



L A P I N E

O R E G O N

Annual Financial Report

June 30, 2021

CITY OF LA PINE

PO Box 2460
La Pine, Oregon 97739
(541) 536-1432

MAYOR AND CITY COUNCIL

DANIEL RICHER PO Box 2460, La Pine, OR 97739	Mayor
COLLEEN SCOTT PO Box 2460, La Pine, OR 97739	Council President
MIKE SHIELDS PO Box 2460, La Pine, OR 97739	Councilor
CATHI VANDAMME PO Box 2460, La Pine, OR 97739	Councilor
COURTNEY IGNAZZITTO PO Box 2460, La Pine, OR 97739	Councilor

CITY ADMINISTRATION

BRENDA BARTLETT, SGA CPA & CONSULTANTS 499 SW Upper Terrace Drive, Bend, OR 97702	Finance Manager
GEOFF WULLSCHLAGER PO Box 2460, La Pine, OR 97739	City Manager

CITY OF LA PINE

AUDIT REPORT

June 30, 2021

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CITY OF LA PINE

AUDIT REPORT

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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, 2021 which collectively comprise the '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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 my 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 as of June 30, 2021, 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 3-10, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 34-37. 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 management's discussion and analysis and the pension schedules 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.

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 schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 34-37 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. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 other supplementary data on pages 38-54 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of La Pine .

The other supplementary data on pages 38-54 are the responsibility of management and was 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, other supplementary data is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued our report dated December 19, 2021, on our consideration of the City of La Pine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of La Pine's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated November 18, 2020, on my consideration of the 's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on the 's compliance.



Steve Tuchscherer, CPA
December 19, 2021

MANAGEMENT'S DISCUSSION
AND ANALYSIS

CITY OF LA PINE
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

The management discussion and analysis of the City of La Pine, Oregon (the City) financial performance provides an overview of the City's financial activities for the fiscal year that ended June 30, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2021 are as follows:

- The City's net position increased by \$2,686,960 which represents a 18.8 percent increase from the previous year.
- Total revenue for the City was \$4,796,888. That is a 40 percent decrease from the previous year. General revenues accounted for \$1,442,619 of revenue, or 30 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$3,354,269 or 70 percent of total revenues. Operating grants received totaled \$39,574 or 0.8 percent of total revenues. There were no capital grants received this year.
- The City had \$2,109,928 in program expenses. Of the program expenses, \$644,832 was for providing water service and \$518,929 was for providing sewer service.
- The City's long-term liabilities decreased \$475,574, an 18 percent decrease from the previous due primarily to payments on long-term debt.
- Among the governmental funds, the General Fund had \$1,060,205 in revenues, which primarily consisted of property taxes, intergovernmental revenues, and franchise taxes. The Street Fund had \$162,418 in revenues, which primarily consisted of intergovernmental revenues. The La Pine Urban Renewal Agency Fund had \$131,712 in revenues, which primarily consisted of property taxes.
- Among proprietary funds, the Water Fund had \$749,911 in operating revenues, which primarily consisted of user fees. The Sewer Fund had \$938,959 in operating revenues, which primarily consisted of user fees.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions of the City that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues. The governmental activities of the City include general government activities, street maintenance, contracted police services, and providing resources for cultural, tourism and economic development activities. The proprietary activities of the City include water and sewer utilities.

CITY OF LA PINE
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The City reports two types of funds:

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison schedules of major funds are included as required supplementary information following the Notes to the Financial Statements.

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund - enterprise funds. The City uses enterprise funds to account for water and sewer operations. The proprietary fund financial statements provide separate information for the Water Fund, the Sewer Fund, the Water/Sewer Reserve Fund and the SDC Fund.

Notes to the Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the Street Fund, the Community Development Fund, and the La Pine Urban Renewal Agency Fund. The required supplementary information immediately follows the Notes to the Financial Statements.

Other supplementary data includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

CITY OF LA PINE
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the City as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The City's net position at fiscal year-end is \$16,952,714 this is an increase of \$2,686,960 or 18.8%.

A portion of the City's net position (30 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its 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, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the City's net position for the current and prior year.

SUMMARY OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$4,268,443	\$3,145,923	\$7,569,921	\$6,384,465	\$11,838,364	\$9,530,388
Non-Current Assets	-	-	193,503	193,503	193,503	193,503
Capital Assets	2,502,024	2,556,304	4,876,485	4,968,402	7,378,509	7,524,706
Total Assets	6,770,467	5,702,227	12,639,909	11,546,370	19,410,376	17,248,597
Liabilities						
Current Liabilities	86,547	92,366	235,337	284,560	321,884	376,926
Long-Term Liabilities	300,000	325,000	1,830,344	2,280,918	2,130,344	2,605,918
Total Liabilities	386,547	417,366	2,065,681	2,565,478	2,452,228	2,982,844
Deferred Inflows of Resources	5,435	-	-	-	5,435	-
Net Position						
Net Investment in Capital Assets	2,177,024	2,206,304	2,900,268	2,541,611	5,077,292	4,747,915
Restricted	1,772,477	1,549,490	6,223,150	4,454,632	7,995,627	6,004,122
Unrestricted	2,428,984	1,529,067	1,450,810	1,984,649	3,879,794	3,513,716
Total Net Position	\$6,378,486	\$5,284,862	\$10,574,228	\$8,980,892	\$16,952,714	\$14,265,754

CITY OF LA PINE
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

Changes in net position - The City's total revenues for the fiscal year ended June 30, 2021 were \$4,796,888. The total cost of all programs and services was \$2,109,928. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenues						
Program Revenues						
Charges for Services	\$ 508,274	\$ 132,601	\$ 2,806,421	\$ 1,871,316	\$ 3,314,695	\$ 2,003,917
Operating Grants and Contributions	39,574	24,702	-	-	39,574	24,702
Capital Grants and Contributions	-	-	-	77,719	-	77,719
Total Program Revenues	547,848	157,303	2,806,421	1,949,035	3,354,269	2,106,338
General Revenues						
Local Sources						
Property Taxes	491,540	447,314	-	-	491,540	447,314
Transient Room Tax	156,805	146,996	-	-	156,805	146,996
Intergovernmental	417,139	292,781	-	-	417,139	292,781
Franchise Taxes	294,547	277,562	-	-	294,547	277,562
Interest & Investment Earnings	3,413	27,235	6,111	58,982	9,524	86,217
Other Revenues	71,714	68,351	1,350	12,700	73,064	81,051
Total General Revenues	1,435,158	1,260,239	7,461	71,682	1,442,619	1,331,921
Total Revenues	1,983,006	1,417,542	2,813,882	2,020,717	4,796,888	3,438,259
Program Expenses						
General Government	296,451	345,467	-	-	296,451	345,467
Highways and Streets	321,834	412,803	-	-	321,834	412,803
Tourism	74,512	74,871	-	-	74,512	74,871
Culture and Recreation	173,054	161,729	-	-	173,054	161,729
Urban Renewal	5,180	13,629	-	-	5,180	13,629
Debt Service	18,351	19,372	56,785	64,452	75,136	83,824
Utility Services						
Water / Sewer	-	-	644,832	585,944	644,832	585,944
Sewer Utilities	-	-	518,929	430,373	518,929	430,373
Total Program Expenses	889,382	1,027,871	1,220,546	1,080,769	2,109,928	2,108,640
Change in Net Position	\$ 1,093,624	\$ 389,671	\$ 1,593,336	\$ 939,948	\$ 2,686,960	\$ 1,329,619

CITY OF LA PINE
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the City. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2020-21</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2019-20</u>
General Government	\$ 296,451	\$ 345,467	\$ (256,870)	\$ (319,332)
Highways and Streets	321,834	412,803	(321,834)	(412,803)
Tourism	74,512	74,871	(74,264)	(74,662)
Planning	173,054	161,729	334,965	(30,770)
Culture and Recreation	-	-	-	-
Urban Renewal	5,180	13,629	(5,180)	(13,629)
Interest Expense	18,351	19,372	(18,351)	(19,372)
Total Program Expenses	<u>\$ 889,382</u>	<u>\$ 1,027,871</u>	<u>\$ (341,534)</u>	<u>\$ (870,568)</u>

The dependence on general revenues for general government activities is apparent. For the current year, 30 percent of general government activities are supported through general revenues.

CITY OF LA PINE
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities			
	Total Cost of Services		Net (Cost) Profit of Services	
	<u>2020-21</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2019-20</u>
Utility Services	\$ 1,163,761	\$ 1,016,317	\$ 1,642,660	\$ 932,718
Interest on Long-Term Debt	<u>56,785</u>	<u>64,452</u>	<u>(56,785)</u>	<u>(64,452)</u>
Total Program Expenses	<u>\$ 1,220,546</u>	<u>\$ 1,080,769</u>	<u>\$ 1,585,875</u>	<u>\$ 868,266</u>

Business type activities increased the City's net position by \$1,593,336. Of the business-type activities, the Water and Sewer funds accounted for approximately 62% and 38% of revenues, respectively.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$4,195,908, an increase of \$1,123,912. The fund balance constitutes restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$1,074,371 is restricted for highway and street projects, \$434,265 is restricted for urban renewal projects, \$263,841 is restricted for tourism projects, \$709,295 is committed for community development projects, and \$1,417,868 is unassigned and available for spending at the City's discretion.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,417,868. The total fund balance of the General Fund increased \$426,973 during the fiscal year.

Proprietary Funds

The City's enterprise funds reported unrestricted net position of \$1,450,810, an increase of \$1,593,336. The enterprise funds also report \$6,223,150 in restricted net position for capital projects and \$2,900,268 in net position invested in capital assets, net of related debt.

CITY OF LA PINE
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

Budgetary Highlights

General Fund resources were budgeted and anticipated to be available in the amount of \$1,666,582 during the fiscal year. Actual resources of \$1,053,284 were available, \$613,298 less than budgeted. General Fund expenditures budget was under-spent by \$1,724,771. The ending fund balance was greater than what was budgeted by \$1,167,868 and more than the prior year by \$431,857.

The Water Fund balance decreased during the fiscal year by \$232,657 primarily due to a budgeted interfund transfer out to the Reserve Fund of \$245,000 and the Sewer Fund balance decreased by \$298,199, primarily due to a budgeted interfund transfer out to the Reserve Fund of \$400,000. The SDC fund balance increased by \$1,121,969. All those funds remained within their budgeted appropriations. The Water Fund's actual resources were more than budgeted by \$205,612. The Sewer Fund's actual resources were more than budgeted by \$34,356.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the City had invested, before net reduction for accumulated depreciation, \$22,272,058 in capital assets, including buildings, land, machinery and equipment, water and sewer utility systems, construction in progress and other intangible assets. This amount represents an increase of \$458,546 from the prior year. In the governmental activities there were \$337,534 of additions and no deletions in the current year. In the business-type activities there were \$355,417 additions and \$38,500 of deletions.

Total depreciation expense for the year was \$688,847; of which \$339,131 is associated with general government activities, \$122,102 from water utilities, and \$227,613 from sewer utilities. Additional information on the City's capital assets can be found in the Capital Asset Note of the Notes to the Basic Financial Statements section of this report.

Long-Term Debt

At June 30, 2021 the City had total long-term debt outstanding of \$2,130,344. Principal paid on existing debt was \$475,574, and interest paid on the debt amounted to \$75,316. Additional information on the City's long-term debt can be found in the Long-Term Debt Note of the Notes to the Basic Financial Statements.

CITY OF LA PINE
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

A number of factors were considered by the City's officials during the process of developing the fiscal year 2021-22 budget. This is especially due to the expectation of the beginning of large utility projects necessary to meet the needs created by economic growth and activity within the City limits.

The City's budget for the fiscal year ending June 30, 2022 represents an overall increase of \$6,843,573 or 33 percent when compared with the current fiscal year budget.

Amounts available in the 2021-22 budget for appropriation in the General Fund are \$1,400,154 more than the 2020-21. Total resources are budgeted to be \$4,246,352.

The City is budgeting a substantial increase in Water Fund and Sewer Fund in anticipation of significant capital projects activities, along with increases in all other funds.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact 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.la.pine.or.us.

BASIC FINANCIAL
STATEMENTS

Government – Wide
Financial Statements

CITY OF LA PINE

STATEMENT OF NET POSITION

For the Fiscal Year Ended June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 4,083,268	\$ 7,365,362	\$ 11,448,630
Account Receivables - Net	161,101	183,613	344,714
Property Taxes Receivable	10,551	-	10,551
Prepaid Expenses	13,265	-	13,265
Inventory	258	20,946	21,204
Total Current Assets	4,268,443	7,569,921	11,838,364
Non-Current Assets:			
Restricted Cash	-	193,503	193,503
Capital Assets:			
Land	321,528	879,252	1,200,780
Intangible Assets	-	24,514	24,514
Construction in Progress	13,058	2,134,817	2,147,875
Infrastructure	6,759,500	10,566,726	17,326,226
Buildings & Improvements	588,673	376,265	964,938
Equipment & Vehicles	109,240	455,485	564,725
Other Capital Assets	-	43,000	43,000
Less: Accumulated Depreciation	(5,289,975)	(9,603,574)	(14,893,549)
Total Capital Assets, Net of Depreciation	2,502,024	4,876,485	7,378,509
Total Assets	\$ 6,770,467	\$ 12,639,909	\$ 19,410,376
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 34,127	\$ 26,980	\$ 61,107
Customer Deposits	4,500	46,770	51,270
Payroll Liabilities	14,214	12,202	26,416
Unearned Revenue	7,215	-	7,215
Interest Payable	1,491	3,415	4,906
Retirement Benefits Payable	-	97	97
Current Portion of Long-Term Liabilities	25,000	145,873	170,873
Total Current Liabilities	86,547	235,337	321,884
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities	300,000	1,830,344	2,130,344
Total Long-Term Liabilities	300,000	1,830,344	2,130,344
Total Liabilities	\$ 386,547	\$ 2,065,681	\$ 2,452,228
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Other Revenues Not Available	5,435	-	5,435
Total Deferred Inflows of Resources	\$ 5,435	\$ -	\$ 5,435
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 2,177,024	\$ 2,900,268	\$ 5,077,292
Restricted for:			
Highways & Streets	1,074,371	-	1,074,371
Capital Projects	-	6,223,150	6,223,150
Urban Renewal	434,265	-	434,265
Tourism	263,841	-	263,841
Unrestricted	2,428,984	1,450,810	3,879,794
Total Net Position	\$ 6,378,486	\$ 10,574,228	\$ 16,952,714

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, 2021

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 296,451	\$ 20,005	\$ 19,576	\$ -	\$ (256,870)
Highway and Streets	321,834	-	-	-	(321,834)
Tourism	74,512	-	248	-	(74,264)
Planning	173,054	488,269	19,750	-	334,965
Urban Renewal	5,180	-	-	-	(5,180)
Interest on Long-Term Debt	18,351	-	-	-	(18,351)
Total Governmental Activities	\$ 889,382	\$ 508,274	\$ 39,574	\$ -	\$ (341,534)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	\$ 644,832	\$ 1,737,399	\$ -	\$ -	\$ 1,092,567
Sewer Utilities	518,929	1,069,022	-	-	550,093
Interest on Long-Term Debt	56,785	-	-	-	(56,785)
Total Business-type Activities	\$1,220,546	\$2,806,421	\$ -	\$ -	\$ 1,585,875
Total Primary Government	\$2,109,928	\$3,314,695	\$ 39,574	\$ -	\$ 1,244,341
			<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>CHANGES IN NET POSITION:</u>					
Net (expense) revenue			\$ (341,534)	\$ 1,585,875	\$ 1,244,341
General Revenues:					
Property Taxes, Levied for General Purposes			491,540	-	491,540
Transient Room Tax			156,805	-	156,805
Intergovernmental Tax Turnovers			417,139	-	417,139
Franchise Taxes			294,547	-	294,547
Interest and Investment Earnings			3,413	6,111	9,524
Other Revenue			71,714	1,350	73,064
Total General Revenues and Transfers			1,435,158	7,461	1,442,619
Change in Net Position			1,093,624	1,593,336	2,686,960
Net Position, July 1, 2020			5,284,862	8,980,892	14,265,754
Net Position, June 30, 2021			\$ 6,378,486	\$ 10,574,228	\$ 16,952,714

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

For the Fiscal Year Ended June 30, 2021

	<u>Component Unit</u>					Total Governmental Funds
	General Fund	Street Fund	Community Development Fund	Urban Renewal Agency Fund	Other Governmental Funds	
ASSETS:						
Cash and Investments	\$ 1,622,846	\$ 1,082,419	\$ 582,955	\$ 433,499	361,549	\$ 4,083,268
Receivables:						
Accounts	119,463	-	23,654	-	12,358	155,475
Business License	5,626	-	-	-	-	5,626
Property Tax	7,821	-	-	2,730	-	10,551
Prepaid Expenses	-	13,265	-	-	-	13,265
Inventory	-	258	-	-	-	258
Total Assets	\$ 1,755,756	\$ 1,095,942	\$ 606,609	\$ 436,229	\$ 373,907	\$ 4,268,443
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 22,902	\$ 6,320	\$ 2,585	\$ -	\$ 2,320	\$ 34,127
Payroll Payable	10,011	1,728	2,475	-	-	14,214
Deposits Payable	4,500	-	-	-	-	4,500
Unearned Revenue	7,215	-	-	-	-	7,215
Total Liabilities	44,628	8,048	5,060	-	2,320	60,056
Deferred Inflows of Resources:						
Delinquent Property Tax Revenue Not Available	5,080	-	-	1,964	-	7,044
Other Revenues Not Available	5,435	-	-	-	-	5,435
Total Deferred Inflows of Resources	10,515	-	-	1,964	-	12,479
Fund Balances:						
Nonspendable	-	13,523	-	-	-	13,523
Restricted for:						
Highways and Streets	-	1,074,371	-	-	-	1,074,371
Urban Renewal	-	-	-	434,265	-	434,265
Tourism	-	-	-	-	263,841	263,841
Committed for:						
Cemetery Maintenance	32,745	-	-	-	-	32,745
Community Development	-	-	601,549	-	107,746	709,295
Assigned for:						
Appropriated Ending Fund Balance	250,000	-	-	-	-	250,000
Unassigned	1,417,868	-	-	-	-	1,417,868
Total Fund Balances	1,700,613	1,087,894	601,549	434,265	371,587	4,195,908
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 1,755,756	\$ 1,095,942	\$ 606,609	\$ 436,229	\$ 373,907	\$ 4,268,443

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
For the Fiscal Year Ended June 30, 2021**

Total Fund Balances - Governmental Funds **\$ 4,195,908**

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 -	\$ 7,791,999	
The accumulated depreciation is -	<u>(5,289,975)</u>	
Net Value of Assets		2,502,024

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

Property Taxes		7,044
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. (325,000)

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

Accrued Interest		<u>(1,491)</u>
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Net Position of Governmental Activities **\$ 6,378,485**

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, 2021

	Component Unit					Total Governmental Funds
	General Fund	Street Fund	Community Development Fund	Urban Renewal Agency Fund	Other Governmental Funds	
REVENUES:						
Taxes and Assessments	\$ 360,927	\$ -	\$ -	\$ 131,712	\$ -	\$ 492,639
Intergovernmental	282,434	134,705	-	-	-	417,139
Franchise Taxes	294,547	-	-	-	-	294,547
Licenses & Permits	13,115	-	-	-	-	13,115
Transient Room Tax	46,878	-	-	-	109,927	156,805
Charges for Service	6,890	-	474,108	-	14,161	495,159
Investment Revenue	1,605	732	434	431	211	3,413
Grants	19,576	-	-	-	19,998	39,574
Miscellaneous and Other Revenue	34,233	26,981	-	-	10,500	71,714
Total Revenues	1,060,205	162,418	474,542	132,143	154,797	1,984,105
EXPENDITURES:						
Current Operating:						
General Government	272,985	-	-	-	-	272,985
Cemetery Services	1,805	-	-	-	-	1,805
Highway and Streets	-	149,689	-	-	-	149,689
Tourism	-	-	-	-	72,411	72,411
Community Development	-	-	124,687	-	48,367	173,054
Urban Renewal	-	-	-	5,180	-	5,180
Debt Service	43,442	-	-	-	-	43,442
Capital Outlay	-	141,627	-	-	-	141,627
Total Expenditures	318,232	291,316	124,687	5,180	120,778	860,193
Excess (Deficiency) of Revenues Over Expenditures	741,973	(128,898)	349,855	126,963	34,019	1,123,912
OTHER FINANCING SOURCES (USES):						
Interfund Transfers In	-	200,000	60,000	-	45,000	305,000
Interfund Transfers (Out)	(305,000)	-	-	-	-	(305,000)
Total Other Financing Sources/(Uses)	(305,000)	200,000	60,000	-	45,000	-
Net Change in Fund Balances	436,973	71,102	409,855	126,963	79,019	1,123,912
Fund Balances, July 1, 2020	1,263,640	1,016,792	191,694	307,302	292,568	3,071,996
Fund Balances, June 30, 2021	\$ 1,700,613	\$ 1,087,894	\$ 601,549	\$ 434,265	\$ 371,587	\$ 4,195,908

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, 2021

Net Changes in Fund Balances - Total Governmental Funds **\$ 1,123,912**

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	\$ 141,627	
Less current year depreciation	<u>(195,907)</u>	(54,280)

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		(1,099)
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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.

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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		25,000
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Change in Net Position of Governmental Activities		<u>\$ 1,093,624</u>
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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
For the Fiscal Year Ended June 30, 2021

	<u>Water Funds</u>	<u>Sewer Fund</u>	<u>Water/ Sewer Reserve Fund</u>	<u>SDC Fund</u>	<u>Total Proprietary Funds</u>
<u>ASSETS:</u>					
Current Assets:					
Cash and Investments	\$ 739,177	\$ 418,979	\$ 2,511,024	\$ 3,696,182	\$ 7,365,362
Accounts Receivable - Net	79,403	88,266	-	15,944	183,613
Inventory	20,019	927	-	-	20,946
Total Current Assets	838,599	508,172	2,511,024	3,712,126	7,569,921
Non-Current Assets:					
Restricted Cash	193,503	-	-	-	193,503
Capital Assets:					
Land	33,500	845,752	-	-	879,252
Intangible Assets	24,514	-	-	-	24,514
Construction in Progress	813,039	1,321,778	-	-	2,134,817
Infrastructure	5,651,572	4,915,154	-	-	10,566,726
Buildings & Improvements	219,953	156,312	-	-	376,265
Equipment & Vehicles	151,938	303,547	-	-	455,485
Other Capital Assets	22,500	20,500	-	-	43,000
Less: Accumulated Depreciation	(5,110,189)	(4,493,385)	-	-	(9,603,574)
Total Capital Assets, Net of Depreciation	1,806,827	3,069,658	-	-	4,876,485
Total Assets	2,838,929	3,577,830	2,511,024	3,712,126	12,639,909
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	26,213	767	-	-	26,980
Interest Payable	3,415	-	-	-	3,415
Customer Deposits	46,770	-	-	-	46,770
Payroll Liabilities	6,101	6,101	-	-	12,202
Retirement Benefits Payable	97	-	-	-	97
Current Portion of Long-Term Obligations	145,873	-	-	-	145,873
Total Current Liabilities	228,469	6,868	-	-	235,337
Long-Term Obligations	1,561,551	268,793	-	-	1,830,344
Total Long-Term Liabilities	1,561,551	268,793	-	-	1,830,344
Total Liabilities	1,790,020	275,661	-	-	2,065,681
<u>NET POSITION:</u>					
Net Investment in Capital Assets	99,403	2,800,865	-	-	2,900,268
Restricted for:					
Capital Projects	-	-	2,511,024	3,712,126	6,223,150
Unrestricted	949,506	501,304	-	-	1,450,810
Total Net Position	\$ 1,048,909	\$ 3,302,169	\$ 2,511,024	\$ 3,712,126	\$ 10,574,228

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, 2021

	<u>Water Funds</u>	<u>Sewer Fund</u>	<u>Water/ Sewer Reserve Fund</u>	<u>SDC Fund</u>	<u>Total Proprietary Funds</u>
<u>OPERATING REVENUES:</u>					
Charges for Services & Fees	\$ 748,561	\$ 624,369	\$ -	\$ -	\$ 1,372,930
SDC Income	-	314,590	-	1,118,901	1,433,491
Micellaneous & Other Income	1,350	-	-	-	1,350
Total Revenues	749,911	938,959	-	1,118,901	2,807,771
<u>OPERATING EXPENSES:</u>					
Personnel Services	184,159	184,157	-	-	368,316
Materials and Supplies	162,686	185,423	-	-	348,109
Depreciation Expense	297,987	149,349	-	-	447,336
Total Operating Expenses	644,832	518,929	-	-	1,163,761
Income (Loss) from Operations	105,079	420,030	-	1,118,901	1,644,010
<u>NON-OPERATING REVENUES (EXPENSES):</u>					
Investment Revenue	815	679	1,549	3,068	6,111
Interest Expense	(43,374)	(13,411)	-	-	(56,785)
Total Non-Operating Rev. (Exp.)	(42,559)	(12,732)	1,549	3,068	(50,674)
Income before Transfers	62,520	407,298	1,549	1,121,969	1,593,336
<u>TRANSFERS:</u>					
Transfers from Other Funds	-	-	645,000	-	645,000
Transfers to Other Funds	(245,000)	(400,000)	-	-	(645,000)
Changes in Net Position	(182,480)	7,298	646,549	1,121,969	1,593,336
Net Position, July 1, 2020	1,231,389	3,294,871	1,864,475	2,590,157	8,980,892
Net Position, June 30, 2021	\$ 1,048,909	\$ 3,302,169	\$ 2,511,024	\$ 3,712,126	\$ 10,574,228

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, 2021

	Water Funds	Sewer Fund	Water/Sewer Reserve Fund	SDC Fund	Total Proprietary Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Cash Received from User Charges	\$ 770,873	\$ 682,614	\$ -	\$ 820,029	\$ 2,273,516
Cash Payments for Employee Services	(182,938)	(182,936)	-	-	(365,874)
Cash Payments to Suppliers	(141,051)	(190,005)	-	-	(331,056)
Net Cash Provided (Used) by Operating Activities	446,884	309,673	-	820,029	1,576,586
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>					
Transfer from Other Funds	-	-	645,000	314,590	959,590
Transfer to Other Funds	(245,000)	(400,000)	-	-	(645,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	(245,000)	(400,000)	645,000	314,590	314,590
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Acquisition of Capital Assets	(280,096)	(155,006)	-	-	(435,102)
Principal Paid on Long Term Debt	(149,395)	-	-	-	(149,395)
Interest Paid on Long Term Debt	(43,673)	-	-	-	(43,673)
Net Cash Provided (Used) by Capital and Related Financing Activities	(473,164)	(155,006)	-	-	(628,170)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Investment Income	815	679	1,549	3,068	6,111
Net Cash Provided (Used) by Investing Activities	815	679	1,549	3,068	6,111
Cash and Cash Equivalents at July 1, 2020	1,009,642	663,633	1,864,475	2,558,495	6,096,245
Cash and Cash Equivalents at June 30, 2021	\$ 739,177	\$ 418,979	\$ 2,511,024	\$ 3,696,182	\$ 7,365,362
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>					
Income from Operations	\$ 105,079	\$ 420,030	\$ -	\$ 1,118,901	\$ 1,644,010
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:					
Depreciation	297,987	149,349	-	-	447,336
Revenues Collected by Agent, Not Received	-	(314,590)	-	(314,590)	(629,180)
Change in Assets and Liabilities:					
Decrease (Increase) in Accounts Receivable	12,197	58,245	-	15,718	86,160
Inventory	(2,402)	(98)	-	-	(2,500)
Increase (Decrease) in Customer Deposits	8,765	-	-	-	8,765
Increase (Decrease) in Payables	25,258	(3,263)	-	-	21,995
Net Cash Provided (Used) by Operating Activities	\$ 446,884	\$ 309,673	\$ -	\$ 820,029	\$ 1,576,586
Non Cash Transactions:					
Related to Notes Payable - Deschutes County					
SDC Fees Paid to County and Applied to Note Payable	\$ -	\$ -	\$ -	\$ 314,590	\$ 314,590
Interest Paid from SDCs Collected by County	-	(13,411)	-	-	(13,411)
Payments on Loan from SDCs Collected by County	-	(301,179)	-	-	(301,179)
Total Non-Cash Transactions	\$ -	\$ (314,590)	\$ -	\$ 314,590	\$ -

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, 2021

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 Manager who reports to and is responsible to the mayor and council. The chief administrative officer is the City Manager.

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:

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 has one component unit, the Urban Renewal Agency.

Blended Component Unit. The City has included the financial operations of its Urban Renewal Agency as a blended component unit in the basic financial statements. The Agency is a legally separate entity, which is governed by a board comprised of the members of the City Council as stipulated in the Agency's bylaws. The City Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding for the Agency. The Agency is reported as a special revenue fund and a debt service fund. Complete financial statements for the Agency can be obtained from the Finance Department of the City.

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.

CITY OF LA PINE
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

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

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.

Community Development Fund – The purpose of this fund is to provide to the public Planning/Land Use Services both in terms of current development and shaping the future of La Pine through long-range planning efforts.

Urban Renewal Agency Fund – This fund accounts for the General Fund revenues and expenditures of the Urban Renewal Agency.

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 Industrial/Economic 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

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

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.

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 expend-able 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

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

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.

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.

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.

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.

CITY OF LA PINE
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

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.

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.

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

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

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

Monthly depreciation is taken in the year the assets are acquired or retired.

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.

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. Net Investment in Capital Assets - 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. At June 30, 2021, \$7,995,627 was restricted for enabling legislation.

CITY OF LA PINE
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

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, 2021 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.

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.

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

June 30, 2021

CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Cash and Investments note under the Summary of Significant Accounting Policies.

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 Cash and Investments note under the Summary of Significant Accounting Policies.

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, 2021, the reported amount of the City's deposits was \$11,637,603 and the bank balance was \$11,584,797. 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, 2021, 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, 2021.

CITY OF LA PINE
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2021:

Governmental Activities	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets not being depreciated:				
Land	\$ 321,528	\$ -	\$ -	\$ 321,528
Construction in Progress	13,058	-	-	13,058
Total	334,586	-	-	334,586
Assets being depreciated:				
Building and Building Improvement	588,673	-	-	588,673
Machinery and Equipment	109,240	-	-	109,240
Infrastructure	6,617,873	141,627	-	6,759,500
Total Depreciable Assets	7,315,786	141,627	-	7,457,413
Less: Accumulated Depreciation				
Building and Building Improvement	98,277	15,878	-	114,156
Machinery and Equipment	39,966	14,590	-	54,557
Infrastructure	4,955,824	165,438	-	5,121,262
Total Accumulated Depreciation	5,094,068	195,907	-	5,289,975
Net Value of Capital Assets Being Depreciated	2,221,718	(54,280)	-	2,167,438
Total Governmental Activities -- Net Value of Capital Assets	<u>\$ 2,556,304</u>	<u>\$ (54,280)</u>	<u>\$ -</u>	<u>\$ 2,502,024</u>

Depreciation expense was charged to the functions of governmental activities as follows:

General Government	\$ 21,661
Public Works	172,145
Tourism	2,101
Total Depreciation Expense	<u>\$ 195,907</u>

CITY OF LA PINE
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CAPITAL ASSETS (Cont.):

Business-Type Activities	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets not being depreciated:				
Land	\$ 831,268	\$ 47,984	\$ -	\$ 879,252
Construction in Progress	1,827,382	307,435	-	2,134,817
Intangible Assets	24,514	-	-	24,514
Total	2,683,164	355,419	-	3,038,583
Assets being depreciated:				
Utility Systems	10,566,726	-	-	10,566,726
Building and Building Improvement	376,265	-	-	376,265
Machinery and Equipment	493,985	-	38,500	455,485
Master Plan	43,000	-	-	43,000
Total Depreciable Assets	11,479,976	-	38,500	11,441,476
Less: Accumulated Depreciation				
Utility Systems	8,526,029	414,066	-	8,940,095
Building and Building Improvement	230,638	15,147	-	245,786
Machinery and Equipment	419,115	13,822	38,500	394,437
Master Plan	18,992	4,300	-	23,292
Total Accumulated Depreciation	9,194,775	447,336	38,500	9,603,610
Net Value of Capital Assets Being Depreciated	2,285,201	(447,336)	-	1,837,865
Total Business-Type Activities -- Net Value of Capital Assets	\$ 4,968,365	\$ (91,917)	\$ -	\$ 4,876,448
Total Net Value of Capital Assets of Primary Government	\$ 7,524,669	\$ (146,197)	\$ -	\$ 7,378,473

Depreciation expense was charged to the functions of business-type activities as follows:

Water	\$ 297,987
Sewer	<u>149,349</u>
Total Depreciation Expense	<u>\$ 447,336</u>

CITY OF LA PINE
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

LONG-TERM DEBT:

A summary of debt transactions for the year ended June 30, 2021 is as follows:

Bank of New York Mellon 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%.

Sewer System Expansion Loan, dated June 28, 2004 from Deschutes County. Principal reductions are credited base on SDC payments received at the County for Crescent Creek Division. Interest is capitalized at 2.86% annually. No repayments are required to be paid directly by the City of La Pine. The loan terminates in fifty years, even if the loan is not paid in full at that time.

Refinance of USDA Revenue Bonds with Washington Federal Bank in the amount of \$2,420,000, dated June 2, 2016. The bond is payable in annual installments of \$96,533.88, including interest at 2.40% per annum. The bond matures June 2, 2031. The bond requires the city to place \$193,068 in a reserve account.

On March 2, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality for wastewater improvements. The contract of the loan is for \$1,000,000 and carries an interest rate of 1.10% with a .5% service fee. The City must set up a reserve of \$19,845. Payments are due the first day of February and August beginning February 1, 2022. The City has not received any loan disbursements as of June 30, 2021.

On March 2, 2020, the City entered into an interim loan agreement with Oregon Department of Environmental Quality for wastewater system improvements. The contract of the loan is for \$7,832,500 and carries an interest rate of .69%. The loan is scheduled to be retired in one payment of total principal owed along with interest of \$130,238 on December 31, 2022. The City has not received any loan disbursements as of June 30, 2021.

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:

<u>Governmental Long-Term Debt</u>	Outstanding Balance July 1, 2020	New Issues	Principal Paid	Interest Paid	Outstanding Balance June 30, 2021	Due Within One Year
Bonds Payable:						
Bank of New York Mellon Certificate of Participation, Series 2011 A	\$ 350,000	\$ -	\$ 25,000	\$ 18,441	\$ 325,000	\$ 25,000
Total Bonds Payable	<u>350,000</u>	<u>-</u>	<u>25,000</u>	<u>18,441</u>	<u>325,000</u>	<u>25,000</u>
Total Governmental Long-Term Debt	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 18,441</u>	<u>\$ 325,000</u>	<u>\$ 25,000</u>
<u>Business-Type Long-Term Debt</u>						
Bonds Payable:						
City of La Pine Water Revenue Refunding Bond, Series 2016	\$ 1,856,819	\$ -	\$ 149,395	\$ 43,773	\$ 1,707,424	\$ 145,873
Total Bonds Payable	<u>1,856,819</u>	<u>-</u>	<u>149,395</u>	<u>43,773</u>	<u>1,707,424</u>	<u>145,873</u>
Notes from Direct Borrowings:						
Sewer System Expansion Loan	569,972	-	301,179	13,411	268,793	-
DEQ Wastewater Improvement Loan	-	-	-	-	-	-
DEQ Wastewater Improvement Loan	-	-	-	-	-	-
Total Notes from Direct Borrowings	<u>569,972</u>	<u>-</u>	<u>301,179</u>	<u>13,411</u>	<u>268,793</u>	<u>-</u>
Total Business-Type Long-Term Debt	<u>\$ 2,426,791</u>	<u>\$ -</u>	<u>\$ 450,574</u>	<u>\$ 57,184</u>	<u>\$ 1,976,217</u>	<u>\$ 145,873</u>

CITY OF LA PINE
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

LONG-TERM DEBT (Cont.):

The Note from Direct Borrowing with Deschutes County is paid with SDC payments received and therefore is not included in the future debt requirements below.

The Sewer Expansion note from direct borrowing described above has no defined payment schedule. Accordingly, no repayment schedule is reported here.

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

Governmental Activities

<u>Due Fiscal Year</u> <u>Ending June 30,</u>	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 25,000	\$ 17,239	\$ 42,239
2023	25,000	15,926	40,926
2024	30,000	14,483	44,483
2025	30,000	12,908	42,908
2026	30,000	11,333	41,333
2027 - 2031	185,000	27,219	212,219
Total	\$ 325,000	\$ 99,108	\$ 424,108

Business-Type Activities

<u>Due Fiscal Year</u> <u>Ending June 30,</u>	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 153,002	\$ 40,066	\$ 193,068
2023	156,696	36,372	193,068
2024	160,479	32,588	193,068
2025	164,354	28,714	193,068
2026	168,322	24,745	193,068
2027 - 2031	904,569	60,770	965,339
Total	\$ 1,707,423	\$ 223,254	\$ 1,930,678

CITY OF LA PINE
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

LONG-TERM DEBT (Cont.):

The City has no unused lines of credit.

The City has no assets that are specifically pledged as collateral for any of the debt.

For further detail on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Supplementary Data section of this report.

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, 2021 was \$24,797.

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.

OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Plan Description

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. The City's group plan is rated based on its own group experience. Currently, no retirees are participating in the plan. Management has determined there is no implicit rate subsidy related to their health insurance.

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.

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

CITY OF LA PINE
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

RISK MANAGEMENT (Cont.):

to CCIS for general insurance coverage and to SAIF for workers compensation insurance coverage. CCIS and SAIF are 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.

INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2021 were as follows:

	Transfers Out	Transfers In
General Fund	\$ 305,000	\$ -
Streets Fund	-	200,000
Community Development Fund	-	60,000
Industrial/Economic Development Fund	-	45,000
Reserve Fund	-	645,000
Water Fund	245,000	-
Sewer Fund	400,000	-
Total	\$ 950,000	\$ 950,000

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.

COMMITMENTS:

During the 2016-17 fiscal year, the City began preliminary efforts for grant and debt funding for wastewater collection system and treatment facility improvements. The City received a letter dated September 8, 2017 from United States Department of Agriculture (USDA) in which conditions were established for a \$5,000,000 loan and \$3,699,500 in grant funding from USDA. The total project cost is \$14,028,000. The \$5,328,500 remainder is expected to be funded with proceeds from additional grants and \$1,633,000 from the City. The City agreed to the conditions of the September 8 letter. The letter does not constitute loan or grant approval. Nor does it ensure that funds will be available for the planned project.

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, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Property Taxes and Assessments	\$ 318,000	\$ 318,000	\$ 360,927	\$ 42,927
Motel Tax	30,000	30,000	46,878	16,878
State Revenue Sharing	211,700	211,700	282,434	70,734
Franchise Taxes	240,500	240,500	294,547	54,047
Licenses, Permits and Fees	9,100	9,100	13,115	4,015
Investment Revenue	19,200	19,200	1,574	(17,626)
Grants	800,000	800,000	19,576	(780,424)
Rents	35,582	35,582	31,105	(4,477)
Miscellaneous Revenue	2,500	2,500	3,128	628
Total Revenues	1,666,582	1,666,582	1,053,284	(613,298)
<u>EXPENDITURES:</u>				
General/Administration Program	1,747,756	1,747,756	272,985	(1,474,771)
Not Allocated to Organizational Unit or Program:				
Debt Service	43,442	43,442	43,442	-
Contingency	250,000	250,000	-	(250,000)
Total Expenditures	2,041,198	2,041,198	316,427	(1,724,771)
Excess (Deficiency) of Revenues Over Expenditures	(374,616)	(374,616)	736,857	1,111,473
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(305,000)	(305,000)	(305,000)	-
Total Other Financing Sources (Uses)	(305,000)	(305,000)	(305,000)	-
Net Change in Fund Balance	(679,616)	(679,616)	431,857	1,111,473
Fund Balance - July 1, 2020	1,179,616	1,179,616	1,236,011	56,395
Fund Balance - June 30, 2021	\$ 500,000	\$ 500,000	\$1,667,868	\$1,167,868
Reconciliation to Governmental Fund Balance as required by GASB #54:				
Cemetery Fund Balance			32,745	
Total General Fund Balance reported on Balance Sheet			<u>\$ 1,700,613</u>	

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	
<u>REVENUES:</u>				
State Gas Funds	\$ 215,000	\$ 215,000	\$ 134,705	\$ (80,295)
Grants and Contributions	100,000	100,000	-	(100,000)
Investment Revenue	-	-	732	732
Miscellaneous Revenue	8,000	8,000	26,981	18,981
Total Revenues	323,000	323,000	162,418	(160,582)
<u>EXPENDITURES:</u>				
Streets Program	725,577	725,577	291,316	(434,261)
Not Allocated to Organizational Unit or Program:				
Contingency	150,000	150,000	-	(150,000)
Total Expenditures	875,577	875,577	291,316	(584,261)
Excess (Deficiency) of Revenues Over Expenditures	(552,577)	(552,577)	(128,898)	423,679
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	200,000	200,000	200,000	-
Total Other Financing Sources (Uses):	200,000	200,000	200,000	-
Net Change In Fund Balance	(352,577)	(352,577)	71,102	423,679
Fund Balance - July 1, 2020	852,577	852,577	1,016,792	164,215
Fund Balance - June 30, 2021	\$ 500,000	\$ 500,000	\$1,087,894	\$ 587,894

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Planning Fees	\$ 75,000	\$ 75,000	\$ 474,108	\$ 399,108
Investment Revenue	1,316	1,316	434	(882)
Total Revenues	76,316	76,316	474,542	398,226
<u>EXPENDITURES:</u>				
Community Development Program	225,909	225,909	124,687	(101,222)
Not Allocated to Organizational Unit or Program:				
Contingency	56,000	56,000	-	(56,000)
Total Expenditures	281,909	281,909	124,687	(157,222)
Excess (Deficiency) of Revenues Over Expenditures	(205,593)	(205,593)	349,855	555,448
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	60,000	60,000	60,000	-
Total Other Financing Sources (Uses)	60,000	60,000	60,000	-
Net Change In Fund Balance	(145,593)	(145,593)	409,855	555,448
Fund Balance - July 1, 2020	195,593	195,593	191,694	(3,899)
Fund Balance - June 30, 2021	\$ 50,000	\$ 50,000	\$ 601,549	\$ 551,549

CITY OF LA PINE

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

URBAN RENEWAL AGENCY

For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	
<u>REVENUES:</u>				
Property Taxes - Current	\$ 115,000	\$ 115,000	\$ 130,595	\$ 15,595
Property Taxes - Prior	-	-	1,117	1,117
Investment Revenue	-	-	431	431
Total Revenues	115,000	115,000	132,143	17,143
<u>EXPENDITURES:</u>				
Materials and Services	37,516	37,516	5,180	(32,336)
Contingency	125,000	125,000	-	(125,000)
Total Expenditures	162,516	162,516	5,180	(157,336)
Excess (Deficiency) of Revenues Over Expenditures	(47,516)	(47,516)	126,963	174,479
Net Change In Fund Balance	(47,516)	(47,516)	126,963	174,479
Fund Balance - July 1, 2020	307,516	307,516	307,302	(214)
Fund Balance - June 30, 2021	\$ 260,000	\$ 260,000	\$ 434,265	\$ 174,265

OTHER
SUPPLEMENTARY
DATA

Combining Schedules

CITY OF LA PINE
COMBINING BALANCE SHEET
GENERAL AND CEMETERY FUNDS
For the Fiscal Year Ended June 30, 2021

	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Totals</u>
<u>ASSETS:</u>			
Cash and Investments	\$ 1,585,601	\$ 37,245	\$ 1,622,846
Receivables:			
Accounts	119,463	-	119,463
Business License	5,626	-	5,626
Property Tax	7,821	-	7,821
Total Assets	<u>1,718,511</u>	<u>37,245</u>	<u>1,755,756</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>			
Liabilities:			
Accounts Payable	22,902	-	22,902
Payroll Payable	10,011	-	10,011
Deposits Payable	-	4,500	4,500
Unearned Revenue	7,215	-	7,215
Total Liabilities	<u>40,128</u>	<u>4,500</u>	<u>44,628</u>
Deferred Inflows of Resources:			
Delinquent Property Tax Revenue Not Available	5,080	-	5,080
Other Revenues Not Available	5,435	-	5,435
Total Deferred Inflows of Resources	<u>10,515</u>	<u>-</u>	<u>10,515</u>
Fund Balances:			
Committed for:			
Cemetery Maintenance	-	32,745	32,745
Appropriated Ending Fund Balance	250,000	-	250,000
Unassigned	1,417,868	-	1,417,868
Total Fund Balances	<u>1,667,868</u>	<u>32,745</u>	<u>1,700,613</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 1,718,511</u>	<u>\$ 37,245</u>	<u>\$ 1,755,756</u>

CITY OF LA PINE
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
GENERAL AND CEMETERY FUNDS
For the Fiscal Year Ended June 30, 2021

	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Totals</u>
<u>REVENUES:</u>			
Property Taxes and Assessments	\$ 360,927	\$ -	\$ 360,927
Motel Tax	46,878	-	46,878
State Revenue Sharing	282,434	-	282,434
Franchise Taxes	294,547	-	294,547
Licenses, Permits and Fees	13,115	-	13,115
Charges for Service	-	6,890	6,890
Investment Revenue	1,574	31	1,605
Grants	19,576	-	19,576
Rents	31,105	-	31,105
Miscellaneous Revenue	3,128	-	3,128
Total Revenues	<u>1,053,284</u>	<u>6,921</u>	<u>1,060,205</u>
<u>EXPENDITURES:</u>			
Current Operating:			
General Government	272,985	1,805	274,790
Debt Service	43,442	-	43,442
Total Expenditures	<u>316,427</u>	<u>1,805</u>	<u>318,232</u>
Excess (Deficiency) of Revenues Over Expenditures	736,857	5,116	741,973
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfer (Out)	<u>(305,000)</u>	-	<u>(305,000)</u>
Total Other Financing Sources (Uses)	<u>(305,000)</u>	<u>-</u>	<u>(305,000)</u>
Net Change in Fund Balance	431,857	5,116	436,973
Fund Balance - July 1, 2020	<u>1,236,011</u>	<u>27,629</u>	<u>1,263,640</u>
Fund Balance - June 30, 2021	<u>\$1,667,868</u>	<u>\$ 32,745</u>	<u>\$1,700,613</u>

OTHER
SUPPLEMENTARY
DATA

Non-Major Special
Revenue Funds

CITY OF LA PINE
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2021

	<u>Industrial/ Economic Development Fund</u>	<u>Tourism Fund</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash & Investments	\$ 107,746	\$ 253,803	\$ 361,549
Accounts Receivable	-	12,358	12,358
Total Assets	<u>107,746</u>	<u>266,161</u>	<u>373,907</u>
<u>LIABILITIES:</u>			
Accounts Payable	-	2,320	2,320
Total Liabilities	<u>-</u>	<u>2,320</u>	<u>2,320</u>
<u>FUND BALANCES:</u>			
Restricted for:			
Tourism	-	263,841	263,841
Committed for:			
Community Development	107,746	-	107,746
Total Fund Balances	<u>107,746</u>	<u>263,841</u>	<u>371,587</u>
Total Liabilities and Fund Balances	<u>\$ 107,746</u>	<u>\$ 266,161</u>	<u>\$ 373,907</u>

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, 2021

	Industrial/ Economic Development Fund	Tourism Fund	Total
<u>REVENUES:</u>			
Transient Room Tax	\$ -	\$ 109,927	\$ 109,927
Charges for Services	14,161	-	14,161
Investment Revenue	-	211	211
Grants	19,750	248	19,998
Other Revenue	10,500	-	10,500
Total Revenues	<u>44,411</u>	<u>110,386</u>	<u>154,797</u>
<u>EXPENDITURES:</u>			
Current Operating:			
Tourism	-	72,411	72,411
Community Development	48,367	-	48,367
Total Expenditures	<u>48,367</u>	<u>72,411</u>	<u>120,778</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,956)	37,975	34,019
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	45,000	-	45,000
Total Other Financing Sources (Uses)	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Net Change In Fund Balances	41,044	37,975	79,019
Fund Balances - July 1, 2020	66,702	225,866	292,568
Fund Balances - June 30, 2021	<u>\$ 107,746</u>	<u>\$ 263,841</u>	<u>\$ 371,587</u>

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 70,000	\$ 70,000	\$ 109,927	\$ 39,927
Investment Revenue	1,536	1,536	211	(1,325)
Grants	200	200	248	48
Total Revenues	71,736	71,736	110,386	38,650
<u>EXPENDITURES:</u>				
Tourism Program	165,685	165,685	72,411	(93,274)
Not Allocated to Organizational Unit or Program:				
Contingency	25,000	25,000	-	(25,000)
Total Expenditures	190,685	190,685	72,411	(118,274)
Net Change In Fund Balance	(118,949)	(118,949)	37,975	156,924
Fund Balance - July 1, 2020	173,949	173,949	225,866	51,917
Fund Balance - June 30, 2021	55,000	55,000	263,841	208,841

CITY OF LA PINE

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

INDUSTRIAL / ECONOMIC DEVELOPMENT FUND

For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
			<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>(See Note 1)</u>	<u>Over</u>
				<u>(Under)</u>
<u>REVENUES:</u>				
Industrial Site Leases	\$ 9,777	\$ 9,777	\$ 14,109	\$ 4,332
Industrial Site Sales & Options	5,000	5,000	52	(4,948)
Business Sponsorship	5,000	5,000	19,750	14,750
Investment Revenue	400	400	-	(400)
Miscellaneous	-	-	10,500	10,500
Total Revenues	20,177	20,177	44,411	24,234
<u>EXPENDITURES:</u>				
Industrial/Economic Development Program	103,079	103,079	48,367	(54,712)
Not Allocated to Organizational Unit or Program:				
Contingency	25,000	25,000	-	(25,000)
Total Expenditures	128,079	128,079	48,367	(79,712)
Excess (Deficiency) of Revenues Over Expenditures	(107,902)	(107,902)	(3,956)	103,946
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	45,000	45,000	45,000	-
Total Other Financing Sources (Uses)	45,000	45,000	45,000	-
Net Change In Fund Balance	(62,902)	(62,902)	41,044	103,946
Fund Balance - July 1, 2020	62,902	62,902	66,702	3,800
Fund Balance - June 30, 2021	\$ -	\$ -	\$ 107,746	\$ 107,746

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Plot Sales	\$ 2,000	\$ 2,000	\$ 6,890	\$ 4,890
Investment Revenue	170	170	31	(139)
Total Revenues	2,170	2,170	6,921	4,751
<u>EXPENDITURES:</u>				
Cemetery Program	20,157	20,157	1,805	(18,352)
Not Allocated to Organizational Unit or Program:				
Contingency	7,300	7,300	-	(7,300)
Total Expenditures	27,457	27,457	1,805	(25,652)
Net Change in Fund Balance	(25,287)	(25,287)	5,116	30,403
Fund Balance - July 1, 2020	25,287	25,287	27,629	2,342
Fund Balance - June 30, 2021	\$ -	\$ -	\$ 32,745	\$ 32,745

OTHER
SUPPLEMENTARY
DATA

Proprietary Funds

CITY OF LA PINE
COMBINING STATEMENT OF NET POSITION
WATER AND DEBT RESERVE FUNDS
For the Fiscal Year Ended June 30, 2021

	<u>Water Fund</u>	<u>Debt Reserve Fund</u>	<u>Total Water Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 739,177	\$ -	\$ 739,177
Restricted Cash	-	193,503	193,503
Accounts Receivable - Net	79,403	-	79,403
Inventory	20,019	-	20,019
Total Current Assets	838,599	193,503	1,032,102
Capital Assets:			
Land	33,500	-	33,500
Intangible Assets	24,514	-	24,514
Construction in Progress	813,039	-	813,039
Infrastructure	5,651,572	-	5,651,572
Buildings & Improvements	219,953	-	219,953
Equipment & Vehicles	151,938	-	151,938
Other Capital Assets	22,500	-	22,500
Less: Accumulated Depreciation	(5,110,189)	-	(5,110,189)
Total Capital Assets, Net of Depreciation	1,806,827	-	1,806,827
Total Assets	2,645,426	193,503	2,838,929
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	26,213	-	26,213
Interest Payable	3,415	-	3,415
Customer Deposits	46,770	-	46,770
Payroll Liabilities	6,101	-	6,101
Retirement Benefits Payable	97	-	97
Current Portion of Long-Term Obligations	145,873	-	145,873
Total Current Liabilities	228,469	-	228,469
Long-Term Obligations	1,561,551	-	1,561,551
Total Long-Term Liabilities	1,561,551	-	1,561,551
Total Liabilities	1,790,020	-	1,790,020
<u>NET POSITION:</u>			
Net Investment in Capital Assets	99,403	-	99,403
Unrestricted	756,003	193,503	949,506
Total Net Position	\$ 855,406	\$ 193,503	\$ 1,048,909

CITY OF LA PINE

**Combining Statement of Revenues, Expenses,
and Changes in Net Position**

WATER AND DEBT RESERVE FUNDS

For the Fiscal Year Ended June 30, 2021

	Water Fund	Debt Reserve Fund	Total Water Funds
<u>OPERATING REVENUES:</u>			
Charges for Services & Fees	\$ 726,698	\$ -	\$ 726,698
Micellaneous & Other Income	26,327	-	26,327
Total Revenues	753,025	-	753,025
<u>OPERATING EXPENSES:</u>			
Personnel Services	184,159	-	184,159
Materials and Supplies	162,686	-	162,686
Depreciation Expense	297,987	-	297,987
Total Operating Expenses	644,832	-	644,832
Income (Loss) from Operations	108,193	-	108,193
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Investment Revenue	815	-	815
Interest Expense	(43,374)	-	(43,374)
Total Non-Operating Rev. (Exp.)	(42,559)	-	(42,559)
Income before Transfers	65,634	-	65,634
<u>TRANSFERS:</u>			
Transfers to Other Funds	(245,000)	-	(245,000)
Changes in Net Position	(179,366)	-	(179,366)
Net Position, July 1, 2020	1,037,887	193,503	1,231,390
Net Position, June 30, 2021	\$ 858,521	\$ 193,503	\$ 1,052,024

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, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Charges for Services	\$ 528,500	\$ 528,500	\$ 726,698	\$ 198,198
Licenses, Permits and Fees	8,000	8,000	24,977	16,977
Rental Income	-	-	167	167
Investment Revenue	11,395	11,395	815	(10,580)
Other Revenue	500	500	1,350	850
Total Revenues	<u>548,395</u>	<u>548,395</u>	<u>754,007</u>	<u>205,612</u>
<u>EXPENDITURES:</u>				
Water Utility Services Program	1,787,916	1,787,916	548,596	(1,239,320)
Not Allocated to Organizational Unit or Program:				
Debt Service	193,068	193,068	193,068	-
Contingency	105,000	105,000	-	(105,000)
Total Expenditures	<u>2,085,984</u>	<u>2,085,984</u>	<u>741,664</u>	<u>(1,344,320)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,537,589)	(1,537,589)	12,343	1,549,932
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(245,000)	(245,000)	(245,000)	-
Debt Proceeds	1,000,000	1,000,000	-	(1,000,000)
Total Other Financing Sources (Uses)	<u>755,000</u>	<u>755,000</u>	<u>(245,000)</u>	<u>(1,000,000)</u>
Net Change In Fund Balance	(782,589)	(782,589)	(232,657)	549,932
Fund Balance - July 1, 2020	882,589	882,589	998,140	115,551
Fund Balance - June 30, 2021	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 765,483</u>	<u>\$ 665,483</u>
Reconciliation to generally accepted accounting principles basis:				
Net Change in Fund Balance			(232,657)	
Debt Repayment - Principal			149,395	
Capital outlay that is capitalized			201,751	
Depreciation Expense			(297,987)	
Change in Interest Payable			299	
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position			<u>\$ (179,199)</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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Over (Under)
<u>REVENUES:</u>				
Charges for Services	\$ 575,000	\$ 575,000	\$ 624,369	\$ 49,369
Investment Revenue	15,692	15,692	679	(15,013)
Total Revenues	590,692	590,692	625,048	34,356
<u>EXPENDITURES:</u>				
Sewer Utility Services Program	7,578,294	7,578,294	523,247	(7,055,047)
Not Allocated to Organizational Unit or Program:				
Contingency	300,000	300,000	-	(300,000)
Total Expenditures	7,878,294	7,878,294	523,247	(7,355,047)
Excess (Deficiency) of Revenues Over Expenditures	(7,287,602)	(7,287,602)	101,801	7,389,403
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(400,000)	(400,000)	(400,000)	-
Special Payments	(5,000)	(5,000)	-	5,000
Debt Proceeds	7,000,000	7,000,000	-	(7,000,000)
Total Other Financing Sources (Uses)	6,595,000	6,595,000	(400,000)	(6,995,000)
Net Change In Fund Balance	(692,602)	(692,602)	(298,199)	394,403
Fund Balance - July 1, 2020	792,602	792,602	984,795	192,193
Fund Balance - June 30, 2021	\$ 100,000	\$ 100,000	\$ 686,596	\$ 586,596

Reconciliation to generally accepted accounting principles basis

Net Change in Fund Balance	(298,199)
Debt Repayment - Principal	314,590
Construction in Progress	153,667
Depreciation Expense	(149,349)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 20,709</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	
<u>REVENUES:</u>				
SDC Income - Water	\$ 150,000	\$ 150,000	\$ 471,866	\$ 321,866
SDC Income - Sewer	150,000	150,000	141,463	(8,537)
SDC Income - Streets	-	-	505,572	505,572
Investment Revenue	5,500	5,500	3,068	(2,432)
Total Revenues	305,500	305,500	1,121,969	816,469
<u>EXPENDITURES:</u>				
Capital Outlay	1,004,000	1,004,000	-	(1,004,000)
Total Expenditures	1,004,000	1,004,000	-	(1,004,000)
Net Change In Fund Balance	(698,500)	(698,500)	1,121,969	1,820,469
Fund Balance - July 1, 2020	2,465,068	2,465,068	2,591,607	126,539
Fund Balance - June 30, 2021	\$1,766,568	\$1,766,568	\$3,713,576	\$ 1,947,008

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>Over</u> <u>(Under)</u>
<u>REVENUES:</u>				
Investment Revenue	\$ -	\$ -	\$ 1,549	\$ 1,549
Total Revenues	-	-	1,549	1,549
<u>EXPENDITURES:</u>				
Capital Outlay	934,000	934,000	-	(934,000)
Total Expenditures	934,000	934,000	-	(934,000)
Excess (Deficiency) of Revenues Over Expenditures	(934,000)	(934,000)	1,549	935,549
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	\$ 645,000	\$ 645,000	\$ 645,000	\$ -
Total Other Financing Sources (Uses)	645,000	645,000	645,000	-
Net Change In Fund Balance	(289,000)	(289,000)	646,549	935,549
Fund Balance - July 1, 2020	1,673,200	1,673,200	1,864,475	191,275
Fund Balance - June 30, 2021	\$1,384,200	\$1,384,200	\$2,511,024	\$1,126,824

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<u>REVENUES:</u>				
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<u>EXPENDITURES:</u>				
Not Allocated to Organizational Unit or Program:				
Debt Service	-	-	-	-
Total Expenditures	-	-	-	-
Net Change In Fund Balance	-	-	-	-
Fund Balance - July 1, 2020	193,503	193,503	193,503	-
Fund Balance - June 30, 2021	\$ 193,503	\$ 193,503	\$ 193,503	\$ -

OTHER
SUPPLEMENTARY
DATA

Additional Supporting
Schedules

CITY OF LA PINE
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

GOVERNMENTAL ACTIVITIES

Bank of New York Mellon Certificate of Participation, Series 2011 A

Bank of New York Mellon Certificate of Participation Series 2011A, dated 2011, in 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%.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 350,000	\$ -	\$ 25,000	\$ 325,000	\$ 25,000
Interest	-	18,441	18,441	-	17,239
Total	\$ 350,000	\$ 18,441	\$ 43,441	\$ 325,000	\$ 42,239

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 25,000	\$ 17,239	\$ 42,239	4.38%
	2023	25,000	15,926	40,926	4.38%
	2024	30,000	14,483	44,483	4.38%
	2025	30,000	12,908	42,908	5.25%
	2026	30,000	11,333	41,333	5.25%
	2027	35,000	9,548	44,548	5.25%
	2028	35,000	7,553	42,553	5.25%
	2029	35,000	5,558	40,558	5.25%
	2030	40,000	3,420	43,420	5.70%
	2031	40,000	1,140	41,140	5.70%
Total		\$ 325,000	\$ 99,108	\$ 424,108	

CITY OF LA PINE
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

BUSINESS-TYPE ACTIVITIES

Sewer System Expansion Loan

Sewer System Expansion Loan, dated June 28, 2004 from Deschutes County. Principal reductions are credited base on SDC payments received at the County for Crescent Creek Division. Interest is capitalized at 2.86% annually. No repayments are required to be paid directly by the City of La Pine. The loan terminates in fifty years, even if the loan is not paid in full at that time.

Current Year Activity:

	<u>Outstanding Balance July 1, 2020</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2021</u>	<u>Due Within One Year</u>
Principal	\$ 569,972	\$ -	\$ 301,179	\$ 268,793	\$ -
Interest	-	13,411	13,411	-	-
Total	<u>\$ 569,972</u>	<u>\$ 13,411</u>	<u>\$ 314,590</u>	<u>\$ 268,793</u>	<u>\$ -</u>

CITY OF LA PINE
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

BUSINESS-TYPE ACTIVITIES

City of La Pine Water Revenue Refunding Bond, Series 2016

Refinance of USDA Revenue Bonds with Washington Federal Bank in the amount of \$2,420,000, dated June 2, 2016. The bond is payable in annual installments of \$96,533.88, including interest at 2.40% per annum. The bond matures June 2, 2031. The bond requires the city to place \$193,068 in a reserve account.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 1,856,819	\$ -	\$ 149,395	\$ 1,707,424	\$ 153,002
Interest	-	43,773	43,773	-	40,066
Total	\$ 1,856,819	\$ 43,773	\$ 193,168	\$ 1,707,424	\$ 193,068

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 153,002	\$ 40,066	\$ 193,068	2.40%
	2023	156,696	36,372	193,068	2.40%
	2024	160,479	32,588	193,068	2.40%
	2025	164,354	28,714	193,068	2.40%
	2026	168,322	24,745	193,068	2.40%
	2027	172,386	20,682	193,068	2.40%
	2028	176,548	16,519	193,068	2.40%
	2029	180,811	12,257	193,068	2.40%
	2030	185,176	7,891	193,068	2.40%
	2031	189,647	3,421	193,068	2.40%
Total		\$ 1,707,423	\$ 223,254	\$ 1,930,678	

ACCOMPANYING
INFORMATION

CITY OF LA PINE
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS
As of June 30, 2021

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

I have audited the basic financial statements of the City of La Pine as of and for the year ended June 30, 2021 and have issued my report thereon dated December 19, 2021. I conducted my 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, I 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 my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I 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 my testing nothing came to my 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 my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I 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
Umpqua Valley Financial
Roseburg, Oregon
December 19, 2021