



LA PINE, OREGON

Audit Report

June 30, 2015

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

CITY OF LA PINE

16345 Sixth Street
La Pine, Oregon 97739
(541) 536-1432

CITY OFFICIALS

KEN MULENEX Mayor
PO Box 2460, La Pine, OR 97739

STU MARTINEZ Council President
PO Box 2460, La Pine, OR 97739

KATHY AGAN Council Member
PO Box 2460, La Pine, OR 97739

GREG JONES Council Member
PO Box 2460, La Pine, OR 97739

KAREN WARD Council Member
PO Box 2460, La Pine, OR 97739

CITY ADMINISTRATION

RICK ALLEN City Manager
PO Box 2460, La Pine, OR 97739

BRENDA BARTLETT Finance Manager
SGA CPA'S & Consultants
499 SW Upper Terrace Drive, Suite A
Bend, OR 97702

CITY OF LA PINE

AUDIT REPORT

June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of La Pine, Oregon

I 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 Pine as of and for the year ended June 30, 2015 which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my 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 City of La Pine as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

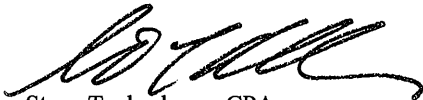
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-10, budgetary comparison information on pages 36-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of La Pine's basic financial statements. The combining and individual non-major fund financial statements and additional supporting schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of La Pine.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 my opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other schedules listed in the table of contents as Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.



Steve Tuchscherer, CPA
November 19, 2015

MANAGEMENT'S DISCUSSION
AND ANALYSIS

CITY OF LA PINE
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2015
Unaudited

As management of the City of La Pine (City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2015. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB). This report should be read in conjunction with the basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position increased over the course of the fiscal year by \$249,280 for total net position of \$9,541,027. During fiscal year 2014-15, management reclassified the SDC fund as a business-type fund from a governmental-type fund, which resulted in a restatement of net position for both governmental- and business-type funds.
- Property tax collections were approximately \$254,000 during the fiscal year, an increase of 8% over the prior year.
- As of the end of the fiscal year, total governmental funds had an ending fund balance of \$1,279,139, a decrease of \$1,306,419. The change due to the reclassification of the SDC fund amounted to \$1,606,156. Absent this adjustment, ending fund balance for all other funds actually increased by \$299,737

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide the reader with a broad overview of the City's finances and are made up of the following two statements: the *Statement of Net Position* and the *Statement of Activities*. Both of these statements are prepared using accounting methods similar to those used by private-sector businesses, which use the economic resources measurement focus and the accrual basis of accounting.

- The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. 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.

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- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All 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 flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absents).

Both of the government-wide financial statements differentiate 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 significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the general fund, streets, and tourism/economic development. The business-type activities (*proprietary fund type*) of the City include the water and wastewater operations.

Measurement focus and basis of accounting

Governmental financial reporting is characterized as having two distinct objectives for its financial reporting. These objectives are categorized as governmental activities which are supported by levying taxes and business-type (proprietary) activities which are supported by charges for services. The measurement focus for each of these activities are uniquely different, both the governmental-wide financial statements and the business-type activities focus on the changes in economic resources similar to private-sector businesses. The objective of the proprietary fund operating statement is to answer the question, "*What transactions and events have incurred that increase or decrease the fund's total economic resources during the period?*" Therefore, both the governmental-wide and the proprietary funds financial statements are based on full accrual accounting.

Accrual accounting measures the effects of transactions, events, and interfund activities when they occur, regardless of the timing of the related cash flows. The measurement focus for governmental funds however, is to view changes in current financial resources. The objective is to answer the question, "*What are the transactions or events of the current period that have increased or decreased the resources available for spending in the near future?*"

Governmental funds use modified accrual accounting in which revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which the governments in general normally liquidate the related liability rather than when the liability is first incurred.

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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 functions. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into two categories: governmental funds and proprietary funds. Fund financial statements focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

- **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. These statements tell how governmental services such as the general fund, street fund, and the tourism/economic development fund, were financed in the short term as well as what remains for future spending. Unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. However, this information does not encompass the additional long-term focus of the government-wide statements. Therefore, both the governmental funds financial statements are followed by a reconciliation that explains the relationship or differences between governmental funds and the governmental-wide financial statements.

The City maintains five individual governmental funds. Of these individual funds, the City considers two funds to be *major governmental funds*. These major governmental funds - represented individually in the balance sheet and the statement of revenues expenditures, and change in fund balances, consists of the General Fund and the Street Fund. The remaining funds are considered non-major governmental funds and are combined in a single, aggregated presentation.

Proprietary Funds are similar to business-type activities which use full accrual accounting. The City maintains one only type of proprietary fund – enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for the City's water and wastewater operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater operations.

The financial statements include notes that provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 20 of this report.

In addition to the basic financial statements and the accompanying notes, additional pertinent information for the reader, referred to as *Required Supplementary Information* (RSI). The RSI can be found in this report following the notes to the basic financial statements. This section shows budgetary to actual financial results for the general fund and legally budgeted special revenue funds.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the City's governmental and business-type activities. The City's net position is made up of three components: invested in capital assets, restricted net position, and unrestricted net position. Restricted net position is subject to constraints that are either externally imposed by outside agencies, for example banks or grant agencies, or imposed by law through constitutional provisions or enabling legislation. The capital assets reflected within Table 1 are stated net of accumulated depreciation. Combined net position for fiscal year ended June 30, 2015 totaled \$9,541,027, an increase of \$249,280 from June 30, 2014.

Table 1
STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 1,351,723	\$2,790,015	\$ 4,344,014	\$2,325,064	\$ 5,695,737	\$ 5,115,079
Capital assets	2,864,973	3,027,956	4,939,358	5,357,055	7,804,331	8,385,011
Total Assets	4,216,696	5,817,971	9,283,372	7,682,119	13,500,068	13,500,090
Liabilities:						
Current liabilities	66,835	217,864	188,721	193,725	255,556	411,589
Non-current liabilities	444,213	455,000	3,236,094	3,341,754	3,680,307	3,796,754
Total Liabilities	511,048	672,864	3,424,815	3,535,479	3,935,863	4,208,343
Deferred Inflows	23,178				23,178	-
Net Position:						
Invested in capital assets,						
net of related debt	2,398,954	2,552,956	1,619,503	1,960,621	4,018,457	4,513,577
Restricted	729,249	2,022,677	2,704,608	193,503	3,433,857	2,216,180
Unrestricted	554,267	569,474	1,534,446	1,992,516	2,088,713	2,561,990
Total Net Position	\$ 3,682,470	\$5,145,107	\$ 5,858,557	\$4,146,640	\$ 9,541,027	\$ 9,291,747

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During the fiscal year, total restricted net position increased \$1.2 million, primarily related to transfer of funds into the water and sewer reserve funds and an increase in fund balance in the streets fund.

\$4 million of the City's \$9.5 million net position is net investments in capital assets (*e.g., land, buildings, improvements, equipment, infrastructure and construction in progress*). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position

Table 2
CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue:						
Program revenue	\$ 76,933	\$ 284,963	\$ 1,154,075	\$ 1,080,924	\$ 1,231,008	\$ 1,365,887
Property taxes	254,554	235,401		-	254,554	235,401
Franchise and other taxes	324,220					
Shared revenue	148,523	136,786			148,523	136,786
Investment income	7,644					
Other general revenue	39,875	161,309	82,213	(36,228)	122,088	125,081
Transfers	24,000	1,581,345	(24,000)	(1,581,345)	-	-
Total Revenues	875,749	2,399,804	1,212,288	(536,649)	1,756,173	1,863,155
Expenses:						
General services	252,330	344,386		-	252,330	344,386
Highway and streets	351,506	323,791		-	351,506	323,791
Tourism	66,258	56,722		-	66,258	56,722
Culture and recreation	37,596					
Debt service	24,540	45,004		-	24,540	45,004
Water and wastewater			1,000,075	1,188,421	1,000,075	1,188,421
Interest on long-term obligations			177,504	-	177,504	-
Total Expenses	732,230	769,903	1,177,579	1,188,421	1,872,213	1,958,324
Change in Net Position	143,519	1,629,901	34,709	(1,725,070)	178,228	(95,169)
Net position - beginning of year	5,145,107	3,643,941	4,146,641	5,905,478	9,291,748	9,549,419
Prior period adjustment	(1,606,156)	(128,735)	1,677,206	(33,768)	71,050	(162,503)
Net position - end of year	\$ 3,682,470	\$ 5,145,107	\$ 5,858,556	\$ 4,146,640	\$ 9,541,026	\$ 9,291,747

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Governmental Activities:

Governmental activities represent 39% of the City's total net position. The governmental activities net position decreased by \$1,462,637 as a result of the reclassification of the SDC fund as a business-type activity. Total revenues from governmental activities (excluding transfers) for fiscal year 2015 were \$33,290 above prior year.

Business-Type Activities:

Business-type activities represent 61% of the City's total net position. These business-type activities consist of the Water, Wastewater and Airport operations and capital projects. In fiscal year ended 2015, net position increased by \$1,711,916, primarily related to the reclassification of the SDC fund. Total revenues from business-type activities increased \$191,592 excluding transfers.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balance spending recourses. Such information is useful in assessing the City's financing requirements. In particular, the unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Table 3 shows the governmental funds balances for the two fiscal years ending June 30, 2015 and June 30, 2014. As of fiscal year ended 2014, the City's governmental funds reported a combined ending fund balance of \$2.59 million. For the current fiscal year, the ending fund balance for the governmental funds decreased by \$1.3 million, due to the \$1.6 million SDC fund balance transfer.

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Table 3
SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS

Fiscal Year 2014-2015	General Fund	Street Fund	SDC Fund	Other Governmental Funds	Total
Total revenues	\$ 590,309	\$ 123,945	\$ -	\$ 139,710	\$ 853,964
Total expenditures	285,149	189,223		103,854	578,226
Revenues over/(under) expenditures	305,160	(65,278)	-	35,856	275,738
Total other financing sources/(uses)	(334,000)	345,000		13,000	24,000
Net change in fund balance	(28,840)	279,722	-	48,856	299,738
Fund balance - beginning	562,881	366,988	1,606,156	49,532	2,585,557
Prior period adjustment			(1,606,156)		(1,606,156)
Fund balance (deficit) - ending	<u>\$ 534,041</u>	<u>\$ 646,710</u>	<u>\$ -</u>	<u>\$ 98,388</u>	<u>\$ 1,279,139</u>
Fiscal Year 2013-2014	General Fund	Street Fund	Tourism Fund	SDC Fund	Total
Total revenues	\$ 529,500	\$ 138,148	\$ 101,215	\$ 48,811	\$ 817,674
Total expenditures	376,896	148,789	56,835		582,520
Revenues over/(under) expenditures	152,604	(10,641)	44,380	48,811	235,154
Total other financing sources/(uses)	(39,000)	80,000	(17,000)	1,557,345	1,581,345
Net change in fund balance	113,604	69,359	27,380	1,606,156	1,816,499
Fund balance - beginning	453,702	297,630	11,462		762,794
Prior period adjustment	(4,425)		10,690		6,265
Fund balance (deficit) - ending	<u>\$ 562,881</u>	<u>\$ 366,989</u>	<u>\$ 49,532</u>	<u>\$ 1,606,156</u>	<u>\$ 2,585,558</u>

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ANALYSIS OF BUDGETARY VARIATIONS

The general fund and major special revenue fund budgetary comparisons can be found in the Required Supplementary Information section starting on page 36. Non major governmental funds and proprietary funds budgetary comparison can be found beginning on page 38.

CAPITAL ASSETS

The Capital assets of the City are those assets that are used in the performance of the City's functions including infrastructures assets. Capital Assets include buildings, equipment, land, park facilities, roads, and construction in progress. Both land owned by the City for its own use and acquired land designated for resale are considered non-depreciable assets based on generally accepted accounting principles.

Governmental activities capital assets decreased \$162,983 (5%), primarily related to depreciation expense on capital assets. Business-type activities capital asset decreased \$417,697 due to depreciation and a land adjustment related to a refund from the County on prior year land additions.

Table 4
CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Non-depreciable assets:						
Land	\$ 278,918	\$ 278,918	\$ 831,268	\$ 883,299	\$ 1,110,186	\$ 1,162,217
Projects in progress	1,998	8,382	66,292	15,500	68,290	23,882
Total non-depreciable assets	280,916	287,300	897,560	898,799	1,178,476	1,186,099
Capital assets being depreciated:						
Building and improvements	424,041	433,366	221,363	236,510	645,404	669,876
Equipment and vehicles	14,874	6,249	69,254	43,381	84,128	49,630
Water and sewer system Master plan			3,719,750	4,144,399		
Infrastructure	2,145,142	2,301,041	31,431	33,966	2,145,142	2,301,041
Total depreciable assets, net	2,584,057	2,740,656	4,041,798	4,458,256	6,625,855	7,198,912
Total capital assets	\$ 2,864,973	\$ 3,027,956	\$ 4,939,358	\$ 5,357,055	\$ 7,804,331	\$ 8,385,011

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DEBT ADMINISTRATION

The table below (Table 5) shows the City's combined total outstanding debt for fiscal years ending June 30, 2015 and 2014. For more information regarding the City's outstanding debt please refer to the Note 4 to the Basic Financial Statements beginning on page 30 of this report.

Table 5
OUTSTANDING DEBT

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Bonds Payable	\$ 455,000	\$ 475,000	\$ 2,438,874	\$ 2,493,389	\$ 2,893,874	\$ 2,968,389
Loans and Notes			880,982	903,045	880,982	903,045
Capitalized Lease Obligation	11,019				11,019	
Total Outstanding Debt	\$ 466,019	\$ 475,000	\$ 3,319,856	\$ 3,396,434	\$ 3,785,875	\$ 3,871,434

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors considered for the next fiscal year (2015-16) include:

- Strategic community development continues to be a primary goal for the City. Our priority for the next fiscal year is to find a new planner and build systems to streamline the planning process. We also plan to move to a rate structure that is based on actual usage as opposed to arbitrary charges. The goal will be to find the true cost of future maintenance and infrastructure costs.
- We will transfer \$550,000 into the reserve fund for water and sewer which was established during the 2014-15 budget process with an \$800,000 transfer to fund future large capital asset projects recommended in the master plan.
- An Urban Renewal District has been established and taxes were levied for the 2015-16 fiscal year. We do not anticipate significant expenses within the fund, but will continue to build resources each year to fund future projects.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of La Pine's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to the City of La Pine, Attention: City Manager, PO Box 2460, La Pine, Oregon 97739, (541) 536-1432, or visit the City's website at www.ci.lapine.or.us.

BASIC FINANCIAL
STATEMENTS

Government – Wide
Financial Statements

CITY OF LA PINE

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 1,272,049	\$ 3,965,414	\$ 5,237,463
Restricted Cash	-	193,503	193,503
Account Receivables - Net	65,739	159,005	224,744
Property Taxes Receivable	8,606	-	8,606
Prepaid Expenses	4,926	434	5,360
Inventory	403	25,658	26,061
Total Current Assets	1,351,723	4,344,014	5,695,737
Capital Assets:			
Land	278,918	831,268	1,110,186
Construction in Progress	1,998	52,292	54,290
Infrastructure	5,644,267	10,157,648	15,801,915
Buildings & Improvements	466,259	376,265	842,524
Equipment & Vehicles	27,671	409,288	436,959
Other Capital Assets	-	64,699	64,699
Less: Accumulated Depreciation	(3,554,140)	(6,952,102)	(10,506,242)
Total Capital Assets, Net of Depreciation	2,864,973	4,939,358	7,804,331
Total Assets	\$ 4,216,696	\$ 9,283,372	\$ 13,500,068
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 32,265	\$ 12,109	\$ 44,374
Customer Deposits	4,275	15,100	19,375
Payroll Liabilities	6,547	9,526	16,073
Interest Payable	1,942	61,096	63,038
Accrued Compensated Absences	-	7,128	7,128
Current Portion of Long-Term Liabilities	21,806	83,762	105,568
Total Current Liabilities	66,835	188,721	255,556
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities	444,213	3,236,094	3,680,307
Total Long-Term Liabilities	444,213	3,236,094	3,680,307
Total Liabilities	\$ 511,048	\$ 3,424,815	\$ 3,935,863
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Rent Income Not Available	5,805	-	5,805
Other Revenues Not Available	17,373	-	17,373
Total Deferred Inflows of Resources	\$ 23,178	\$ -	\$ 23,178
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	\$ 2,398,954	\$ 1,619,502	\$ 4,018,456
Restricted for:			
Highways & Streets	646,307	-	646,307
Capital Projects	-	2,511,105	2,511,105
Tourism	82,539	-	82,539
Debt Service	-	193,503	193,503
Unrestricted	554,670	1,534,446	2,089,116
Total Net Position	\$ 3,682,470	\$ 5,858,556	\$ 9,541,026

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

CITY OF LA PINE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

	<u>Program Revenues</u>				Net (Expense) Revenue and Change in Net Position
	<u>(Expenses)</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 252,330	\$ 12,238	\$ 11,250	\$ -	\$ (228,842)
Highway and Streets	351,506	-	-	35,000	(316,506)
Tourism	66,258	-	-	-	(66,258)
Culture and Recreation	37,596	18,445	-	-	(19,151)
Interest on Long-Term Debt	24,540	-	-	-	(24,540)
Total Governmental Activities	\$ 732,230	\$ 30,683	\$ 11,250	\$ 35,000	\$ (655,297)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	\$ 564,550	\$ 554,620	\$ 7,000	\$ -	\$ (2,930)
Sewer Utilities	435,525	585,455	7,000	-	156,930
Interest on Long-Term Debt	177,504	-	-	-	(177,504)
Total Business-type Activities	\$ 1,177,579	\$ 1,140,075	\$ 14,000	\$ -	\$ (23,504)
Total Primary Government	\$ 1,909,809	\$ 1,170,758	\$ 25,250	\$ 35,000	\$ (678,801)
			<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>CHANGES IN NET POSITION:</u>					
Net (expense) revenue			\$ (655,297)	\$ (23,504)	\$ (678,801)
General Revenues:					
Property Taxes, Levied for General Purposes			254,554	-	254,554
Transient Room Tax			121,265	-	121,265
Intergovernmental Tax Turnovers			148,523	-	148,523
Franchise Taxes			202,955	-	202,955
Interest and Investment Earnings			7,644	-	7,644
Other Revenue			39,875	82,213	122,088
Interfund Transfers			24,000	(24,000)	-
Total General Revenues, Special Items and Transfers			798,816	58,213	857,029
Change in Net Position			143,519	34,709	178,228
Net Position, July 1, 2014			5,145,107	4,146,641	9,291,748
Prior Period Adjustment			(1,606,156)	1,677,206	71,050
Net Position, June 30, 2015			\$ 3,682,470	\$ 5,858,556	\$ 9,541,026

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

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

CITY OF LA PINE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Investments	\$ 532,629	\$ 651,532	87,888	\$ 1,272,049
Receivables:				
Accounts	42,121	8,975	14,455	65,551
Business License	188	-	-	188
Property Tax	8,606	-	-	8,606
Prepaid Expenses	4,926	-	-	4,926
Inventory	-	403	-	403
Total Assets	\$ 588,470	\$ 660,910	\$ 102,343	\$ 1,351,723
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>				
Liabilities:				
Accounts Payable	\$ 15,195	\$ 13,115	\$ 3,955	\$ 32,265
Payroll Payable	5,462	1,085	-	6,547
Deposits Payable	4,275	-	-	4,275
Total Liabilities	24,932	14,200	3,955	43,087
Deferred Inflows of Resources:				
Delinquent Property Tax Revenue Not Available	6,318	-	-	6,318
Rent Income Not Available	5,805	-	-	5,805
Other Revenues Not Available	17,373	-	-	17,373
Total Deferred Inflows of Resources	29,496	-	-	29,496
Fund Balances:				
Nonspendable	4,926	403		5,329
Restricted for:				
Highways and Streets	-	646,307	-	646,307
Tourism	-	-	82,539	82,539
Committed for:				
Cemetery Maintenance	18,952	-	-	18,952
Community Development	-	-	15,849	15,849
Unassigned	510,163	-	-	510,163
Total Fund Balances	534,041	646,710	98,388	1,279,139
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 588,469	\$ 660,910	\$ 102,343	\$ 1,351,722

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

CITY OF LA PINE

Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds

June 30, 2015

Total Fund Balances - Governmental Funds \$ 1,279,139

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 governmental funds.

The cost of the assets is -

\$ 6,419,113

The accumulated depreciation is -

(3,554,140)

Net Value of Assets

2,864,973

Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:

Property Taxes

6,318

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

(466,019)

Accrued interest is not due and payable in the current period and therefore is not reported in the funds.

Accrued Interest

(1,942)

Net Position of Governmental Activities

\$ 3,682,469

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

CITY OF LA PINE

Statement of Revenues, Expenditures, and Changes in Fund Balances GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015

	General Fund	Street Fund	SDC Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>					
Taxes and Assessments	\$ 256,769	\$ -	\$ -	\$ -	\$ 256,769
Intergovernmental	59,578	88,945	-	-	148,523
Franchise Taxes	202,955	-	-	-	202,955
Licenses & Permits	9,268	-	-	-	9,268
Transient Room Tax	-	-	-	121,265	121,265
Charges for Service	2,970	-	-	18,445	21,415
Investment Revenue	7,644	-	-	-	7,644
Grants	11,250	35,000	-	-	46,250
Miscellaneous and Other Revenue	39,875	-	-	-	39,875
Total Revenues	590,309	123,945	-	139,710	853,964
<u>EXPENDITURES:</u>					
Current Operating:					
General Government	241,541	-	-	-	241,541
Highway and Streets	-	70,869	-	-	70,869
Tourism	-	-	-	66,258	66,258
Culture and Recreation	-	-	-	37,596	37,596
Debt Service	43,608	-	-	-	43,608
Capital Outlay	-	118,354	-	-	118,354
Total Expenditures	285,149	189,223	-	103,854	578,226
Excess (Deficiency) of Revenues					
Over Expenditures	305,160	(65,278)	-	35,856	275,738
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	51,000	345,000	-	40,000	436,000
Interfund Transfers (Out)	(385,000)	-	-	(27,000)	(412,000)
Total Other Financing Sources/(Uses)	(334,000)	345,000	-	13,000	24,000
Net Change in Fund Balances	(28,840)	279,722	-	48,856	299,738
Fund Balances, July 1, 2014	562,881	366,988	1,606,156	49,532	2,585,557
Prior Period Adjustment	-	-	(1,606,156)	-	(1,606,156)
Fund Balances, June 30, 2015	\$ 534,041	\$ 646,710	\$ -	\$ 98,388	\$ 1,279,139

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

CITY OF LA PINE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2015

Net Changes in Fund Balances - Total Governmental Funds \$ 299,738

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 130,404	
Less current year depreciation	<u>(293,387)</u>	(162,983)

Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:		
Property Taxes		(2,215)

Expense accruals in the governmental funds do not include all accrued interest expense payable. The change in payables from the prior year to the current year is reconciled here. (2)

Long term debt proceeds are included as revenue in governmental funds, but the proceeds increase long-term debt balances in the Statement of Net Position. (12,050)

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of debt principal		<u>21,031</u>
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Change in Net Position of Governmental Activities \$ **143,519**

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

BASIC FINANCIAL
STATEMENTS

Proprietary Fund
Financial Statements

CITY OF LA PINE

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2015

	Water Fund	Sewer Fund	Water/ Sewer Reserve Fund	SDC Fund	Total Proprietary Funds
<u>ASSETS:</u>					
Current Assets:					
Cash and Investments	\$ 699,971	\$ 806,441	\$ 800,000	\$ 1,659,002	\$ 3,965,414
Restricted Cash	193,503	-	-	-	193,503
Accounts Receivable - Net	74,200	32,702	-	52,103	159,005
Inventory	19,754	5,904	-	-	25,658
Prepaid Expense	217	217	-	-	434
Total Current Assets	987,645	845,264	800,000	1,711,105	4,344,014
Capital Assets:					
Land	33,500	797,768	-	-	831,268
Construction in Progress	16,792	35,500	-	-	52,292
Infrastructure	5,634,780	4,522,868	-	-	10,157,648
Buildings & Improvements	219,953	156,312	-	-	376,265
Equipment & Vehicles	126,476	282,812	-	-	409,288
Other Capital Assets	35,507	29,192	-	-	64,699
Less: Accumulated Depreciation	(3,337,185)	(3,614,917)	-	-	(6,952,102)
Total Capital Assets, Net of Depreciation	2,729,823	2,209,535	-	-	4,939,358
Total Assets	3,717,468	3,054,799	800,000	1,711,105	9,283,372
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	4,584	7,525	-	-	12,109
Interest Payable	61,096	-	-	-	61,096
Customer Deposits	15,100	-	-	-	15,100
Payroll Liabilities	4,763	4,763	-	-	9,526
Accrued Compensated Absences	3,564	3,564	-	-	7,128
Current Portion of Long-Term Obligations	83,762	-	-	-	83,762
Total Current Liabilities	172,869	15,852	-	-	188,721
Long-Term Obligations	2,355,112	880,982	-	-	3,236,094
Total Long-Term Liabilities	2,355,112	880,982	-	-	3,236,094
Total Liabilities	2,527,981	896,834	-	-	3,424,815
<u>NET POSITION:</u>					
Invested in capital assets, net of related debt	290,949	1,328,553	-	-	1,619,502
Restricted for:					
Capital Projects	-	-	800,000	1,711,105	2,511,105
Debt Service	193,503	-	-	-	193,503
Unrestricted	705,034	829,412	-	-	1,534,446
Total Net Position	\$ 1,189,486	\$ 2,157,965	\$ 800,000	\$ 1,711,105	\$ 5,858,556

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

CITY OF LA PINE

Statement of Revenues, Expenses, and Changes in Net Position

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2015

	Water Funds	Sewer Fund	Water/ Sewer Reserve Fund	SDC Fund	Total Proprietary Funds
<u>OPERATING REVENUES:</u>					
Charges for Services & Fees	\$ 550,171	\$ 556,005	\$ -	\$ -	\$ 1,106,176
SDC Income	-	-	-	33,899	33,899
Grants	7,000	7,000	-	-	14,000
Micellaneous & Other Income	81,474	739	-	-	82,213
Total Revenues	638,645	563,744	-	33,899	1,236,288
<u>OPERATING EXPENSES:</u>					
Personnel Services	153,360	152,756	-	-	306,116
Materials and Supplies	107,335	120,625	-	-	227,960
Depreciation Expense	303,855	162,144	-	-	465,999
Total Operating Expenses	564,550	435,525	-	-	1,000,075
Income (Loss) from Operations	74,095	128,219	-	33,899	236,213
<u>NON-OPERATING REVENUES (EXPENSES):</u>					
Interest Expense	(139,567)	(37,937)	-	-	(177,504)
Total Non-Operating Rev. (Exp.)	(139,567)	(37,937)	-	-	(177,504)
Income before Transfers	(65,472)	90,282	-	33,899	58,709
<u>TRANSFERS:</u>					
Transfers from Other Funds	-	-	800,000	-	800,000
Transfers to Other Funds	(212,000)	(612,000)	-	-	(824,000)
Changes in Net Position	(277,472)	(521,718)	800,000	33,899	34,709
Net Position, July 1, 2014	1,466,958	2,679,683	-	-	4,146,641
Prior Period Adjustment	-	-	-	1,677,206	1,677,206
Net Position, June 30, 2015	\$ 1,189,486	\$ 2,157,965	\$ 800,000	\$ 1,711,105	\$ 5,858,556

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

CITY OF LA PINE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2015

	Water Fund	Sewer Fund	Water/ Sewer Reserve Fund	SDC Fund	Total Proprietary Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Cash Received from User Charges	\$ 617,867	\$ 549,939	\$ -	\$ 56,840	\$ 1,224,646
Cash Payments for Employee Services	(152,567)	(151,963)	-	-	(304,530)
Cash Payments to Suppliers	(134,559)	(124,236)	-	-	(258,795)
Net Cash Provided (Used) by Operating Activities	330,741	273,740	-	56,840	661,321
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>					
Transfer from Other Funds	-	-	800,000	-	800,000
Transfer to Other Funds	(212,000)	(612,000)	-	-	(824,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	(212,000)	(612,000)	800,000	-	(24,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Acquisition of Capital Assets	(48,218)	(82)	-	-	(48,300)
Principal Paid on Long Term Debt	(114,515)	-	-	-	(114,515)
Interest Paid on Long Term Debt	(138,988)	-	-	-	(138,988)
Net Cash Provided (Used) by Capital and Related Financing Activities	(301,721)	(82)	-	-	(301,803)
Cash and Cash Equivalents at July 1, 2014	1,076,453	1,144,784	-	1,602,162	3,823,399
Cash and Cash Equivalents at June 30, 2015	\$ 893,473	\$ 806,442	\$ 800,000	\$ 1,659,002	\$ 4,158,917

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS

TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Income (loss) from operations	\$ 74,095	\$ 128,219	\$ -	\$ 33,899	\$ 236,213
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:					
Depreciation	303,855	162,144	-	-	465,999
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(19,572)	(13,805)	-	22,941	(10,436)
Inventory	4,644	-	-	-	4,644
Prepaid Expenses	(217)	(217)	-	-	(434)
Increase (decrease) in deposits	(1,206)	-	-	-	(1,206)
Increase (decrease) in payables	(30,858)	(2,601)	-	-	(33,459)
Net cash provided (used) by operating activities	\$ 330,741	\$ 273,740	\$ -	\$ 56,840	\$ 661,321

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

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

CITY OF LA PINE

Notes to the Basic Financial Statements

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of La Pine, Oregon (City) is a municipal corporation incorporated under the laws of the State of Oregon. The City is governed by an elected Mayor and an elected five member council. Administrative functions are delegated to the City administrator who reports to and is responsible to the mayor and council. The chief administrative officer is the City Administrator.

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP Statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant policies of the City:

A. Reporting Entity

In determining the financial reporting entity, the City of La Pine complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the City's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the City holds the corporate powers of the organization; 3) the City appoints a voting majority of the organization's board; 4) the City is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the City; and 6) there is fiscal dependency by the organization on the City. Based on the aforementioned criteria, the City of La Pine is a primary government with no includable component units.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. The City does not allocate indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Net position are reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements: The fund financial statements provide information about the city's funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Street Fund – This Fund provides for street and bridge repairs and maintenance within the City. The primary source of revenue is from state gas tax turnovers and maintenance fees collected by the City.

Additionally the City also reports non-major funds within the governmental fund type.

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Non-major special revenue funds include the Tourism Fund and the Community Development Fund.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Water Fund - The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities. Within the Statement of Net Position – Proprietary Funds and the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, the Water Fund is combined with the Debt Reserve Fund – Water. The Debt Reserve Fund – Water is utilized to hold the long-term debt service reserve required by the USDA on the Water Fund revenue bonds.

Sewer Fund - The Sewer Fund is used to account for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities.

Water/Sewer Reserve Fund – The Water/Sewer Reserve Fund is used to account for the acquisition or construction of sewer and water utility projects.

SDC Fund – Water/Sewer – The SDC fund is used to account for the water and sewer system development charges which have been collected over the years. As capital projects and other qualifying expenditures are incurred that can legally be paid with SDC funds, the City will pay the expenditure directly from the fund.

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 of the city's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

D. Budgeting

A budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, contingencies, and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at June 30. Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the city council. The city does not utilize encumbrance accounting for budgeted funds.

E. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The City does not have an investment policy. However, Oregon statutes authorize that the City's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the City's value in the pool shares.

F. Accumulated Compensated Absences

Accumulated vested vacation and compensatory pay is accrued as it is earned. For governmental funds, compensation not expected to be liquidated with the current resources are reported as liabilities in the government-wide statements and represent a reconciling item between the fund level and government-wide presentations. In business-type funds both the current and long-term liabilities are recorded. Sick pay, which does not vest, is recognized in applicable funds when leave is taken.

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

G. Receivables

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the City. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow of resources. (See note 1.H.)

H. Deferred Inflows/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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows at year end.

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, deferred inflows of resources, 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 types of items that qualify for reporting in this category, rent income and other income not available. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

I. Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The costs of proprietary fund type inventories are recorded as expenditures when consumed rather than when purchased.

J. Long-Term Debt

All bonds to be paid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

K. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized, but rather are charged to expenditures in the funds.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

The estimated useful lives are as follows:

Buildings and Improvements	30-50 years
Equipment and Vehicles	5-7 years
Water and Sewer Systems	5-20 years
Infrastructure	20 years
Intellectual Property (Master Plan)	20 years

One-half year of depreciation is taken in the year the assets are acquired or retired.

L. Use of 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 amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

M. Equity Classifications:

Government-wide Statements

Equity is classified as net position, which represents the difference between assets and liabilities, and deferred accounts. Net position is displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

M. Equity Classifications (Cont):

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City's nonspendable resources as of June 30, 2015 include inventory and prepaid expenses.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for various projects that are to be used for governmental purposes.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the City Council, and does not lapse at year-end. The City has committed resources for various projects and purposes.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The City's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

N. Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

O. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

2. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.E.

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.E.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2015, the reported amount of the City's deposits was \$5,430,965 and the bank balance was \$5,172,342. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

Investments - Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The City has no credit risk policy or investment policy that would further limit its investment choices

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2015, the City had no investments

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The City places no limit on the amount that may be invested in any one issuer. There were no investments as of June 30, 2015.

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

3. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2015:

<u>Governmental Activities</u>	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Assets not being depreciated:				
Land	\$ 278,918	\$ -	\$ -	\$ 278,918
Construction-In-Process	8,382	85,890	92,274	1,998
Assets being depreciated:				
Infrastructure	5,519,529	124,738	-	5,644,267
Buildings & Improvements	466,259	-	-	466,259
Equipment & Vehicles	15,621	12,050	-	27,671
Total Depreciable Assets	6,001,409	136,788	-	6,138,197
Less: Accumulated Depreciation				
Infrastructure	3,218,488	280,637	-	3,499,125
Buildings & Improvements	32,893	9,325	-	42,218
Equipment & Vehicles	9,372	3,425	-	12,797
Total Accumulated Depreciation	3,260,753	293,387	-	3,554,140
Net Value of Capital Assets Being Depreciated	2,740,656	(156,599)	92,274	2,584,057
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 3,027,956</u>	<u>\$ (156,599)</u>	<u>\$ 92,274</u>	<u>\$ 2,864,973</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	12,750
Highways and Streets	280,637
Total depreciation expense - governmental activities	<u>\$ 293,387</u>

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

3. CAPITAL ASSETS (Cont.):

<u>Business-type Activities</u>	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Assets not being depreciated:				
Land	\$ 883,299	\$ -	\$ 52,031	\$ 831,268
Construction-In-Process	15,500	36,792	-	52,292
Master Plan (In Progress)	-	14,000	-	14,000
Assets being depreciated:				
Water / Sewer System	10,157,648	-	-	10,157,648
Buildings & Improvements	376,265	-	-	376,265
Equipment & Vehicles	359,749	49,541	-	409,290
Master Plan	50,697	-	-	50,697
Total Depreciable Assets	10,944,359	49,541	-	10,993,900
Less: Accumulated Depreciation				
Water / Sewer System	6,013,249	424,651	-	6,437,900
Buildings & Improvements	139,755	15,147	-	154,902
Equipment & Vehicles	316,368	23,666	-	340,034
Master Plan	16,731	2,535	-	19,266
Total Accumulated Depreciation	6,486,103	465,999	-	6,952,102
Net Value of Capital Assets Being Depreciated	4,458,256	(416,458)	-	4,041,798
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 5,357,055</u>	<u>\$ (365,666)</u>	<u>\$ 52,031</u>	<u>\$ 4,939,358</u>
Total Net Position of Primary Government	<u>\$ 8,385,011</u>	<u>\$ (522,265)</u>	<u>\$144,305</u>	<u>\$ 7,804,331</u>

Depreciation expense was charged to functions of the primary government as follows:

Business-Type Activities	
Water Utilities	\$ 303,855
Sewer Utilities	162,144
	<u>\$ 465,999</u>

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

4. LONG-TERM DEBT:

The tables below present current year changes in long term obligations and the current portions due for each issue. Governmental and business-type activities are shown separately:

	Outstanding Balance <u>July 1, 2014</u>	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance <u>June 30, 2015</u>	Due within One Year
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GOVERNMENTAL ACTIVITIES

General Obligation Certificates

Certificate of Participation Series 2011A, dated 2011, for the amount of \$520,000 for the purchase and improvements to a building for use as a new City Hall. Fixed interest rates vary on outstanding bonds from 3.0% to 5.7%.

Principal	\$ 475,000	\$ -	\$ 20,000	\$ 455,000	\$ 20,000
Interest	-	23,608	23,608	-	23,008
Totals	<u>\$ 475,000</u>	<u>\$ 23,608</u>	<u>\$ 43,608</u>	<u>\$ 455,000</u>	<u>\$ 43,008</u>

Capital Leases

A capital lease was entered into for a copier on April 29, 2015. The cost of the equipment was capitalized for \$12,050. The lease is for a period of 60 months and monthly payments of \$280 are required. \$1,961 was paid for the lease in the current year. Amortization of the copier is included in the depreciation expense for governmental assets.

Principal	\$ -	\$ 12,050	\$ 1,031	\$ 11,019	\$ 1,806
Interest	-	930	930	-	1,555
Totals	<u>\$ -</u>	<u>\$ 12,980</u>	<u>\$ 1,961</u>	<u>\$ 11,019</u>	<u>\$ 3,361</u>

TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:

Principal	\$ 475,000	\$ 12,050	\$ 21,031	\$ 466,019	\$ 21,806
Interest	-	24,538	24,538	-	24,563
Totals	<u>\$ 475,000</u>	<u>\$ 36,588</u>	<u>\$ 45,569</u>	<u>\$ 466,019</u>	<u>\$ 46,369</u>

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

4. LONG-TERM DEBT (Cont.):

BUSINESS-TYPE ACTIVITIES

Notes Payable

Sewer System Expansion Loan, dated June 28, 2004 (La Pine Special Sewer District was absorbed by City of La Pine on July 1, 2012) from Deschutes County. Payments are made from SDC payments received for Crescent Creek division. Interest is capitalized at 4.5% annually. No repayments are required. The loan terminates in fifty years, even if the loan is not paid in full at that time.

Principal	\$ 843,045	\$ 37,937	\$ -	\$ 880,982	\$ -
Interest	-	-	-	-	-
Totals	\$ 843,045	\$ 37,937	\$ -	\$ 880,982	\$ -

Revenue Bonds Payable

Revenue Bond in the amount of \$2,286,500 issued in 2003 by the former La Pine Water District was assumed by the City on November 13, 2013. Funded by USDA, Rural Development Department. The bond is payable in annual installments of \$173,548, including interest at 4.5% per annum. The bond matures November 24, 2032. The bond requires the City to accumulate \$17,355 per year for ten years up to \$173,541 in a reserve account.

Principal	\$ 2,225,964	\$ -	\$ 46,759	\$ 2,179,205	\$ 75,484
Interest	-	127,368	127,368	-	98,064
Totals	\$ 2,225,964	\$ 127,368	\$ 174,127	\$ 2,179,205	\$ 173,548

Revenue Bond in the amount of \$325,000, issued on February 24, 2005, by the former La Pine Water District was assumed by the City on November 13, 2013. Funds came from the USDA, Rural Development Department. The bond is payable in annual installments of \$19,955 including interest at 4.5% per annum. The bond matures February 24, 2035. The bond requires the City to accumulate \$1,996 per year for ten years up to \$19,995 in a reserve account.

Principal	\$ 267,425	\$ -	\$ 7,756	\$ 259,669	\$ 8,278
Interest	-	12,199	12,199	-	11,677
Totals	\$ 267,425	\$ 12,199	\$ 19,955	\$ 259,669	\$ 19,955

TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:

Principal	\$ 3,336,434	\$ 37,937	\$ 54,515	\$ 3,319,856	\$ 83,762
Interest	-	139,567	139,567	-	109,741
Totals	\$ 3,336,434	\$ 177,504	\$ 194,082	\$ 3,319,856	\$ 193,503

TOTAL DEBT AGREEMENTS:

Principal	\$ 3,811,434	\$ 49,987	\$ 75,546	\$ 3,785,875	\$ 105,568
Interest	-	164,105	164,105	-	134,304
Totals	\$ 3,811,434	\$ 214,092	\$ 239,651	\$ 3,785,875	\$ 239,872

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

4. LONG-TERM DEBT (Cont.):

The debt service requirements on the above debt are as follows:

Governmental-Type Activities

Due Fiscal Year Ending June 30,	General Obligation Certificates			Capital Leases		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 20,000	\$ 23,008	\$ 43,008	\$ 1,806	\$ 1,555	\$ 3,361
2017	20,000	22,270	42,270	2,076	1,285	3,361
2018	20,000	21,395	41,395	2,387	974	3,361
2019	20,000	20,520	40,520	2,745	616	3,361
2020	25,000	19,536	44,536	2,005	206	2,211
2021-2025	135,000	78,998	213,998			
2026-2030	175,000	37,412	212,412			
2031	40,000	1,140	41,140			
Totals	<u>\$ 455,000</u>	<u>\$ 224,279</u>	<u>\$ 679,279</u>	<u>\$ 11,019</u>	<u>\$ 4,636</u>	<u>\$ 15,655</u>

Business-Type Activities

Due Fiscal Year Ending June 30,	Revenue Bonds Payable		
	Principal	Interest	Total
2016	83,762	109,741	193,503
2017	87,532	105,971	193,503
2018	91,470	102,033	193,503
2019	95,587	97,916	193,503
2020	99,887	93,615	193,502
2021-2025	571,047	396,468	967,515
2026-2030	711,629	255,886	967,515
2031-2035	697,960	81,356	779,316
Totals	<u>\$2,438,874</u>	<u>\$ 1,242,986</u>	<u>\$ 3,681,860</u>

The Sewer Expansion Loan described above has no defined payment schedule. Accordingly, no repayment schedule is reported here.

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

5. DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLAN:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees with at least three months of continuous employment, permits them to defer a portion of their salary until future years.

The City also offers its employees retirement benefits under Internal Revenue Code Section 401 (a). The Plan, available to all City employees with at least three months of continuous employment, provides for employer contributions up to 6% of employee wages. The employer's share of contributions paid for the year ended June 30, 2015 was \$11,244.

The assets for both of these plans are held in trust for the exclusive benefit of the Plan participants and their beneficiaries. The plans are administered by AIG. The assets cannot be diverted for any other purpose. The City has little administrative involvement and does not perform the investing functions for these plans.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Plan Description

The City does not have a formal post-employment benefits plan for any employee groups. However, the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Although the City does not pay any portion of the retiree's healthcare insurance, a retired employee receives the implicit benefit of a lower healthcare premium which is subsidized amount the premium cost of coverage for active employee. GASB Statement 45 is applicable to the City due only to this implicit rate subsidy. This "plan" is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy

Although the City does not currently have any retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The City will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification. Since the existing coverage is through a multiple-employee plan, given the City's small size in relation to the other employers, the City's rate is not affected by the age of its participants in the Plan. Therefore, there is no implicit benefit considered by management to be earned by current employees. As a result, the City does not report a liability for any potential accrued liability under GASB Statement 45.

7. CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to review and adjustment 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 amount, if any, to be immaterial.

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

8. RISK MANAGEMENT:

There is exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

In 1981 the League of Oregon Cities joined together with the Association of Oregon Counties to form City County Insurance Services (CCIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. An annual premium is paid to CCIS for general insurance coverage and for workers compensation insurance coverage. CCIS is self-sustaining through member premiums.

The City has obtained commercial insurance for risks of loss, including employee health and accident insurance and for errors and omissions insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

9. INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2015 were as follows:

	Transfers Out	Transfers In
General Fund #10	\$ 385,000	\$ 51,000
Streets Fund #21	-	345,000
Tourism Fund #22	27,000	5,000
Community Development Fund #23	-	35,000
Reserve Fund #26	-	800,000
Water Fund #50	212,000	-
Sewer Fund #51	612,000	-
Total	<u>\$ 1,236,000</u>	<u>\$ 1,236,000</u>

The City makes interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. The transfers are part of the City's budget preparation and adoption.

10. PRIOR PERIOD ADJUSTMENT:

SDC related balances at June 30, 2014 were transferred from the Water and Sewer funds to a new SDC fund that was identified as a governmental fund. The City has determined that the SDC fund is more appropriately reported as an enterprise fund for fund financial statement reporting and a business-type activity for the government-wide statements. A prior period adjustment reflects that determination.

A prior period adjustment was also made in the SDC fund for SDC assessments receivable. This amount originated in March 2014 yet the full balance of the amount owed to the City was not reported in the government-wide financial statements.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Prior Period Adjustment - Change in Reporting Activity	\$ (1,606,156)	\$ 1,606,156
Recognition of Prior Year Assessment Receivable	-	71,050
Total Prior Period Adjustment	<u>\$ (1,606,156)</u>	<u>\$ 1,677,206</u>

CITY OF LA PINE

Notes to the Basic Financial Statements (Cont.)

June 30, 2015

11. SEGMENT INFORMATION:

The City has revenue bonds reported as a liability of the Water fund. The water treatment and distribution system and its activities are reported for budgetary purposes in the Water fund, the Debt Reserve fund, and portions of the Water/Sewer Reserve fund and SDC fund. Summary financial information for the operation of the water system has been aggregated from those funds for the year ended June 30, 2015 as follows:

	<u>Water System Segment</u>
<u>CONDENSED STATEMENT OF NET POSITION:</u>	
Current Assets	\$ 1,834,489
Capital Assets	<u>2,729,823</u>
Total Assets	\$ 4,564,312
Current Liabilities	172,869
Non-Current Liabilities	<u>2,355,112</u>
Total Liabilities	\$ 2,527,981
Total Net Position	
Invested in Capital Assets, net of related debt	\$ 290,949
Restricted for Capital Projects	846,844
Restricted for Debt Service	193,503
Unrestricted	705,034
<u>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION:</u>	
Operating Revenues	647,075
Operating Expenses	564,550
Depreciation	<u>303,855</u>
Operating Income (Loss)	82,525
Non-Operating Revenues (Expenses)	(139,567)
Transfers To (From)	<u>(12,000)</u>
Change In Net Position	(69,042)
Beginning Net Position	<u>2,105,372</u>
Ending Net Position	<u><u>\$ 2,036,330</u></u>
<u>CONDENSED STATEMENT OF CASH FLOWS:</u>	
Cash Provided (Used) by:	
Operating Activities	330,741
Non Capital Financing Activities	(12,000)
Capital & Related Financing	(301,721)
Beginning Cash	<u>1,710,873</u>
Ending Cash	<u><u>\$ 1,739,133</u></u>

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

GENERAL FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Property Taxes and Assessments	\$ 240,375	\$ 240,375	\$ 256,769	\$ 16,394
State Revenue Sharing	46,000	46,000	59,578	13,578
Franchise Taxes	176,750	176,750	202,955	26,205
Licenses, Permits and Fees	5,600	5,600	9,268	3,668
Investment Revenue	250	250	7,644	7,394
Grants	1,000	1,000	11,250	10,250
Rents	27,000	27,000	27,929	929
Miscellaneous Revenue	-	-	8,378	8,378
Total Revenues	496,975	496,975	583,771	86,796
<u>EXPENDITURES:</u>				
General/Administration Program:				
Personnel Services	78,438	78,438	61,365	(17,073)
Materials and Services	245,268	245,268	178,278	(66,990)
Capital Outlay	15,000	15,000	-	(15,000)
Not Allocated to Organizational Unit or Program:				
Debt Service	44,000	44,000	43,608	(392)
Contingency	20,000	20,000	-	(20,000)
Total Expenditures	402,706	402,706	283,251	(119,455)
Excess (Deficiency) of Revenues Over Expenditures	94,269	94,269	300,520	206,251
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	51,000	51,000	51,000	-
Operating Transfer (Out)	(385,000)	(385,000)	(385,000)	-
Total Other Financing Sources (Uses)	(334,000)	(334,000)	(334,000)	-
Net Change in Fund Balance	(239,731)	(239,731)	(33,480)	206,251
Fund Balance - July 1, 2014	489,731	489,731	548,569	58,838
Fund Balance - June 30, 2015	\$ 250,000	\$ 250,000	\$ 515,089	\$ 265,089

Reconciliation to Governmental Fund Balance as required by GASB #54:

Cemetery Fund Balance

18,952

Total General Fund Balance reported on Balance Sheet

\$ 534,041

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

STREETS FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)	
	Original	Final			
<u>REVENUES:</u>					
State Gas Funds	\$ 85,000	\$ 85,000	\$ 88,945	\$ 3,945	
Grants and Contributions	-	-	35,000	35,000	
Miscellaneous Revenue	500	500	-	(500)	
Total Revenues	85,500	85,500	123,945	38,445	
<u>EXPENDITURES:</u>					
Streets Program:					
Personnel Services	42,895	42,895	32,963	(9,932)	
Materials and Services	123,463	123,463	37,906	(85,557)	
Capital Outlay	75,000	75,000	118,354	43,354	
Not Allocated to Organizational Unit or Program:					
Contingency	20,000	20,000	-	(20,000)	
Total Expenditures	261,358	261,358	189,223	(72,135)	
Excess (Deficiency) of Revenues Over Expenditures					(175,858) (175,858) (65,278) 110,580
<u>OTHER FINANCING SOURCES (USES):</u>					
Operating Transfer In	345,000	345,000	345,000	-	
Total Other Financing Sources (Uses):	345,000	345,000	345,000	-	
Net Change In Fund Balance	169,142	169,142	279,722	110,580	
Fund Balance - July 1, 2014	245,858	245,858	366,988	121,130	
Fund Balance - June 30, 2015	\$ 415,000	\$ 415,000	\$ 646,710	\$ 231,710	

OTHER
SUPPLEMENTARY
INFORMATION

Non-Major Special
Revenue Funds

CITY OF LA PINE
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Tourism Fund	Community Development Fund	Total
<u>ASSETS:</u>			
Cash & Investments	\$ 68,084	\$ 19,804	\$ 87,888
Accounts Receivable	14,455	-	14,455
Total Assets	82,539	19,804	102,343
<u>LIABILITIES:</u>			
Accounts Payable	-	3,955	3,955
Total Liabilities	-	3,955	3,955
<u>FUND BALANCES:</u>			
Restricted for:			
Tourism	82,539	-	82,539
Committed for:			
Community Development	-	15,849	15,849
Total Fund Balances	82,539	15,849	98,388
Total Liabilities and Fund Balances	\$ 82,539	\$ 19,804	\$ 102,343

CITY OF LA PINE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances NON-MAJOR SPECIAL REVENUE FUNDS For the Fiscal Year Ended June 30, 2015

	Tourism Fund	Community Development Fund	Total
<u>REVENUES:</u>			
Transient Room Tax	\$ 121,265	\$ -	\$ 121,265
Charges for Services	-	18,445	18,445
Total Revenues	121,265	18,445	139,710
<u>EXPENDITURES:</u>			
Materials and Services	66,258	37,596	103,854
Total Expenditures	66,258	37,596	103,854
Excess (Deficiency) of Revenues Over Expenditures	55,007	(19,151)	35,856
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	5,000	35,000	40,000
Operating Transfers (Out)	(27,000)	-	(27,000)
Total Other Financing Sources (Uses)	(22,000)	35,000	13,000
Net Change In Fund Balances	33,007	15,849	48,856
Fund Balances - July 1, 2014	49,532	-	49,532
Fund Balances - June 30, 2015	\$ 82,539	\$ 15,849	\$ 98,388

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

TOURISM FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and Assessments	\$ 90,000	\$ 90,000	\$ 121,265	\$ 31,265
Total Revenues	90,000	90,000	121,265	31,265
EXPENDITURES:				
Not Allocated to Organizational Unit or Program:				
Materials and Services	69,500	69,500	66,258	(3,242)
Contingency	6,577	6,577	-	(6,577)
Total Expenditures	76,077	76,077	66,258	(9,819)
Excess (Deficiency) of Revenues Over Expenditures				
	13,923	13,923	55,007	41,084
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	5,000	5,000	5,000	-
Operating Transfer (Out)	(27,000)	(27,000)	(27,000)	-
Total Other Financing Sources (Uses)	(22,000)	(22,000)	(22,000)	-
Net Change In Fund Balance	(8,077)	(8,077)	33,007	41,084
Fund Balance - July 1, 2014	13,077	13,077	49,532	36,455
Fund Balance - June 30, 2015	\$ 5,000	\$ 5,000	\$ 82,539	\$ 77,539

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual COMMUNITY DEVELOPMENT FUND For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Planning Fees	\$ 7,500	\$ 7,500	\$ 18,445	\$ 10,945
Total Revenues	7,500	7,500	18,445	10,945
<u>EXPENDITURES:</u>				
Not Allocated to Organizational Unit or Program:				
Materials and Services	42,500	42,500	37,596	(4,904)
Total Expenditures	42,500	42,500	37,596	(4,904)
Excess (Deficiency) of Revenues Over Expenditures	(35,000)	(35,000)	(19,151)	15,849
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	35,000	35,000	35,000	-
Total Other Financing Sources (Uses)	35,000	35,000	35,000	-
Net Change In Fund Balance	-	-	15,849	15,849
Fund Balance - July 1, 2014	-	-	-	-
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 15,849	\$ 15,849

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual CEMETERY FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Plot Sales	\$ -	\$ -	\$ 2,970	\$ 2,970
Miscellaneous Revenue	-	-	3,568	3,568
Total Revenues	-	-	6,538	6,538
<u>EXPENDITURES:</u>				
Not Allocated to Organizational Unit or Program:				
Materials and Services	10,000	10,000	1,898	(8,102)
Contingency	597	597	-	(597)
Total Expenditures	10,597	10,597	1,898	(8,699)
Excess (Deficiency) of Revenues Over Expenditures	(10,597)	(10,597)	4,640	15,237
Fund Balance - July 1, 2014	15,597	15,597	14,312	(1,285)
Fund Balance - June 30, 2015	\$ 5,000	\$ 5,000	\$ 18,952	\$ 13,952

OTHER
SUPPLEMENTARY
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Enterprise Funds

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

WATER FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
<u>REVENUES:</u>				
Charges for Services	\$ 540,500	\$ 540,500	\$ 550,171	\$ 9,671
Grants	-	-	7,000	7,000
Licenses, Permits and Fees	5,000	5,000	20,260	15,260
Rental Income	500	500	405	(95)
Other Revenue	-	-	809	809
Total Revenues	546,000	546,000	578,645	32,645
<u>EXPENDITURES:</u>				
Water Utility Services Program:				
Personnel services	165,180	165,180	153,360	(11,820)
Materials and supplies	180,400	180,400	107,335	(73,065)
Capital Outlay	65,000	65,000	48,218	(16,782)
Not Allocated to Organizational Unit or Program:				
Debt Service				
Principal	85,000	85,000	54,515	(30,485)
Interest	109,100	109,100	139,567	30,467
Contingency	200,000	200,000	-	(200,000)
Total Expenditures	804,680	804,680	502,995	(301,685)
Excess (Deficiency) of Revenues Over Expenditures				
	(258,680)	(258,680)	75,650	334,330
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(212,000)	(212,000)	(212,000)	-
Total Other Financing Sources (Uses)	(212,000)	(212,000)	(212,000)	-
Net Change In Fund Balance	(470,680)	(470,680)	(136,350)	334,330
Fund Balance - July 1, 2014	836,099	836,099	905,264	69,165
Fund Balance - June 30, 2015	\$ 365,419	\$ 365,419	\$ 768,914	\$ 403,495

Reconciliation to generally accepted accounting principles basis:

Net change in fund balance from above	(136,350)
Debt Repayment - Principal	54,515
Capital outlay that is capitalized	48,218
Depreciation Expense	(303,855)
Forgiveness of debt	60,000
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ (277,472)</u>

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

SEWER FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Charges for Services	\$ 466,200	\$ 466,200	\$ 556,005	\$ 89,805
Grants	-	-	7,000	7,000
Late Fees & Penalties	5,000	5,000	-	(5,000)
Other Revenue	500	500	52,770	52,270
Total Revenues	471,700	471,700	615,775	144,075
<u>EXPENDITURES:</u>				
Sewer Utility Services Program:				
Personnel services	164,254	164,254	152,756	(11,498)
Materials and supplies	267,400	267,400	120,625	(146,775)
Capital Outlay	175,000	175,000	52,113	(122,887)
Not Allocated to Organizational Unit or Program:				
Contingency	200,000	200,000	-	(200,000)
Total Expenditures	806,654	806,654	325,494	(481,160)
Excess (Deficiency) of Revenues Over Expenditures	(334,954)	(334,954)	290,281	625,235
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(612,000)	(612,000)	(612,000)	-
Total Other Financing Sources (Uses)	(612,000)	(612,000)	(612,000)	-
Net Change In Fund Balance	(946,954)	(946,954)	(321,719)	625,235
Fund Balance - July 1, 2014	1,113,428	1,113,428	1,154,495	41,067
Fund Balance - June 30, 2015	\$ 166,474	\$ 166,474	\$ 832,776	\$ 666,302

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(321,719)
Change in Interest Expense	(37,937)
Refund of capitalized expenditures from prior year	(52,031)
Capital outlay that is capitalized	52,113
Depreciation Expense	(162,144)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ (521,718)</u>

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

SDC FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
SDC Income - Water	\$ 5,000	\$ 5,000	\$ 8,430	\$ 3,430
SDC Income - Sewer	15,000	15,000	45,600	30,600
Total Revenues	20,000	20,000	54,030	34,030
EXPENDITURES:				
Materials and Services	10,000	10,000	-	(10,000)
Total Expenditures	10,000	10,000	-	(10,000)
Excess (Deficiency) of Revenues Over Expenditures	10,000	10,000	54,030	44,030
Fund Balance - July 1, 2014	1,557,345	1,557,345	1,606,156	48,811
Fund Balance - June 30, 2015	\$ 1,567,345	\$ 1,567,345	\$ 1,660,186	\$ 92,841

Reconciliation to generally accepted accounting principles basis:

Net change in fund balance from above	54,030
Change in Assessments Receivable	(20,131)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ 33,899</u>

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

WATER / SEWER RESERVE FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Miscellaneous Revenue	-	-	-	-
Total Revenues	-	-	-	-
<u>EXPENDITURES:</u>				
Not Allocated to Organizational Unit or Program:				
Capital Outlay	100,000	100,000	-	(100,000)
Total Expenditures	100,000	100,000	-	(100,000)
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(100,000)	-	100,000
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	800,000	800,000	800,000	-
Total Other Financing Sources (Uses)	800,000	800,000	800,000	-
Net Change In Fund Balance	700,000	700,000	800,000	100,000
Fund Balance - July 1, 2014	-	-	-	-
Fund Balance - June 30, 2015	\$ 700,000	\$ 700,000	\$ 800,000	\$ 100,000

CITY OF LA PINE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

DEBT RESERVE FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
REVENUES:				
Investment Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Not Allocated to Organizational Unit or Program:				
Debt Service	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - July 1, 2014	193,503	193,503	193,503	-
Fund Balance - June 30, 2015	\$ 193,503	\$ 193,503	\$ 193,503	\$ -

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Additional Supporting
Schedules

CITY OF LA PINE

SCHEDULE OF PROPERTY TAXES

For the Fiscal Year Ended June 30, 2015

	General Fund Permanent Rate Tax, Subject to Measure 5	Total
Assessed Valuation, 2014-15 Tax Roll	\$130,766,118	\$130,766,118
General Fund Permanent Rate Levy, Per \$1,000	0.0019800	
Amount Levy Rates Will Raise	258,917	258,917
Loss Due to Measure 5 Compression	(2)	(2)
Roll Corrections & Omitted Property	129	129
Net Tax Levy Imposed	\$ 259,044	\$ 259,044

	Uncollected Balance July 1, 2014	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2015
2014-15	\$ 259,044	\$ (6,221)	\$ 247,643	\$ 5,180
2013-14	5,717	281	4,223	1,775
2012-13	2,354	247	1,651	950
2011-12	1,278	443	1,256	465
2010-11	564	134	598	100
2009-10	140	28	97	71
2008-09	99	9	43	65
Total Cash Collections	\$ 269,196	\$ (5,079)	\$ 255,511	\$ 8,606

Less Accrued Revenue - June 30, 2014	(1,030)
Add Accrued Revenue - June 30, 2015	2,288
Total Property Tax Revenue	\$ 256,769

Revenue Reconciliation by Fund:	Prior Year Taxes	Current Year Taxes	Total	Receivable
Permanent Rate Measure 5 Levy				
General Fund	\$ 6,317	\$ 250,452	\$ 256,769	\$ 8,606
Totals	\$ 6,317	\$ 250,452	\$ 256,769	\$ 8,606

CITY OF LA PINE

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2015

	Outstanding Balance July 1, 2014	New Issues and Interest Matured	Principal and Interest Retired	Balance June 30, 2015	Due within One Year
<u>GOVERNMENTAL ACTIVITIES</u>					
<u>General Obligation Certificates</u>					
Certificate of Participation Series 2011A, dated 2011, for the amount of \$520,000 for the purchase and improvements to a building for use as a new City Hall. Fixed interest rates vary on outstanding bonds from 3.0% to 5.7%.					
Principal	\$ 475,000	\$ -	\$ 20,000	\$ 455,000	\$ 20,000
Interest	-	23,608	23,608	-	23,008
Totals	\$ 475,000	\$ 23,608	\$ 43,608	\$ 455,000	\$ 43,008
<u>Capital Leases</u>					
A capital lease was entered into for a copier on April 29, 2015. The cost of the equipment was capitalized for \$12,050. The lease is for a period of 60 months and monthly payments of \$280 are required. \$1,961 was paid for the lease in the current year. Amortization of the copier is included in the depreciation expense for governmental assets.					
Principal	\$ -	\$ 12,050	\$ 1,031	\$ 11,019	\$ 1,806
Interest	-	930	930	-	1,555
Totals	\$ -	\$ 12,980	\$ 1,961	\$ 11,019	\$ 3,361
TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 475,000	\$ 12,050	\$ 21,031	\$ 466,019	\$ 21,806
Interest	-	24,538	24,538	-	24,563
Totals	\$ 475,000	\$ 36,588	\$ 45,569	\$ 466,019	\$ 46,369

Continued on Next Page

CITY OF LA PINE

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (CONT.)

For the Fiscal Year Ended June 30, 2015

	Outstanding Balance July 1, 2014	New Issues and Interest Matured	Principal and Interest Retired	Balance June 30, 2015	Due within One Year
<u>BUSINESS-TYPE ACTIVITIES</u>					
<u>Notes Payable</u>					
Sewer System Expansion Loan, dated June 28, 2004 (La Pine Special Sewer District was absorbed by City of La Pine on July 1, 2012) from Deschutes County. Payments are made from SDC payments received for Crescent Creek division. Interest is capitalized at 4.5% annually. No repayments are required. The loan terminates in fifty years, even if the loan is not paid in full at that time.					
Principal	\$ 843,045	\$ 37,937	\$ -	\$ 880,982	\$ -
Interest	-	-	-	-	-
Totals	\$ 843,045	\$ 37,937	\$ -	\$ 880,982	\$ -
<u>Revenue Bonds Payable</u>					
Revenue Bond in the amount of \$2,286,500 issued in 2003 by the former La Pine Water District was assumed by the City on November 13, 2013. Funded by USDA, Rural Development Department. The bond is payable in annual installments of \$173,548, including interest at 4.5% per annum. The bond matures November 24, 2032. The bond requires the City to accumulate \$17,355 per year for ten years up to \$173,541 in a reserve account.					
Principal	\$ 2,225,964	\$ -	\$ 46,759	\$ 2,179,205	\$ 75,484
Interest	-	127,368	127,368	-	98,064
Totals	\$ 2,225,964	\$ 127,368	\$ 174,127	\$ 2,179,205	\$ 173,548
Revenue Bond in the amount of \$325,000, issued on February 24, 2005, by the former La Pine Water District was assumed by the City on November 13, 2013. Funds came from the USDA, Rural Development Department. The bond is payable in annual installments of \$19,955 including interest at 4.5% per annum. The bond matures February 24, 2035. The bond requires the City to accumulate \$1,996 per year for ten years up to \$19,995 in a reserve account.					
Principal	\$ 267,425	\$ -	\$ 7,756	\$ 259,669	\$ 8,278
Interest	-	12,199	12,199	-	11,677
Totals	\$ 267,425	\$ 12,199	\$ 19,955	\$ 259,669	\$ 19,955
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 3,336,434	\$ 37,937	\$ 54,515	\$ 3,319,856	\$ 83,762
Interest	-	139,567	139,567	-	109,741
Totals	\$ 3,336,434	\$ 177,504	\$ 194,082	\$ 3,319,856	\$ 193,503
TOTAL DEBT AGREEMENTS:					
Principal	\$ 3,811,434	\$ 49,987	\$ 75,546	\$ 3,785,875	\$ 105,568
Interest	-	164,105	164,105	-	134,304
Totals	\$ 3,811,434	\$ 214,092	\$ 239,651	\$ 3,785,875	\$ 239,872

CITY OF LA PINE

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

For the Fiscal Year Ended June 30, 2015

	Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year-end Balance
<u>Governmental-Type Activities</u>					
Certificate of Participation Series 2011A, dated 2011, for the amount of \$520,000 for the purchase and improvements to a building for use as a new City Hall. Fixed interest rates vary on outstanding bonds from 3.0% to 5.7%.					
	2016	43,008	20,000	23,008	435,000
	2017	42,270	20,000	22,270	415,000
	2018	41,395	20,000	21,395	395,000
	2019	40,520	20,000	20,520	375,000
	2020	44,536	25,000	19,536	350,000
	2021	43,442	25,000	18,442	325,000
	2022	42,239	25,000	17,239	300,000
	2023	40,926	25,000	15,926	275,000
	2024	44,483	30,000	14,483	245,000
	2025	42,908	30,000	12,908	215,000
	2026	41,333	30,000	11,333	185,000
	2027	44,548	35,000	9,548	150,000
	2028	42,553	35,000	7,553	115,000
	2029	40,558	35,000	5,558	80,000
	2030	43,420	40,000	3,420	40,000
	2031	41,140	40,000	1,140	-
Totals		\$ 679,279	\$ 455,000	\$ 224,279	

Ricoh Copier Lease - 5 year lease Dated 04/29/15 with an interest rate of 14.032%.

	2016	3,361	1,806	1,555	9,213
	2017	3,361	2,076	1,285	7,137
	2018	3,361	2,387	974	4,750
	2019	3,361	2,745	616	2,005
	2020	2,211	2,005	206	-
Totals		\$ 15,655	\$ 11,019	\$ 4,636	

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CITY OF LA PINE

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT (Continued)

For the Fiscal Year Ended June 30, 2015

	Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year-end Balance
<u>Business-Type Activities</u>					
Revenue Bond in the amount of \$2,286,500 issued in 2003 by the former La Pine Water District was assumed by the City on November 13, 2013. Funded by USDA, Rural Development Department. The bond is payable in annual installments of \$173,548, including interest at 4.5% per annum. The bond matures November 24, 2032. The bond requires the City to accumulate \$17,355 per year for ten years up to \$173,541 in a reserve account.					
	2016	173,548	75,484	98,064	2,103,721
	2017	173,548	78,881	94,667	2,024,840
	2018	173,548	82,430	91,118	1,942,410
	2019	173,548	86,140	87,408	1,856,270
	2020	173,547	90,015	83,532	1,766,255
	2021	173,548	94,067	79,481	1,672,188
	2022	173,548	98,300	75,248	1,573,888
	2023	173,548	102,723	70,825	1,471,165
	2024	173,548	107,346	66,202	1,363,819
	2025	173,548	112,176	61,372	1,251,643
	2026	173,548	117,224	56,324	1,134,419
	2027	173,548	122,499	51,049	1,011,920
	2028	173,548	128,012	45,536	883,908
	2029	173,548	133,772	39,776	750,136
	2030	173,548	139,792	33,756	610,344
	2031	173,547	146,082	27,465	464,262
	2032	173,548	152,656	20,892	311,606
	2033	173,548	159,526	14,022	152,080
	2034	158,924	152,080	6,844	-
Totals		<u>\$3,282,786</u>	<u>\$2,179,205</u>	<u>\$1,103,581</u>	

Continued on Next Page

CITY OF LA PINE

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT (Continued)

For the Fiscal Year Ended June 30, 2015

	Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year-end Balance
<u>Business-Type Activities (Continued)</u>					
Revenue Bond in the amount of \$325,000, issued on February 24, 2005, by the former La Pine Water District was assumed by the City on November 13, 2013. Funds came from the USDA, Rural Development Department. The bond is payable in annual installments of \$19,955 including interest at 4.5% per annum. The bond matures February 24, 2035. The bond requires the City to accumulate \$1996 per year for ten years up to \$19,995 in a reserve account.					
	2016	19,955	8,278	11,677	251,391
	2017	19,955	8,651	11,304	242,740
	2018	19,955	9,040	10,915	233,700
	2019	19,955	9,447	10,508	224,253
	2020	19,955	9,872	10,083	214,381
	2021	19,955	10,316	9,639	204,065
	2022	19,955	10,780	9,175	193,285
	2023	19,955	11,265	8,690	182,020
	2024	19,955	11,772	8,183	170,248
	2025	19,955	12,302	7,653	157,946
	2026	19,955	12,856	7,099	145,090
	2027	19,955	13,434	6,521	131,656
	2028	19,955	14,039	5,916	117,617
	2029	19,955	14,670	5,285	102,947
	2030	19,955	15,331	4,624	87,616
	2031	19,955	16,020	3,935	71,596
	2032	19,955	16,741	3,214	54,855
	2033	19,955	17,495	2,460	37,360
	2034	19,955	18,282	1,673	19,078
	2035	19,929	\$ 19,078	\$ 851	-
Totals		<u>\$ 399,074</u>	<u>\$ 259,669</u>	<u>\$ 139,405</u>	

ACCOMPANYING
INFORMATION

CITY OF LA PINE
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS
As of June 30, 2015

To the Governing Body of the City of La Pine
La Pine, Oregon

We have audited the basic financial statements of the City of La Pine as of and for the year ended June 30, 2015, and have issued our report thereon dated November 19, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of La Pine's 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:

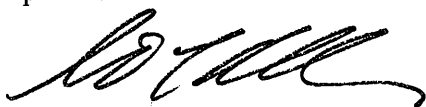
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways and roads.**
- **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 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City internal control over financial reporting.

This report is intended solely for the information and use of the City Council and management of City of La Pine and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA, PC
Roseburg, Oregon
November 19, 2015