	679,463	468,461
Contingency	243,949	243,949	-	243,949
TOTAL EXPENDITURES	<u>1,801,873</u>	<u>1,801,873</u>	<u>1,030,123</u>	<u>771,750</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(837,873)</u>	<u>(837,873)</u>	<u>55,490</u>	<u>893,363</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	-	(250,000)
Transfers out	(68,401)	(68,401)	(68,401)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>181,599</u>	<u>181,599</u>	<u>(68,401)</u>	<u>(250,000)</u>
NET CHANGE IN FUND BALANCE	<u>(656,274)</u>	<u>(656,274)</u>	<u>(12,911)</u>	<u>643,363</u>
FUND BALANCE, Beginning	<u>902,418</u>	<u>902,418</u>	<u>1,406,265</u>	<u>503,847</u>
FUND BALANCE, Ending	<u>\$ 246,144</u>	<u>\$ 246,144</u>	<u>\$ 1,393,354</u>	<u>\$ 1,147,210</u>

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Intergovernmental revenue	\$ 2,027,679	\$ 2,027,679	\$ 183,541	\$ (1,844,138)
Contributions	5,350	5,350	7,431	2,081
Interest on Investments	1,000	1,000	7,968	6,968
Miscellaneous	195,000	195,000	96,204	(98,796)
TOTAL REVENUES	<u>2,229,029</u>	<u>2,229,029</u>	<u>295,144</u>	<u>(1,933,885)</u>
EXPENDITURES				
Current:				
Materials and services	621,988	621,988	185,361	436,627
Capital outlay	1,532,527	1,532,527	8,833	1,523,694
TOTAL EXPENDITURES	<u>2,154,515</u>	<u>2,154,515</u>	<u>194,194</u>	<u>1,960,321</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>74,514</u>	<u>74,514</u>	<u>100,950</u>	<u>26,436</u>
OTHER FINANACING SOURCES (USES)				
Transfers out	(304,341)	(304,341)	(15,812)	288,529
TOTAL OTHER FINANCING SOURCES (USES)	<u>(304,341)</u>	<u>(304,341)</u>	<u>(15,812)</u>	<u>288,529</u>
NET CHANGE IN FUND BALANCE	<u>(229,827)</u>	<u>(229,827)</u>	<u>85,138</u>	<u>314,965</u>
FUND BALANCE, Beginning	<u>275,995</u>	<u>275,995</u>	<u>177,493</u>	<u>(98,502)</u>
FUND BALANCE, Ending	<u>\$ 46,168</u>	<u>\$ 46,168</u>	<u>\$ 262,631</u>	<u>\$ 216,463</u>

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive /</u>
				<u>(Negative)</u>
REVENUES				
Charges for services	\$ 425,000	\$ 425,000	\$ 434,744	\$ 9,744
Interest on investments	2,000	2,000	23,458	21,458
TOTAL REVENUES	<u>427,000</u>	<u>427,000</u>	<u>458,202</u>	<u>31,202</u>
EXPENDITURES				
Current:				
Highways and streets:				
Materials and services	475,325	475,325	101,360	373,965
Contingency	100,000	100,000	-	100,000
TOTAL EXPENDITURES	<u>575,325</u>	<u>575,325</u>	<u>101,360</u>	<u>473,965</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(148,325)</u>	<u>(148,325)</u>	<u>356,842</u>	<u>505,167</u>
OTHER FINANACING SOURCES (USES)				
Transfers out	(100,000)	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(248,325)</u>	<u>(248,325)</u>	<u>256,842</u>	<u>505,167</u>
FUND BALANCE, Beginning	<u>741,929</u>	<u>741,929</u>	<u>610,214</u>	<u>(131,715)</u>
FUND BALANCE, Ending	<u>\$ 493,604</u>	<u>\$ 493,604</u>	<u>\$ 867,056</u>	<u>\$ 373,452</u>

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Intergovernmental revenue	\$ 425,000	\$ 425,000	\$ 425,000	\$ -
Interest on investments	1,000	1,000	2,695	1,695
TOTAL REVENUES	<u>426,000</u>	<u>426,000</u>	<u>427,695</u>	<u>1,695</u>
EXPENDITURES				
Current:				
Public safety:				
Personal services	390,328	390,328	358,781	31,547
Materials and services	85,916	85,916	61,666	24,250
Contingency	40,000	40,000	-	40,000
TOTAL EXPENDITURES	<u>516,244</u>	<u>516,244</u>	<u>420,447</u>	<u>95,797</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(90,244)</u>	<u>(90,244)</u>	<u>7,248</u>	<u>97,492</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(28,512)	(28,512)	(28,512)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(28,512)</u>	<u>(28,512)</u>	<u>(28,512)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(118,756)</u>	<u>(118,756)</u>	<u>(21,264)</u>	<u>97,492</u>
FUND BALANCE, Beginning	<u>252,069</u>	<u>252,069</u>	<u>261,583</u>	<u>9,514</u>
FUND BALANCE, Ending	<u>\$ 133,313</u>	<u>\$ 133,313</u>	<u>\$ 240,319</u>	<u>\$ 107,006</u>

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Assessments	\$ 2,100	\$ 2,100	\$ 9,929	\$ 7,829
Intergovernmental revenue	1,512,100	1,512,100	1,008,631	(503,469)
Interest on investments	3,500	3,500	23,593	20,093
TOTAL REVENUES	1,517,700	1,517,700	1,042,153	(475,547)
EXPENDITURES				
Capital outlay	2,225,900	2,225,900	1,232,136	993,764
Contingency	225,750	225,750	-	225,750
TOTAL EXPENDITURES	2,451,650	2,451,650	1,232,136	1,219,514
REVENUES OVER (UNDER) EXPENDITURES	(933,950)	(933,950)	(189,983)	743,967
OTHER FINANCING SOURCES (USES)				
Transfers in	573,818	573,818	573,818	-
TOTAL OTHER FINANCING SOURCES (USES)	573,818	573,818	573,818	-
NET CHANGE IN FUND BALANCE	(360,132)	(360,132)	383,835	743,967
FUND BALANCE, Beginning	811,647	811,647	673,064	(138,583)
FUND BALANCE, Ending	\$ 451,515	\$ 451,515	\$ 1,056,899	\$ 605,384

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
REVENUES				Positive /
Interest on investments	\$ 5,000	\$ 5,000	\$ 34,558	\$ 29,558
Miscellaneous	10,000	10,000	2,625	(7,375)
TOTAL REVENUES	15,000	15,000	37,183	22,183
EXPENDITURES				
Capital outlay	300,000	300,000	49,734	250,266
TOTAL EXPENDITURES	300,000	300,000	49,734	250,266
REVENUES OVER (UNDER) EXPENDITURES	(285,000)	(285,000)	(12,551)	272,449
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	16,414	16,414
Transfers in	328,128	328,128	328,128	-
TOTAL OTHER FINANCING SOURCES (USES)	328,128	328,128	344,542	16,414
NET CHANGE IN FUND BALANCE	43,128	43,128	331,991	288,863
FUND BALANCE, Beginning	1,019,809	1,019,809	997,712	(22,097)
FUND BALANCE, Ending	\$ 1,062,937	\$ 1,062,937	\$ 1,329,703	\$ 266,766

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive /</u>
				<u>(Negative)</u>
REVENUES				
Property taxes	\$ 975,000	\$ 975,000	\$ 904,318	\$ (70,682)
Interest on investments	5,500	5,500	54,337	48,837
TOTAL REVENUES	<u>980,500</u>	<u>980,500</u>	<u>958,655</u>	<u>(21,845)</u>
EXPENDITURES				
Debt service	<u>251,329</u>	<u>251,329</u>	<u>251,329</u>	<u>-</u>
TOTAL EXPENDITURES	<u>251,329</u>	<u>251,329</u>	<u>251,329</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>729,171</u>	<u>729,171</u>	<u>707,326</u>	<u>(21,845)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,837,954)</u>	<u>(1,837,954)</u>	<u>(502,826)</u>	<u>1,335,128</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,837,954)</u>	<u>(1,837,954)</u>	<u>(502,826)</u>	<u>1,335,128</u>
NET CHANGE IN FUND BALANCE	<u>(1,108,783)</u>	<u>(1,108,783)</u>	<u>204,500</u>	<u>1,313,283</u>
FUND BALANCE, Beginning	<u>1,452,153</u>	<u>1,452,153</u>	<u>1,456,794</u>	<u>4,641</u>
FUND BALANCE, Ending	<u>\$ 343,370</u>	<u>\$ 343,370</u>	<u>\$ 1,661,294</u>	<u>\$ 1,317,924</u>

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

Proprietary Funds

Enterprise Funds

- All Water Funds
 - Water
 - Water Reserve
- All Sewer Funds
 - Sewer
 - Sewer Reserve
- 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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Charges for services	\$ 3,065,000	\$ 3,065,000	\$ 3,220,297	\$ 155,297
Assessments	357	357	359	2
Interest on investments	15,500	15,500	102,232	86,732
Miscellaneous	20,000	20,000	14,360	(5,640)
TOTAL REVENUES	3,100,857	3,100,857	3,337,248	236,391
EXPENDITURES				
Current:				
Personal services	500,000	500,000	473,014	26,986
Materials and services	1,594,543	1,594,543	1,190,190	404,353
Capital outlay	881,000	881,000	619,446	261,554
Contingency	447,831	447,831	-	447,831
TOTAL EXPENDITURES	3,423,374	3,423,374	2,282,650	1,140,724
REVENUES OVER (UNDER) EXPENDITURES	(322,517)	(322,517)	1,054,598	1,377,115
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,237,549)	(1,237,549)	(1,112,549)	125,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,237,549)	(1,237,549)	(1,112,549)	125,000
NET CHANGE IN FUND BALANCE	(1,560,066)	(1,560,066)	(57,951)	1,502,115
FUND BALANCE, Beginning	2,121,298	2,121,298	3,585,427	1,464,129
FUND BALANCE, Beginning	\$ 561,232	\$ 561,232	\$ 3,527,476	\$ 2,966,244

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Charges for services	\$ 40,000	\$ 40,000	\$ 80,186	\$ 40,186
Interest on investments	18,000	18,000	116,822	98,822
TOTAL REVENUES	58,000	58,000	197,008	139,008
EXPENDITURES				
Capital outlay	850,000	850,000	1,705	848,295
Contingency	127,500	127,500	-	127,500
TOTAL EXPENDITURES	977,500	977,500	1,705	975,795
REVENUES OVER (UNDER) EXPENDITURES	(919,500)	(919,500)	195,303	1,114,803
OTHER FINANCING SOURCES (USES)				
Transfers in	900,000	900,000	900,000	-
TOTAL OTHER FINANACING SOURCES (USES)	900,000	900,000	900,000	-
NET CHANGE IN FUND BALANCE	(19,500)	(19,500)	1,095,303	1,114,803
FUND BALANCE, Beginning	3,980,064	3,980,064	3,973,152	(6,912)
FUND BALANCE, Ending	\$ 3,960,564	\$ 3,960,564	\$ 5,068,455	\$ 1,107,891

**CITY OF LA GRANDE, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL WATER FUNDS
For the Fiscal Year Ended June 30, 2023**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Water	\$ 3,527,476
Water Reserve	<u>5,068,455</u>
	8,595,931

Adjustments:

Capital assets, net of depreciation	7,405,332
Deferred outflows related to OPEB	64,557
Net OPEB Liability	(540,952)
Deferred inflows related to OPEB	<u>(46,475)</u>

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

\$ 15,478,393

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Charges for services	\$ 3,304,000	\$ 3,304,000	\$ 3,369,108	\$ 65,108
Assessments	357	357	454	97
Interest on investments	19,500	19,500	115,506	96,006
Miscellaneous	2,000	2,000	10,880	8,880
TOTAL REVENUES	3,325,857	3,325,857	3,495,948	170,091
EXPENDITURES				
Current:				
Personal services	910,000	910,000	810,523	99,477
Materials and services	1,249,906	1,249,906	916,228	333,678
Capital outlay	925,000	925,000	637,171	287,829
Contingency	400,000	400,000	-	400,000
TOTAL EXPENDITURES	3,484,906	3,484,906	2,363,922	1,120,984
REVENUES OVER (UNDER) EXPENDITURES	(159,049)	(159,049)	1,132,026	1,291,075
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,294,899)	(1,294,899)	(1,169,899)	125,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,294,899)	(1,294,899)	(1,169,899)	125,000
NET CHANGE IN FUND BALANCE	(1,453,948)	(1,453,948)	(37,873)	1,416,075
FUND BALANCE, Beginning	3,305,592	3,305,592	3,850,015	544,423
FUND BALANCE, Ending	\$ 1,851,644	\$ 1,851,644	\$ 3,812,142	\$ 1,960,498

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Charges for services	\$ 40,000	\$ 40,000	\$ 70,979	\$ 30,979
Interest on investments	22,500	22,500	136,044	113,544
TOTAL REVENUES	62,500	62,500	207,023	144,523
EXPENDITURES				
Capital outlay	2,035,000	2,035,000	668,620	1,366,380
Contingency	267,750	267,750	-	267,750
TOTAL EXPENDITURES	2,302,750	2,302,750	668,620	1,634,130
REVENUES OVER (UNDER) EXPENDITURES	(2,240,250)	(2,240,250)	(461,597)	1,778,653
OTHER FINANCING SOURCES (USES)				
Transfers in	850,000	850,000	850,000	-
TOTAL OTHER FINANCING SOURCES (USES)	850,000	850,000	850,000	-
NET CHANGE IN FUND BALANCE	(1,390,250)	(1,390,250)	388,403	1,778,653
FUND BALANCE, Beginning	4,838,909	4,838,909	4,936,722	97,813
FUND BALANCE, Ending	\$ 3,448,659	\$ 3,448,659	\$ 5,325,125	\$ 1,876,466

**CITY OF LA GRANDE, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL SEWER FUNDS
For the Fiscal Year Ended June 30, 2023**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 3,812,142
Sewer Reserve	<u>5,325,125</u>
	9,137,267

Adjustments:

Capital assets, net of depreciation	13,688,098
Deferred outflows related to OPEB	83,544
Net OPEB Liability	(700,056)
Deferred inflows OPEB	<u>(60,144)</u>

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

\$ 22,148,709

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Charges for services	\$ 210,000	\$ 210,000	\$ 217,342	\$ 7,342
Interest on investments	2,500	2,500	13,018	10,518
TOTAL REVENUES	212,500	212,500	230,360	17,860
EXPENDITURES				
Current:				
Materials and services	345,391	345,391	90,775	254,616
Capital outlay	100,000	100,000	19,525	80,475
Contingency	51,405	51,405	-	51,405
TOTAL EXPENDITURES	496,796	496,796	110,300	386,496
REVENUES OVER (UNDER) EXPENDITURES	(284,296)	(284,296)	120,060	404,356
OTHER FINANCING SOURCE (USES)				
Transfers in	110,000	110,000	110,000	-
Transfers out	(150,000)	(150,000)	(150,000)	-
TOTAL OTHER FINANCING SOURCE (USES)	(40,000)	(40,000)	(40,000)	-
NET CHANGE IN FUND BALANCE	(324,296)	(324,296)	80,060	404,356
FUND BALANCE, Beginning	324,296	324,296	411,865	87,569
FUND BALANCE, Ending	\$ -	\$ -	\$ 491,925	\$ 491,925

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
Interest on investments	\$ 1,700	\$ 1,700	\$ 13,424	\$ 11,724
TOTAL REVENUE	<u>1,700</u>	<u>1,700</u>	<u>13,424</u>	<u>11,724</u>
EXPENDITURES				
Capital outlay	50,000	50,000	-	50,000
TOTAL EXPENDITURES	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(48,300)</u>	<u>(48,300)</u>	<u>13,424</u>	<u>61,724</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>101,700</u>	<u>101,700</u>	<u>163,424</u>	<u>61,724</u>
FUND BALANCE, Beginning	<u>437,778</u>	<u>437,778</u>	<u>457,957</u>	<u>20,179</u>
FUND BALANCE, Ending	<u>\$ 539,478</u>	<u>\$ 539,478</u>	<u>\$ 621,381</u>	<u>\$ 81,903</u>

**CITY OF LA GRANDE, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL STORM UTILITY FUNDS
For the Fiscal Year Ended June 30, 2023**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Storm Utility	\$ 491,925
Storm Utility Reserve	<u>621,381</u>
	1,113,306

Adjustments:

Capital assets, net of depreciation	<u>850,173</u>
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GENERALLY ACCEPTED ACCOUNTING

PRINCIPLES BASIS (GAAP) NET POSITION	<u><u>\$ 1,963,479</u></u>
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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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive /
				(Negative)
REVENUES				
License and fees	\$ 490,000	\$ 490,000	\$ 1,113,805	\$ 623,805
Interest on investments	9,000	9,000	61,871	52,871
Miscellaneous	500	500	3,719	3,219
TOTAL REVENUES	499,500	499,500	1,179,395	679,895
EXPENDITURES				
Current:				
Personal services	454,620	454,620	419,036	35,584
Materials and services	158,130	158,130	142,529	15,601
Contingency	100,000	100,000	-	100,000
TOTAL EXPENDITURES	712,750	712,750	561,565	151,185
REVENUES OVER (UNDER) EXPENDITURES	(213,250)	(213,250)	617,830	831,080
OTHER FINANCING SOURCES (USES)				
Transfers out	(46,997)	(46,997)	(46,997)	-
TOTAL OTHER FINANCING SOURCES (USES)	(46,997)	(46,997)	(46,997)	-
NET CHANGE IN FUND BALANCE	(260,247)	(260,247)	570,833	831,080
FUND BALANCE, Beginning	1,683,922	1,683,922	1,883,000	199,078
FUND BALANCE, Ending	\$ 1,423,675	\$ 1,423,675	\$ 2,453,833	\$ 1,030,158

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive /</u>
				<u>(Negative)</u>
REVENUES				
Interest on investments	\$ 250	\$ 250	\$ 1,576	\$ 1,326
TOTAL REVENUES	<u>250</u>	<u>250</u>	<u>1,576</u>	<u>1,326</u>
 REVENUES OVER (UNDER) EXPENDITURES	 <u>250</u>	 <u>250</u>	 <u>1,576</u>	 <u>1,326</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	5,250	5,250	6,576	1,326
FUND BALANCE, Beginning	<u>51,069</u>	<u>51,069</u>	<u>51,095</u>	<u>26</u>
FUND BALANCE, Ending	<u>\$ 56,319</u>	<u>\$ 56,319</u>	<u>\$ 57,671</u>	<u>\$ 1,352</u>

CITY OF LA GRANDE, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL BUILDING INSPECTION FUNDS
For the Fiscal Year Ended June 30, 2023

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Building Inspection	\$ 2,453,833
Building Inspection Reserve	<u>57,671</u>
	2,511,504

Adjustments:

Capital assets, net of depreciation	6,832
Deferred outflows - OPEB	22,299
Compensated absences	(15,013)
Net OPEB Liability	(186,856)
Deferred inflows - OPEB	<u>(16,053)</u>

GENERALLY ACCEPTED ACCOUNTING

PRINCIPLES BASIS (GAAP) NET POSITION	<u><u>\$ 2,322,713</u></u>
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**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Internal Service Funds

- Motor Pool Fund
- Public Works Service Fund

CITY OF LA GRANDE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOTOR POOL FUND
For the Fiscal Year Ended, June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive /</u>
				<u>(Negative)</u>
REVENUES				
Charges for services	\$ 495,000	\$ 495,000	\$ 511,178	\$ 16,178
Interest on investments	1,400	1,400	5,203	3,803
Miscellaneous	54,000	54,000	17,681	(36,319)
TOTAL REVENUES	<u>550,400</u>	<u>550,400</u>	<u>534,062</u>	<u>(16,338)</u>
EXPENDITURES				
Current:				
Personal services	185,000	185,000	198,236	(13,236) ***
Materials and services	376,278	376,278	313,620	62,658 ***
Capital outlay	60,000	60,000	-	60,000 ***
Contingency	117,150	117,150	-	117,150
TOTAL EXPENDITURES	<u>738,428</u>	<u>738,428</u>	<u>511,856</u>	<u>226,572</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(188,028)</u>	<u>(188,028)</u>	<u>22,206</u>	<u>210,234</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(14,521)	(14,521)	(14,521)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,521)</u>	<u>(14,521)</u>	<u>(14,521)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(202,549)</u>	<u>(202,549)</u>	<u>7,685</u>	<u>210,234</u>
FUND BALANCE, Beginning	<u>478,989</u>	<u>478,989</u>	<u>209,538</u>	<u>(269,451)</u>
FUND BALANCE, Ending	<u>\$ 276,440</u>	<u>\$ 276,440</u>	<u>217,223</u>	<u>\$ (59,217)</u>
RECONCILIATION TO GENERALLY				
 ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			1,082,464	
NET POSITION, Ending			<u>\$ 1,299,687</u>	

***Public Works Serices 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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive /</u>
				<u>(Negative)</u>
REVENUES				
Charges for services	\$ 3,199,973	\$ 3,199,973	\$ 2,949,500	\$ (250,473)
TOTAL REVENUES	<u>3,199,973</u>	<u>3,199,973</u>	<u>2,949,500</u>	<u>(250,473)</u>
EXPENDITURES				
Current:				
Personal services	3,199,973	3,199,973	2,953,972	246,001
Contingency	<u>182,401</u>	<u>182,401</u>	<u>-</u>	<u>182,401</u>
TOTAL EXPENDITURES	<u>3,382,374</u>	<u>3,382,374</u>	<u>2,953,972</u>	<u>428,402</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(182,401)</u>	<u>(182,401)</u>	<u>(4,472)</u>	<u>177,929</u>
NET CHANGE IN FUND BALANCE	<u>(182,401)</u>	<u>(182,401)</u>	<u>(4,472)</u>	<u>177,929</u>
FUND BALANCE, Beginning	<u>182,401</u>	<u>182,401</u>	<u>113,119</u>	<u>(69,282)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>108,647</u>	<u>\$ 108,647</u>
RECONCILIATION TO GENERALLY				
ACCEPTED ACCOUNTING PRINCIPLES				
Prepaid insurance			57,625	
Compensated absences			<u>(201,298)</u>	
NET POSITION, Ending			<u>\$ (35,026)</u>	



OTHER FINANCIAL SCHEDULES

CITY OF LA GRANDE, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2023

	Interest Rates	Date of Issue	Original Amount	Principal			Outstanding June 30, 2023	Interest Matured and Paid
				Outstanding July 1, 2022	Issued	Matured and Paid		
<u>Governmental Funds</u>								
IFA Refunding	4.00%	4/10/2018	\$ 1,177,493	\$ 631,655	\$ -	\$ 37,085	\$ 594,570	\$ 31,368
Urban Renewal Bond - 2012	1% - 3.5%	2/21/2012	\$ 1,035,000	635,000	-	50,000	585,000	21,175
Urban Renewal Bond - 2015	2% - 3.5%	2/24/2015	\$ 1,550,000	1,085,000	-	75,000	1,010,000	36,700
Total				\$ 2,351,655	\$ -	\$ 162,085	\$ 2,189,570	\$ 89,243

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF GOVERNMENTAL ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS - LOANS PAYABLE
June 30, 2023

Year Ending June 30	Oregon Infrastructure Financing Authority		Totals	
	Principal	Interest	Principal	Interest
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>\$ 594,570</u>	<u>\$ 191,168</u>	<u>\$ 594,570</u>	<u>\$ 191,168</u>

See auditor's report.

CITY OF LA GRANDE, OREGON
SCHEDULE OF GOVERNMENTAL ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS - BONDS PAYABLE
June 30, 2023

Year Ending June 30	Urban Renewal Bond -2012		Urban Renewal Bond - 2015		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	17,675	155,000	25,725
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>\$ 585,000</u>	<u>\$ 108,589</u>	<u>\$ 1,010,000</u>	<u>\$ 219,225</u>	<u>\$ 1,595,000</u>	<u>\$ 327,814</u>

See auditor's report.

STATISTICAL SECTION

Union County Assessor
2022 Top Tax Payers (CITY OF LG)

Owner Name	Tax Amount	RMV	AV
UNION PACIFIC RAILROAD CO	\$161,818.31	\$38,845,960	\$8,862,000
ECLIPSE CASCADE RE GR LLC	\$128,548.02	\$10,459,290	\$7,039,947
CHARTER COMMUNICATIONS	\$121,698.92	\$7,301,000	\$7,301,000
AVISTA CORP	\$117,331.69	\$7,039,000	\$7,039,000
NORTHWEST FIBER LLC DBA ZIPLY	\$116,336.57	\$6,979,300	\$6,979,300
SAFEWAY POB 1322 LLC	\$115,917.49	\$8,857,190	\$6,348,234
WG LA GRANDE LLC	\$106,454.45	\$6,424,970	\$6,383,240
COLKITT & RYDER LLC	\$95,239.47	\$5,997,120	\$5,349,966
OREGON TRAIL ELECTRIC COOP	\$89,848.17	\$5,390,200	\$5,390,200
A SECURED PROPERTIES LLC	\$76,454.45	\$5,720,040	\$4,187,231

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



110 SE First Street
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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, 2023, and have issued our report thereon dated January 17, 2024. 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 Corporation except the City purchased a mower and traded an older mower and did not request three quotes for the new mower due to the net price being under \$10,000. The new purchase was over the threshold and the City should have requested quotes.

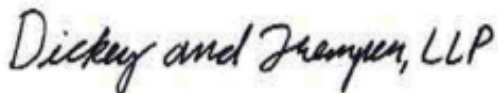
OAR 162-10-0230 Internal Control

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 January 17, 2024.

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 cursive script that reads "Dickey and Tremper, LLP". The signature is written in dark ink and is positioned above the date.

January 23, 2024