



L A P I N E

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O R E G O N

**Annual Financial Report**

**June 30, 2018**

**UMPQUA VALLEY FINANCIAL, LLC**

# CITY OF LA PINE

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

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## CITY OFFICIALS

DENNIS SCOTT . . . . . Mayor  
PO Box 2460, La Pine, OR 97739

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

CONNIE BRIESE . . . . . Councilor  
PO Box 2460, La Pine, OR 97739

DON GREINER . . . . . Councilor  
PO Box 2460, La Pine, OR 97739

CRAIG HEATON . . . . . Councilor  
PO Box 2460, La Pine, OR 97339

## CITY ADMINISTRATION

CORY MISLEY . . . . . City Manager  
PO Box 2460, La Pine, OR 97739

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

**CITY OF LA PINE**

**AUDIT REPORT**

**June 30, 2018**

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**CITY OF LA PINE**

**AUDIT REPORT**

**June 30, 2018**

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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, 2018 which collectively comprise the City's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 City of La Pine as of June 30, 2018, 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, and the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 35-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management's discussion and analysis 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's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 35-38 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.

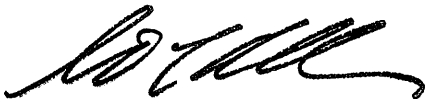
#### *Other Information*

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 information on pages 39-55 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 information on pages 39-55 is 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, the other supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

#### **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 13, 2018, on my consideration of the City of La Pine'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 City's compliance.



Steve Tuchscherer, CPA  
November 13, 2018

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

**CITY OF LA PINE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

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As management of the City of La Pine (City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2018. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB). This report should be read in conjunction with the basic financial statements and notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- The City's total net position increased over the course of the fiscal year by \$1,067,209 for total net position of \$11,267,701.
- Property tax collections, including those of the component unit, La Pine Urban Renewal Agency, were approximately \$389,000 during the fiscal year, an increase attributable to increased property valuations in Central Oregon.
- As of the end of the fiscal year, total governmental funds had an ending fund balance of \$1,889,336, a decrease of \$70,608.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

- The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absents).



**CITY OF LA PINE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

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Both government-wide financial statements differentiate functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the general fund, streets, and tourism/economic development. The business-type activities (*proprietary fund type*) of the City include the water and wastewater operations.

**Measurement focus and basis of accounting**

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

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

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

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or functions. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into two categories: governmental funds and proprietary funds. Fund financial statements focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

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

**CITY OF LA PINE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

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The City maintains five individual governmental funds. Of these individual funds, the City considers three funds to be *major governmental funds*. These major governmental funds - represented individually in the balance sheet and the statement of revenues, expenditures, and changes in fund balances, consist of the General Fund, the Street Fund and the Tourism Fund. In addition, the City of La Pine Urban Renewal Agency is reported as a major fund on the face of the financial statements. The remaining funds are considered non-major governmental funds and are combined in a single, aggregated presentation.

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position:** Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the City's governmental and business-type activities. The City's net position is made up of three components: invested in capital assets, restricted net position, and unrestricted net position. Restricted net position is subject to constraints that are either externally imposed by outside agencies, for example banks or grant agencies, or imposed by law through constitutional provisions or enabling legislation. Combined net position for fiscal year ended June 30, 2018 was \$11,267,701, an increase of \$1,067,209 from June 30, 2017. The increase was primarily related to increases in general government projects in process, related to sidewalk and landscaping projects, as well as increases in funding related to sewer infrastructure grants and SDC charges.

**CITY OF LA PINE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

**Table 1**  
**STATEMENT OF NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Current and other assets	\$2,002,914	\$1,959,944	\$5,563,406	\$4,838,167	\$ 7,566,320	\$ 6,798,111
Capital assets	3,001,213	2,753,033	4,210,586	4,388,001	7,211,799	7,141,034
<b>Total Assets</b>	<b>5,004,127</b>	<b>4,712,977</b>	<b>9,773,992</b>	<b>9,226,168</b>	<b>14,778,119</b>	<b>13,939,145</b>
<b>Liabilities:</b>						
Current liabilities	125,008	66,631	389,210	202,476	514,218	269,107
Non-current liabilities	376,353	399,296	2,807,009	3,062,983	3,183,362	3,462,279
<b>Total Liabilities</b>	<b>501,361</b>	<b>465,927</b>	<b>3,196,219</b>	<b>3,265,459</b>	<b>3,697,580</b>	<b>3,731,386</b>
Deferred Inflows	6,343	7,270			6,343	7,270
<b>Net Position:</b>						
Net investment in capital assets	2,601,917	2,331,177	1,261,143	1,185,942	3,863,060	3,517,119
Restricted	1,168,389	1,207,870	4,104,756	3,645,272	5,273,145	4,853,142
Unrestricted	726,119	700,734	1,405,377	1,129,497	2,131,496	1,830,231
<b>Total Net Position</b>	<b>\$4,496,425</b>	<b>\$4,239,781</b>	<b>\$6,771,276</b>	<b>\$5,960,711</b>	<b>\$11,267,701</b>	<b>\$10,200,492</b>

\$3.9 million of the City's \$10.2 million net position is net investments in capital assets (*e.g., land, buildings, improvements, equipment, infrastructure and construction in progress*). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF LA PINE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

Change in Net Position

**Table 2**  
**CHANGE IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenue:</b>						
Charges for services	\$ 140,410	\$ 112,583	\$ 1,743,094	\$ 1,356,975	\$ 1,883,504	\$ 1,469,558
Operating and capital grants	2,275	60,710	241,763	-	244,038	60,710
Property taxes	389,618	309,221			389,618	309,221
Franchise and other taxes	406,294	394,487			406,294	394,487
Shared revenue	174,386	141,263			174,386	141,263
Investment income	7,517	7,240			7,517	7,240
Other general revenue	31,388	74,769	12,493	23,453	43,881	98,222
Transfers		30,000		(30,000)	-	-
<b>Total Revenues</b>	<b>1,151,888</b>	<b>1,130,273</b>	<b>1,997,350</b>	<b>1,350,428</b>	<b>3,149,238</b>	<b>2,480,701</b>
<b>Expenses:</b>						
General services	251,495	196,161		-	251,495	196,161
Highway and streets	379,756	412,667		-	379,756	412,667
Tourism	81,672	75,615		-	81,672	75,615
Planning	160,197	121,490			160,197	121,490
Water and wastewater			1,093,731	1,082,738	1,093,731	1,082,738
Special items					-	-
Interest on long-term obligations	22,124	23,332	93,054	96,769	115,178	120,101
<b>Total Expenses</b>	<b>895,244</b>	<b>829,265</b>	<b>1,186,785</b>	<b>1,179,507</b>	<b>2,082,029</b>	<b>2,008,772</b>
<b>Change in Net Position</b>	<b>256,644</b>	<b>301,008</b>	<b>810,565</b>	<b>170,921</b>	<b>1,067,209</b>	<b>471,929</b>
Net position - beginning of year	4,239,781	3,938,773	5,960,711	5,789,790	10,200,492	9,728,563
<b>Net position - end of year</b>	<b>\$ 4,496,425</b>	<b>\$ 4,239,781</b>	<b>\$ 6,771,276</b>	<b>\$ 5,960,711</b>	<b>\$ 11,267,701</b>	<b>\$ 10,200,492</b>

Governmental Activities:

Governmental activities represent 40% of the City's total net position. The governmental activities net position increased by \$256,644. Total revenues from governmental activities (excluding transfers) for fiscal year 2018 were \$21,615 above prior year. Property taxes increased over the prior year due to increases in property values in Deschutes County, charges for services and shared revenue increased in part due to marijuana tax and licensing revenues. General revenue decreased over the prior year due to a small grant received in FY 2016-17, not received in the current year.

Business-Type Activities:

Business-type activities represent 58% of the City's total net position. These business-type activities consist of the Water, Wastewater related reserve and SDC funds. In fiscal year ended 2018, net position increased by \$810,565. Total revenues from business-type activities increased \$646,922, primarily due to increased collection of SDC fee due to increased development within City limits and the partial recognition of a sewer infrastructure grant.

**CITY OF LA PINE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

Table 3 shows the governmental funds balances for the two fiscal years ending June 30, 2018 and June 30, 2017. For both fiscal years, the City's governmental funds reported a combined ending fund balance of \$1.9 million.

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

<b>Fiscal Year 2017-2018</b>	General Fund	Street Fund	Tourism Fund	Urban Renewal Agency	Other Governmental Funds	Total
Total revenues	\$ 694,653	\$ 112,214	\$ 161,006	\$ 63,288	\$ 120,713	\$ 1,151,874
Total expenditures	335,615	553,573	116,672	10,742	149,455	1,166,057
Revenues over/(under) expenditures	359,038	(441,359)	44,334	52,546	(28,742)	(14,183)
Total other financing sources/(uses)	(379,000)	340,000	(35,000)		74,000	-
Net change in fund balance	(19,962)	(101,359)	9,334	52,546	45,258	(14,183)
Fund balance - beginning	599,204	1,002,667	152,617	52,584	96,447	1,903,519
Fund balance - ending	<u>\$ 579,242</u>	<u>\$ 901,308</u>	<u>\$ 161,951</u>	<u>\$ 105,130</u>	<u>\$ 141,705</u>	<u>\$ 1,889,336</u>

<b>Fiscal Year 2016-2017</b>	General Fund	Street Fund	Tourism Fund	Urban Renewal Agency	Other Governmental Funds	Total
Total revenues	\$ 616,640	\$ 141,626	\$ 150,037	\$ 35,405	\$ 104,429	\$ 1,048,137
Total expenditures	236,870	254,980	75,615	5,584	115,906	688,955
Revenues over/(under) expenditures	379,770	(113,354)	74,422	29,821	(11,477)	359,182
Total other financing sources/(uses)	(296,000)	275,000	(28,000)		79,000	30,000
Net change in fund balance	83,770	161,646	46,422	29,821	67,523	389,182
Fund balance - beginning	515,434	841,022	106,195	22,764	28,923	1,514,338
Fund balance - ending	<u>\$ 599,204</u>	<u>\$ 1,002,668</u>	<u>\$ 152,617</u>	<u>\$ 52,585</u>	<u>\$ 96,446</u>	<u>\$ 1,903,520</u>

**CITY OF LA PINE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

**ANALYSIS OF BUDGETARY VARIATIONS**

The general fund and major special revenue fund budgetary comparisons can be found in the Required Supplementary Information section starting on page 35. Non-major governmental funds and proprietary funds budgetary comparison can be found beginning on page 41.

**CAPITAL ASSETS**

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

Governmental activities capital assets increased overall \$248,180, the result of additional depreciation decreases and projects in progress for street projects. Business-type activities capital asset decreased \$177,417 primarily due to depreciation on the water and sewer systems.

**Table 4**  
**CAPITAL ASSETS (net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Non-depreciable assets:</b>						
Land	\$ 321,528	\$ 321,528	\$ 831,268	\$ 831,268	\$ 1,152,796	\$ 1,152,796
Intangible assets			24,514	24,514	24,514	
Projects in progress	563,811		237,750	3,620	801,561	3,620
	<u>885,339</u>	<u>321,528</u>	<u>1,093,532</u>	<u>859,402</u>	<u>1,978,871</u>	<u>1,180,930</u>
<b>Capital assets being depreciated:</b>						
Building and improvements	403,202	413,392	175,921	191,069	579,123	604,461
Equipment and vehicles	26,914	28,863	71,038	34,981	97,952	63,844
Water and sewer system			2,837,485	3,265,641	2,837,485	
Master plan			32,608	36,908	32,608	
Infrastructure	1,685,758	1,989,250			1,685,758	1,989,250
<b>Capital assets net of depreciation</b>	<u>2,115,874</u>	<u>2,431,505</u>	<u>3,117,052</u>	<u>3,528,599</u>	<u>5,232,926</u>	<u>5,960,104</u>
<b>Total capital assets, net</b>	<u>\$ 3,001,213</u>	<u>\$ 2,753,033</u>	<u>\$ 4,210,584</u>	<u>\$ 4,388,001</u>	<u>\$ 7,211,797</u>	<u>\$ 7,141,034</u>

**CITY OF LA PINE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

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**DEBT ADMINISTRATION**

The table below (Table 5) shows the City's combined total outstanding debt for fiscal years ending June 30, 2018 and 2017. No new debt was issued during the fiscal year and overall debt decreased \$697,032 due to payment of scheduled principal and interest. More information regarding the City's outstanding debt can be found in Note 4 to the Basic Financial Statements.

**Table 5**  
**OUTSTANDING DEBT**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds Payable	\$ 395,000	\$ 415,000			\$ 395,000	\$ 415,000
Loans and Notes			2,949,443	3,623,915	2,949,443	3,623,915
Capitalized Lease Obligation	4,296	6,856			4,296	6,856
Total outstanding debt	\$ 399,296	\$ 421,856	\$2,949,443	\$3,623,915	\$3,348,739	\$4,045,771

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Economic Factors considered for the next fiscal year (2018-19) include:

- Management continues to move forward on accomplishing major projects in the City. Demand for services, water, sewer and development applications, have increased steadily. Next year, we will continue making significant progress on the Water and Wastewater Improvement and Expansion project, most tangibly in engineering and design to set the stage for construction in 2019-21.
- We are working and planning in the upcoming year to see the US 97 Westside Streetscape project come into fruition. We also plan to make significant steps to chart a course forward on the Transit/City Center project.
- We recognize the importance of creating living-wage, traded sector jobs and unlocking the potential of the La Pine Industrial Park through creative, proactive measures will continue to be a budget priority. We expect significant land sales in the upcoming year to assist us in funding related projects.
- We continue to build resources for the City of La Pine Urban Renewal District to fund future projects.

**REQUESTS FOR INFORMATION**

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Government – Wide**  
**Financial Statements**



**CITY OF LA PINE**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 1,879,785	\$ 5,222,433	\$ 7,102,218
Account Receivables - Net	109,067	316,119	425,186
Property Taxes Receivable	9,319	-	9,319
Prepaid Expenses	4,483	-	4,483
Inventory	260	24,854	25,114
Total Current Assets	2,002,914	5,563,406	7,566,320
Non-Current Assets:			
Restricted Cash	-	193,503	193,503
Capital Assets:			
Land	321,528	831,268	1,152,796
Intangible Assets	-	24,514	24,514
Construction in Progress	563,811	237,750	801,561
Infrastructure	6,069,846	10,532,460	16,602,306
Buildings & Improvements	474,909	376,265	851,174
Equipment & Vehicles	54,724	466,010	520,734
Other Capital Assets	-	43,000	43,000
Less: Accumulated Depreciation	(4,483,605)	(8,300,681)	(12,784,286)
Total Capital Assets, Net of Depreciation	3,001,213	4,210,586	7,211,799
<b>Total Assets</b>	<b>\$ 5,004,127</b>	<b>\$ 9,967,495</b>	<b>\$ 14,971,622</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 75,927	\$ 203,539	\$ 279,466
Customer Deposits	4,275	31,693	35,968
Payroll Liabilities	8,600	-	8,600
Unearned Revenue	11,517	-	11,517
Interest Payable	1,746	4,290	6,036
Accrued Compensated Absences	-	7,254	7,254
Current Portion of Long-Term Liabilities	22,943	142,434	165,377
Total Current Liabilities	125,008	389,210	514,218
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities	376,353	2,807,009	3,183,362
Total Long-Term Liabilities	376,353	2,807,009	3,183,362
<b>Total Liabilities</b>	<b>\$ 501,361</b>	<b>\$ 3,196,219</b>	<b>\$ 3,697,580</b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Rent Income Not Available	6,343	-	6,343
<b>Total Deferred Inflows of Resources</b>	<b>\$ 6,343</b>	<b>\$ -</b>	<b>\$ 6,343</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 2,601,917	\$ 1,261,143	\$ 3,863,060
Restricted for:			
Highways & Streets	901,308	-	901,308
Capital Projects	-	3,911,253	3,911,253
Urban Renewal	105,130	-	105,130
Tourism	161,951	-	161,951
Debt Service	-	193,503	193,503
Unrestricted	726,119	1,405,377	2,131,496
<b>Total Net Position</b>	<b>\$ 4,496,425</b>	<b>\$ 6,771,276</b>	<b>\$ 11,267,701</b>

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, 2018

	(Expenses)	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
General Government	\$ 251,495	\$ 21,697	\$ -	\$ -	\$ (229,798)
Highway and Streets	379,756	-	-	-	(379,756)
Tourism	81,672	-	275	-	(81,397)
Planning	160,197	118,713	2,000	-	(39,484)
Interest on Long-Term Debt	22,124	-	-	-	(22,124)
<b>Total Governmental Activities</b>	<b>\$ 895,244</b>	<b>\$ 140,410</b>	<b>\$ 2,275</b>	<b>\$ -</b>	<b>\$ (752,559)</b>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Water Utilities	\$ 593,158	\$ 764,413	\$ -	\$ -	\$ 171,255
Sewer Utilities	500,573	978,681	-	241,763	719,871
Interest on Long-Term Debt	93,054	-	-	-	(93,054)
<b>Total Business-type Activities</b>	<b>\$ 1,186,785</b>	<b>\$ 1,743,094</b>	<b>\$ -</b>	<b>\$ 241,763</b>	<b>\$ 798,072</b>
<b>Total Primary Government</b>	<b>\$ 2,082,029</b>	<b>\$ 1,883,504</b>	<b>\$ 2,275</b>	<b>\$ 241,763</b>	<b>\$ 45,513</b>
			<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>CHANGES IN NET POSITION:</u></b>					
<b>Net (expense) revenue</b>			\$ (752,559)	\$ 798,072	\$ 45,513
General Revenues:					
Property Taxes, Levied for General Purposes			389,618	-	389,618
Transient Room Tax			160,731	-	160,731
Intergovernmental Tax Turnovers			174,386	-	174,386
Franchise Taxes			245,563	-	245,563
Interest and Investment Earnings			7,517	-	7,517
Other Revenue			31,388	12,493	43,881
<b>Total General Revenues and Transfers</b>			<b>1,009,203</b>	<b>12,493</b>	<b>1,021,696</b>
Change in Net Position			256,644	810,565	1,067,209
Net Position, July 1, 2017			4,239,781	5,960,711	10,200,492
<b>Net Position, June 30, 2018</b>			<b>\$ 4,496,425</b>	<b>\$ 6,771,276</b>	<b>\$ 11,267,701</b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Governmental Fund**  
**Financial Statements**

**CITY OF LA PINE**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**June 30, 2018**

	<b>Component Unit</b>					
	<b>General Fund</b>	<b>Street Fund</b>	<b>Tourism Fund</b>	<b>Urban Renewal Agency Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS:</u></b>						
Cash and Investments	\$ 574,017	\$ 892,009	\$ 172,280	\$ 104,768	136,711	\$ 1,879,785
Receivables:						
Accounts	67,434	10,666	19,622	-	5,664	103,386
Business License	5,681	-	-	-	-	5,681
Property Tax	8,011	-	-	1,308	-	9,319
Prepaid Expenses	4,483	-	-	-	-	4,483
Inventory	-	260	-	-	-	260
<b>Total Assets</b>	<b>\$ 659,626</b>	<b>\$ 902,935</b>	<b>\$ 191,902</b>	<b>\$ 106,076</b>	<b>\$ 142,375</b>	<b>\$ 2,002,914</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 43,679	\$ 1,627	\$ 29,951	\$ -	\$ 670	\$ 75,927
Payroll Payable	8,600	-	-	-	-	8,600
Deposits Payable	4,275	-	-	-	-	4,275
Unearned Revenue	11,517	-	-	-	-	11,517
<b>Total Liabilities</b>	<b>68,071</b>	<b>1,627</b>	<b>29,951</b>	<b>-</b>	<b>670</b>	<b>100,319</b>
<b>Deferred Inflows of Resources:</b>						
Delinquent Property Tax Revenue Not Available	5,970	-	-	946	-	6,916
Rent Income Not Available	6,343	-	-	-	-	6,343
<b>Total Deferred Inflows of Resources</b>	<b>12,313</b>	<b>-</b>	<b>-</b>	<b>946</b>	<b>-</b>	<b>13,259</b>
<b>Fund Balances:</b>						
Nonspendable	4,483	260	-	-	-	4,743
Restricted for:						
Highways and Streets	-	901,048	-	-	-	901,048
Urban Renewal	-	-	-	105,130	-	105,130
Tourism	-	-	161,951	-	-	161,951
Committed for:						
Cemetery Maintenance	20,796	-	-	-	-	20,796
Community Development	-	-	-	-	141,705	141,705
Assigned for:						
Appropriated Ending Fund Balance	221,335	-	-	-	-	221,335
Unassigned	332,628	-	-	-	-	332,628
<b>Total Fund Balances</b>	<b>579,242</b>	<b>901,308</b>	<b>161,951</b>	<b>105,130</b>	<b>141,705</b>	<b>1,889,336</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 659,626</b>	<b>\$ 902,935</b>	<b>\$ 191,902</b>	<b>\$ 106,076</b>	<b>\$ 142,375</b>	<b>\$ 2,002,914</b>

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

# CITY OF LA PINE

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

June 30, 2018

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**Total Fund Balances - Governmental Funds** \$ 1,889,336

**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 -	\$ 7,484,818	
The accumulated depreciation is -	<u>(4,483,605)</u>	
Net Value of Assets		3,001,213

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

Property Taxes		6,916
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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.

	(399,296)
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Accrued interest is not due and payable in the current period and therefore is not reported in the funds.

Accrued Interest		<u>(1,746)</u>
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**Net Position of Governmental Activities**

**\$ 4,496,423**

## CITY OF LA PINE

### Statement of Revenues, Expenditures, and Changes in Fund Balances

#### GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2018

	<u>Component Unit</u>					
	<u>General Fund</u>	<u>Street Fund</u>	<u>Tourism Fund</u>	<u>Urban Renewal Agency Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES:</u></b>						
Taxes and Assessments	\$ 326,316	\$ -	\$ -	\$ 63,288	\$ -	\$ 389,604
Intergovernmental	62,422	111,964	-	-	-	174,386
Franchise Taxes	245,563	-	-	-	-	245,563
Licenses & Permits	17,667	-	-	-	-	17,667
Transient Room Tax	-	-	160,731	-	-	160,731
Charges for Service	4,030	-	-	-	118,713	122,743
Investment Revenue	7,517	-	-	-	-	7,517
Grants	-	-	275	-	2,000	2,275
Miscellaneous and Other Revenue	31,138	250	-	-	-	31,388
<b>Total Revenues</b>	<b>694,653</b>	<b>112,214</b>	<b>161,006</b>	<b>63,288</b>	<b>120,713</b>	<b>1,151,874</b>
<b><u>EXPENDITURES:</u></b>						
Current Operating:						
General Government	236,591	-	-	-	-	236,591
Cemetery Services	1,577	-	-	-	-	1,577
Highway and Streets	-	75,852	-	-	-	75,852
Tourism	-	-	81,672	-	-	81,672
Community Development	-	-	-	10,742	149,455	160,197
Debt Service:	41,395	-	-	-	-	41,395
Capital Outlay	56,052	477,721	35,000	-	-	568,773
<b>Total Expenditures</b>	<b>335,615</b>	<b>553,573</b>	<b>116,672</b>	<b>10,742</b>	<b>149,455</b>	<b>1,166,057</b>
Excess (Deficiency) of Revenues						
Over Expenditures	359,038	(441,359)	44,334	52,546	(28,742)	(14,183)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>						
Interfund Transfers In	35,000	340,000	-	-	74,000	449,000
Interfund Transfers (Out)	(414,000)	-	(35,000)	-	-	(449,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>(379,000)</b>	<b>340,000</b>	<b>(35,000)</b>	<b>-</b>	<b>74,000</b>	<b>-</b>
Net Change in Fund Balances	(19,962)	(101,359)	9,334	52,546	45,258	(14,183)
Fund Balances, July 1, 2017	599,204	1,002,667	152,617	52,584	96,447	1,903,519
<b>Fund Balances, June 30, 2018</b>	<b>\$ 579,242</b>	<b>\$ 901,308</b>	<b>\$ 161,951</b>	<b>\$ 105,130</b>	<b>\$ 141,705</b>	<b>\$ 1,889,336</b>

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, 2018**

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**Net Changes in Fund Balances - Total Governmental Funds** \$ (14,183)

**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	\$ 568,773	
Less current year depreciation	<u>(320,593)</u>	
		248,180

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		14
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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		22,560
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 256,644</b>
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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**  
**June 30, 2018**

	<b>Water Funds</b>	<b>Sewer Fund</b>	<b>Water/ Sewer Reserve Fund</b>	<b>SDC Fund</b>	<b>Total Proprietary Funds</b>
<b><u>ASSETS:</u></b>					
Current Assets:					
Cash and Investments	\$ 629,667	\$ 693,017	\$ 1,615,000	\$ 2,284,749	\$ 5,222,433
Accounts Receivable - Net	54,176	250,439	-	11,504	316,119
Inventory	21,351	3,503	-	-	24,854
Total Current Assets	705,194	946,959	1,615,000	2,296,253	5,563,406
Non-Current Assets:					
Restricted Cash	193,503	-	-	-	193,503
Capital Assets:					
Land	33,500	797,768	-	-	831,268
Intangible Assets	24,514	-	-	-	24,514
Construction in Progress	-	237,750	-	-	237,750
Infrastructure	5,651,572	4,880,888	-	-	10,532,460
Buildings & Improvements	219,953	156,312	-	-	376,265
Equipment & Vehicles	146,594	319,416	-	-	466,010
Other Capital Assets	22,500	20,500	-	-	43,000
Less: Accumulated Depreciation	(4,230,073)	(4,070,608)	-	-	(8,300,681)
Total Capital Assets, Net of Depreciation	1,868,560	2,342,026	-	-	4,210,586
<b>Total Assets</b>	<b>2,767,257</b>	<b>3,288,985</b>	<b>1,615,000</b>	<b>2,296,253</b>	<b>9,967,495</b>
<b><u>LIABILITIES:</u></b>					
Current Liabilities:					
Accounts Payable	4,250	199,289	-	-	203,539
Interest Payable	4,290	-	-	-	4,290
Customer Deposits	31,693	-	-	-	31,693
Accrued Compensated Absences	3,627	3,627	-	-	7,254
Current Portion of Long-Term Obligations	142,434	-	-	-	142,434
Total Current Liabilities	186,294	202,916	-	-	389,210
Long-Term Obligations	2,002,692	804,317	-	-	2,807,009
Total Long-Term Liabilities	2,002,692	804,317	-	-	2,807,009
<b>Total Liabilities</b>	<b>2,188,986</b>	<b>1,007,233</b>	<b>-</b>	<b>-</b>	<b>3,196,219</b>
<b><u>NET POSITION:</u></b>					
Net Investment in Capital Assets	(276,566)	1,537,709	-	-	1,261,143
Restricted for:					
Capital Projects	-	-	1,615,000	2,296,253	3,911,253
Unrestricted	854,837	744,043	-	-	1,598,880
<b>Total Net Position</b>	<b>\$ 578,271</b>	<b>\$ 2,281,752</b>	<b>\$ 1,615,000</b>	<b>\$ 2,296,253</b>	<b>\$ 6,771,276</b>

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, 2018

	<u>Water Funds</u>	<u>Sewer Fund</u>	<u>Water/ Sewer Reserve Fund</u>	<u>SDC Fund</u>	<u>Total Proprietary Funds</u>
<b><u>OPERATING REVENUES:</u></b>					
Charges for Services & Fees	\$ 626,522	\$ 604,208	\$ -	\$ -	\$ 1,230,730
SDC Income	-	152,881	-	359,483	512,364
Micellaneous & Other Income	12,033	460	-	-	12,493
<b>Total Revenues</b>	<b>638,555</b>	<b>757,549</b>	<b>-</b>	<b>359,483</b>	<b>1,755,587</b>
<b><u>OPERATING EXPENSES:</u></b>					
Personnel Services	158,188	158,264	-	-	316,452
Materials and Supplies	127,631	178,600	-	-	306,231
Depreciation Expense	298,564	163,111	-	-	461,675
<b>Total Operating Expenses</b>	<b>584,383</b>	<b>499,975</b>	<b>-</b>	<b>-</b>	<b>1,084,358</b>
<b>Income (Loss) from Operations</b>	<b>54,172</b>	<b>257,574</b>	<b>-</b>	<b>359,483</b>	<b>671,229</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>					
Intergovernmental- Grants	-	241,763	-	-	241,763
Interest Expense	(53,713)	(39,341)	-	-	(93,054)
Special Payments	(8,775)	(598)	-	-	(9,373)
<b>Total Non-Operating Rev. (Exp.)</b>	<b>(62,488)</b>	<b>201,824</b>	<b>-</b>	<b>-</b>	<b>139,336</b>
<b>Income before Transfers</b>	<b>(8,316)</b>	<b>459,398</b>	<b>-</b>	<b>359,483</b>	<b>810,565</b>
<b><u>TRANSFERS:</u></b>					
Transfers from Other Funds	-	-	100,000	-	100,000
Transfers to Other Funds	-	(100,000)	-	-	(100,000)
<b>Changes in Net Position</b>	<b>(8,316)</b>	<b>359,398</b>	<b>100,000</b>	<b>359,483</b>	<b>810,565</b>
Net Position, July 1, 2017	586,587	1,922,354	1,515,000	1,936,770	5,960,711
<b>Net Position, June 30, 2018</b>	<b>\$ 578,271</b>	<b>\$ 2,281,752</b>	<b>\$ 1,615,000</b>	<b>\$ 2,296,253</b>	<b>\$ 6,771,276</b>

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, 2018

	Water Funds	Sewer Fund	Water/Sewer Reserve Fund	SDC Fund	Total Proprietary Funds
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Cash Received from User Charges	\$ 644,626	\$ 419,676	\$ -	\$ 372,846	\$ 1,437,148
Cash Payments for Employee Services	(158,662)	(158,738)	-	-	(317,400)
Cash Payments to Suppliers	(132,273)	(188,628)	-	-	(320,901)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>353,691</b>	<b>72,310</b>	<b>-</b>	<b>372,846</b>	<b>798,847</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>					
Transfer from Other Funds	-	-	100,000	-	100,000
Transfer to Other Funds	-	(100,000)	-	-	(100,000)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>(100,000)</b>	<b>100,000</b>	<b>-</b>	<b>-</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>					
Proceeds from collection of Grants & Other Non-Operating Revenue	-	241,763	-	-	241,763
Special Payments	(8,775)	(598)	-	-	(9,373)
Acquisition of Capital Assets	(16,822)	(74,258)	-	-	(91,080)
Principal Paid on Long Term Debt	(139,076)	-	-	-	(139,076)
Interest Paid on Long Term Debt	(53,991)	-	-	-	(53,991)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(218,664)</b>	<b>166,907</b>	<b>-</b>	<b>-</b>	<b>(51,757)</b>
Cash and Cash Equivalents at July 1, 2017	494,641	553,798	1,515,000	1,911,902	4,475,341
<b>Cash and Cash Equivalents at June 30, 2018</b>	<b>\$ 629,668</b>	<b>\$ 693,015</b>	<b>\$1,615,000</b>	<b>\$ 2,284,748</b>	<b>\$ 5,222,431</b>

### **RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS**

#### **TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Income from operations	\$ 54,172	\$ 257,574	\$ -	\$ 359,483	\$ 671,229
Adjustments to reconcile income from operations to net cash provided by operating activities:					
Depreciation	298,564	163,111	-	-	461,675
Revenues collected by agent, not received	-	(152,881)	-	-	(152,881)
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(3,532)	(184,992)	-	13,363	(175,161)
Inventory	(120)	284	-	-	164
Prepaid Expenses	1,634	1,713	-	-	3,347
Increase in deposits	9,603	-	-	-	9,603
Increase (decrease) in payables	(6,630)	(12,499)	-	-	(19,129)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 353,691</b>	<b>\$ 72,310</b>	<b>\$ -</b>	<b>\$ 372,846</b>	<b>\$ 798,847</b>

#### Non Cash Transactions

Notes Payable - Deschutes County					
Additions to Loan - Capitalized Interest		39,341			
Payments on Loan from SDCs collected by County		(152,881)			

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, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of La Pine, Oregon (City) is a municipal corporation incorporated under the laws of the State of Oregon. The City is governed by an elected Mayor and an elected four 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:

#### **A. Reporting Entity**

In determining the financial reporting entity, the City of La Pine complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the City's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the City holds the corporate powers of the organization; 3) the City appoints a voting majority of the organization's board; 4) the City is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the City; and 6) there is fiscal dependency by the organization on the City. Based on the aforementioned criteria, the City of La Pine 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.

#### **B. Basis of Presentation**

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

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

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

# CITY OF LA PINE

## Notes to the Basic Financial Statements (Cont.)

June 30, 2018

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

#### B. 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.

Tourism Fund – This Fund accounts for tourism activity. The primary source of revenue is from motel taxes.

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 Community Development 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 (Cont.)

June 30, 2018

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

#### **B. Basis of Presentation (Cont.)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **C. Measurement Focus/Basis of Accounting**

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# **CITY OF LA PINE**

## **Notes to the Basic Financial Statements (Cont.)**

**June 30, 2018**

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

#### **D. Budgeting**

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

#### **E. Cash and Investments**

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

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

#### **F. Accumulated Compensated Absences**

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



# CITY OF LA PINE

## Notes to the Basic Financial Statements (Cont.)

June 30, 2018

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

#### G. Receivables

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

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

#### H. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows at year end.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category, rent income and other income not available. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

#### I. Inventory

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

#### J. Long-Term Debt

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

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

# CITY OF LA PINE

## Notes to the Basic Financial Statements (Cont.)

June 30, 2018

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

#### K. Capital Assets

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

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

The estimated useful lives are as follows:

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

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

#### L. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### M. Equity Classifications:

##### *Government-wide Statements*

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

- a. 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, 2018, \$5,079,642 was restricted for enabling legislation.

# CITY OF LA PINE

## Notes to the Basic Financial Statements (Cont.)

June 30, 2018

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

#### M. Equity Classifications (Cont):

##### *Fund Financial Statements*

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

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City's nonspendable resources as of June 30, 2018 include inventory and prepaid expenses.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for various projects that are to be used for governmental purposes.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the City Council, and does not lapse at year-end. The City has committed resources for various projects and purposes.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

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

#### N. Property Taxes

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

#### O. Inter-Fund Transactions

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

# **CITY OF LA PINE**

## **Notes to the Basic Financial Statements (Cont.)**

**June 30, 2018**

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### **2. CASH AND INVESTMENTS:**

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

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

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

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2018, the reported amount of the City's deposits was \$7,295,724 and the bank balance was \$6,941,950. 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, 2018, 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, 2018.

# CITY OF LA PINE

## Notes to the Basic Financial Statements (Cont.)

June 30, 2018

### 3. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2018:

Depreciable Assets Schedule  
For the Year 2018

<b>Governmental Activities</b>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<b>Assets not being depreciated:</b>				
Land	\$ 321,528	\$ -	\$ -	\$ 321,528
Construction in Progress	-	563,811	-	563,811
Total	321,528	563,811	-	885,339
<b>Assets being depreciated:</b>				
Building and Building Improvement	474,909	-	-	474,909
Machinery and Equipment	49,762	4,962	-	54,724
Infrastructure	6,069,846	-	-	6,069,846
Total Depreciable Assets	6,594,517	4,962	-	6,599,479
<b>Less: Accumulated Depreciation</b>				
Building and Building Improvement	61,517	10,190	-	71,707
Machinery and Equipment	20,899	6,910	-	27,810
Infrastructure	4,080,596	303,492	-	4,384,088
Total Accumulated Depreciation	4,163,012	320,593	-	4,483,605
Net Value of Capital Assets Being Depreciated	2,431,505	(315,631)	-	2,115,874
Total Governmental Activities -- Net Value of Capital Assets	<u>\$ 2,753,033</u>	<u>\$ 248,180</u>	<u>\$ -</u>	<u>\$ 3,001,213</u>
<b>Depreciation expense was charged to the functions of governmental activities as follows:</b>				
General Government		\$ 16,689		
Public Works		303,904		
Total Depreciation Expense		<u>\$ 320,593</u>		

# CITY OF LA PINE

## Notes to the Basic Financial Statements (Cont.)

June 30, 2018

### 3. CAPITAL ASSETS (Cont.):

<b>Business-Type Activities</b>	Beginning Balances	Additions	Deletions	Ending Balances
<b>Assets not being depreciated:</b>				
Land	\$ 831,268	\$ -	\$ -	\$ 831,268
Construction in Progress	3,620	234,130	-	237,750
Intangible Assets	24,514	-	-	24,514
Total	859,402	234,130	-	1,093,532
<b>Assets being depreciated:</b>				
Utility Systems	10,532,460	-	-	10,532,460
Building and Building Improvement	376,265	-	-	376,265
Machinery and Equipment	415,880	50,130	-	466,010
Master Plan	43,000	-	-	43,000
Total Depreciable Assets	11,367,605	50,130	-	11,417,735
<b>Less: Accumulated Depreciation</b>				
Utility Systems	7,266,819	428,156	-	7,694,975
Building and Building Improvement	185,196	15,147	-	200,344
Machinery and Equipment	380,899	14,073	-	394,972
Master Plan	6,092	4,300	-	10,392
Total Accumulated Depreciation	7,839,007	461,676	-	8,300,682
Net Value of Capital Assets Being Depreciated	3,528,598	(411,546)	-	3,117,052
Total Business-Type Activities -- Net Value of Capital Assets	<u>\$ 4,388,000</u>	<u>\$ (177,416)</u>	<u>\$ -</u>	<u>\$ 4,210,584</u>
Total Net Value of Capital Assets of Primary Government	<u>\$ 7,141,033</u>	<u>\$ 70,764</u>	<u>\$ -</u>	<u>\$ 7,211,797</u>
<b>Depreciation expense was charged to the functions of business-type activities as follows:</b>				
Water		\$ 298,564		
Sewer		163,112		
Total Depreciation Expense		<u>\$ 461,676</u>		

# CITY OF LA PINE

## Notes to the Basic Financial Statements (Cont.)

**June 30, 2018**

### **4. LONG-TERM DEBT:**

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

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due within One Year
--	--	---------------------------------------	--------------------------------------	---	------------------------

### **GOVERNMENTAL ACTIVITIES**

#### **General Obligation Certificates**

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

Principal	\$ 415,000	\$ -	\$ 20,000	\$ 395,000	\$ 20,000
Interest	-	21,395	21,395	-	20,520
Totals	\$ 415,000	\$ 21,395	\$ 41,395	\$ 395,000	\$ 40,520

### **BUSINESS-TYPE ACTIVITIES**

#### **Notes Payable**

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

Principal	\$ 917,857	\$ 39,341	\$ 152,881	\$ 804,317	\$ -
Interest	-	-	-	-	-
Totals	\$ 917,857	\$ 39,341	\$ 152,881	\$ 804,317	\$ -

#### **Revenue Bonds Payable**

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.

Principal	\$ 2,284,202	\$ -	\$ 139,076	\$ 2,145,126	\$ 142,434
Interest	-	53,991	53,991	-	50,634
Totals	\$ 2,284,202	\$ 53,991	\$ 193,067	\$ 2,145,126	\$ 193,068

### **TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:**

Principal	\$ 3,202,059	\$ 39,341	\$ 291,957	\$ 2,949,443	\$ 142,434
Interest	-	53,991	53,991	-	50,634
Totals	\$ 3,202,059	\$ 93,332	\$ 345,948	\$ 2,949,443	\$ 193,068

### **TOTAL DEBT AGREEMENTS:**

Principal	\$ 3,617,059	\$ 39,341	\$ 311,957	\$ 3,344,443	\$ 162,434
Interest	-	75,386	75,386	-	71,154
Totals	\$ 3,617,059	\$ 114,727	\$ 387,343	\$ 3,344,443	\$ 233,588

**CITY OF LA PINE**

**Notes to the Basic Financial Statements (Cont.)**

**June 30, 2018**

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**4. LONG-TERM DEBT (Cont.):**

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

**Business-Type Activities**

Due Fiscal Year Ending June 30,	Note Payable to Bank		
	Principal	Interest	Total
2019	\$ 142,434	\$ 50,634	\$ 193,068
2020	145,873	47,195	193,068
2021	149,395	43,673	193,068
2022	153,002	40,066	193,068
2023	156,696	36,372	193,068
2024 - 2028	842,090	123,248	965,339
2029 - 2033	555,635	23,569	579,203
Total	<u>\$ 2,145,126</u>	<u>\$ 364,755</u>	<u>\$ 2,509,881</u>

**Governmental Activities**

Due Fiscal Year Ending June 30,	GO Bonds		
	Principal	Interest	Total
2019	\$ 20,000	\$ 20,520	\$ 40,520
2020	25,000	19,536	44,536
2021	25,000	18,442	43,442
2022	25,000	17,239	42,239
2023	25,000	15,926	40,926
2024 - 2028	160,000	55,825	215,825
2029 - 2033	115,000	10,118	125,118
Total	<u>\$ 395,000</u>	<u>\$ 157,606</u>	<u>\$ 552,606</u>

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



# CITY OF LA PINE

## Notes to the Basic Financial Statements (Cont.)

June 30, 2018

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### 5. CAPITAL LEASES:

#### Ricoh Copier Lease

A capital lease was entered into for a copier on April 29, 2015. The cost of the equipment was capitalized for \$12,050. The lease is for a period of 60 months and monthly payments of \$280 are required. The annual interest rate is 14.032%. Amortization of the copier is included in the depreciation expense for governmental assets.

#### Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 6,856	\$ -	\$ 2,560	\$ 4,296	\$ 2,943
Interest	-	802	802	-	418
Total	<u>\$ 6,856</u>	<u>\$ 802</u>	<u>\$ 3,362</u>	<u>\$ 4,296</u>	<u>\$ 3,361</u>

The capital lease annual amortization is as follows:

#### Governmental Activities

Due Fiscal Year Ending June 30,	<u>Capital Leases Payable:</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,943	\$ 418	\$ 3,361
2020	1,353	48	1,401
Total	<u>\$ 4,296</u>	<u>\$ 466</u>	<u>\$ 4,762</u>

Equipment and related accumulated amortization under capital lease are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 12,050
Less: accumulated amortization	<u>(5,423)</u>
Net Value	<u>\$ 6,627</u>

# **CITY OF LA PINE**

## **Notes to the Basic Financial Statements (Cont.)**

**June 30, 2018**

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### **6. 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, 2018 was \$17,124.

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.

### **7. 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.

### **8. CONTINGENT LIABILITIES:**

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

# CITY OF LA PINE

## Notes to the Basic Financial Statements (Cont.)

June 30, 2018

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### **9. RISK MANAGEMENT:**

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

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

### **10. INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2018 were as follows:

	Transfers Out	Transfers In
General Fund	\$ 414,000	\$ 35,000
Streets Fund	-	340,000
Tourism Fund	35,000	-
Community Development Fund	-	44,000
Industrial/Economic Development Fund	-	30,000
Reserve Fund	-	100,000
Sewer Fund	100,000	-
Total	<u>\$ 549,000</u>	<u>\$ 549,000</u>

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

### **11. 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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>				
Property Taxes and Assessments	\$ 277,116	\$ 277,116	\$ 287,671	\$ 10,555
Marijuana Tax	5,000	5,000	38,645	33,645
State Revenue Sharing	55,000	55,000	62,422	7,422
Franchise Taxes	196,000	196,000	245,563	49,563
Licenses, Permits and Fees	11,200	11,200	17,667	6,467
Investment Revenue	7,000	7,000	7,517	517
Rents	29,500	29,500	28,700	(800)
Miscellaneous Revenue	1,000	1,000	2,438	1,438
<b>Total Revenues</b>	<b>581,816</b>	<b>581,816</b>	<b>690,623</b>	<b>108,807</b>
<b><u>EXPENDITURES:</u></b>				
General/Administration Program	369,151	369,151	292,643	(76,508)
Not Allocated to Organizational Unit or Program:				
Debt Service	45,000	45,000	41,395	(3,605)
Contingency	40,000	40,000	-	(40,000)
<b>Total Expenditures</b>	<b>454,151</b>	<b>454,151</b>	<b>334,038</b>	<b>(120,113)</b>
Excess (Deficiency) of Revenues Over Expenditures	127,665	127,665	356,585	228,920
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	65,000	65,000	35,000	(30,000)
Operating Transfer (Out)	(414,000)	(414,000)	(414,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(349,000)</b>	<b>(349,000)</b>	<b>(379,000)</b>	<b>(30,000)</b>
Net Change in Fund Balance	(221,335)	(221,335)	(22,415)	198,920
Fund Balance - July 1, 2017	486,335	486,335	580,861	94,526
<b>Fund Balance - June 30, 2018</b>	<b>\$ 265,000</b>	<b>\$ 265,000</b>	<b>\$ 558,446</b>	<b>\$ 293,446</b>
Reconciliation to Governmental Fund Balance as required by GASB #54:				
Cemetery Fund Balance			20,796	
Total General Fund Balance reported on Balance Sheet			<u>\$ 579,242</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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
State Gas Funds	\$ 90,000	\$ 90,000	\$ 111,964	\$ 21,964
Miscellaneous Revenue	2,000	2,000	250	(1,750)
<b>Total Revenues</b>	92,000	92,000	112,214	20,214
<b>EXPENDITURES:</b>				
Streets Program	715,711	715,711	553,573	(162,138)
Not Allocated to Organizational Unit or Program:				
Contingency	100,000	100,000	-	(100,000)
<b>Total Expenditures</b>	815,711	815,711	553,573	(262,138)
Excess (Deficiency) of Revenues Over Expenditures	(723,711)	(723,711)	(441,359)	282,352
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer In	340,000	340,000	340,000	-
Operating Transfer (Out)	-	-	-	-
<b>Total Other Financing Sources (Uses):</b>	340,000	340,000	340,000	-
Net Change In Fund Balance	(383,711)	(383,711)	(101,359)	282,352
Fund Balance - July 1, 2017	933,711	933,711	1,002,667	68,956
<b>Fund Balance - June 30, 2018</b>	<b>\$ 550,000</b>	<b>\$ 550,000</b>	<b>\$ 901,308</b>	<b>\$ 351,308</b>

# 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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes and Assessments	\$125,000	\$125,000	\$ 160,731	\$ 35,731
Grants	-	-	275	275
<b>Total Revenues</b>	<b>125,000</b>	<b>125,000</b>	<b>161,006</b>	<b>36,006</b>
<b>EXPENDITURES:</b>				
Tourism Program	154,195	154,195	116,672	(37,523)
Not Allocated to Organizational Unit or Program:				
Contingency	10,000	10,000	-	(10,000)
<b>Total Expenditures</b>	<b>164,195</b>	<b>164,195</b>	<b>116,672</b>	<b>(47,523)</b>
Excess (Deficiency) of Revenues Over Expenditures				
	(39,195)	(39,195)	44,334	83,529
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	(35,000)	(35,000)	(35,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(35,000)</b>	<b>(35,000)</b>	<b>(35,000)</b>	<b>-</b>
Net Change In Fund Balance	(74,195)	(74,195)	9,334	83,529
Fund Balance - July 1, 2017	109,195	109,195	152,617	43,422
<b>Fund Balance - June 30, 2018</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 161,951</b>	<b>\$ 126,951</b>

# LA PINE URBAN RENEWAL AGENCY

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

### URBAN RENEWAL AGENCY

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Property Taxes - Prior	\$ 45,000	\$ 45,000	\$ 63,098	\$ 18,098
Property Taxes - Current	-	-	190	190
<b>Total Revenues</b>	<b>45,000</b>	<b>45,000</b>	<b>63,288</b>	<b>18,288</b>
<b>EXPENDITURES:</b>				
Materials and Services	25,500	25,500	10,742	(14,758)
Contingency	10,000	10,000	-	(10,000)
<b>Total Expenditures</b>	<b>35,500</b>	<b>35,500</b>	<b>10,742</b>	<b>(24,758)</b>
Excess (Deficiency) of Revenues Over Expenditures	9,500	9,500	52,546	43,046
Fund Balance - July 1, 2017	51,115	51,115	52,584	1,469
<b>Fund Balance - June 30, 2018</b>	<b>\$ 60,615</b>	<b>\$ 60,615</b>	<b>\$ 105,130</b>	<b>\$ 44,515</b>



**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Combining Schedules**

**CITY OF LA PINE**  
**COMBINING BALANCE SHEET**  
**GENERAL AND CEMETERY FUNDS**  
**June 30, 2018**

	<b>General Fund</b>	<b>Cemetery Fund</b>	<b>Totals</b>
<b><u>ASSETS:</u></b>			
Cash and Investments	\$ 548,946	\$ 25,071	\$ 574,017
Receivables:			
Accounts	67,434	-	67,434
Business License	5,681	-	5,681
Property Tax	8,011	-	8,011
Prepaid Expenses	4,483	-	4,483
<b>Total Assets</b>	<b>\$ 634,555</b>	<b>\$ 25,071</b>	<b>\$ 659,626</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 43,679	\$ -	\$ 43,679
Payroll Payable	8,600	-	8,600
Deposits Payable	-	4,275	4,275
Unearned Revenue	11,517	-	11,517
<b>Total Liabilities</b>	<b>63,796</b>	<b>4,275</b>	<b>68,071</b>
<b>Deferred Inflows of Resources:</b>			
Delinquent Property Tax Revenue Not Available	5,970	-	5,970
Rent Income Not Available	6,343	-	6,343
<b>Total Deferred Inflows of Resources</b>	<b>12,313</b>	<b>-</b>	<b>12,313</b>
<b>Fund Balances:</b>			
Nonspendable	4,483	-	4,483
Committed for:			
Cemetery Maintenance	-	20,796	20,796
Appropriated Ending Fund Balance	221,335	-	221,335
Unassigned	332,628	-	332,628
<b>Total Fund Balances</b>	<b>558,446</b>	<b>20,796</b>	<b>579,242</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 634,555</b>	<b>\$ 25,071</b>	<b>\$ 659,626</b>

# 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, 2018

	General Fund	Cemetery Fund	Totals
<b><u>REVENUES:</u></b>			
Property Taxes and Assessments	\$ 287,671	\$ -	\$ 287,671
Marijuana Tax	38,645	-	38,645
State Revenue Sharing	68,722	-	68,722
Franchise Taxes	245,563	-	245,563
Licenses, Permits and Fees	11,367	-	11,367
Charges for Service	-	4,030	4,030
Investment Revenue	7,517	-	7,517
Rents	28,700	-	28,700
Miscellaneous Revenue	2,438	-	2,438
<b>Total Revenues</b>	<b>690,623</b>	<b>4,030</b>	<b>694,653</b>
<b><u>EXPENDITURES:</u></b>			
Current Operating:			
General Government	236,591	1,577	238,168
Debt Service	41,395	-	41,395
Capital Outlay	56,052	-	56,052
<b>Total Expenditures</b>	<b>334,038</b>	<b>1,577</b>	<b>335,615</b>
Excess (Deficiency) of Revenues Over Expenditures	356,585	2,453	359,038
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating Transfer In	35,000	-	35,000
Operating Transfer (Out)	(414,000)	-	(414,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(379,000)</b>	<b>-</b>	<b>(379,000)</b>
Net Change in Fund Balance	(22,415)	2,453	(19,962)
Fund Balance - July 1, 2017	580,861	18,343	599,204
<b>Fund Balance - June 30, 2018</b>	<b>\$ 558,446</b>	<b>\$ 20,796</b>	<b>\$ 579,242</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Non-Major Special**  
**Revenue Funds**

**CITY OF LA PINE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2018**

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	Industrial/ Economic Development Fund	Community Development Fund	Total
<b><u>ASSETS:</u></b>			
Cash & Investments	\$ 36,222	\$ 100,489	\$ 136,711
Accounts Receivable	1,306	4,358	5,664
<b>Total Assets</b>	<b>37,528</b>	<b>104,847</b>	<b>142,375</b>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	40	630	670
<b>Total Liabilities</b>	<b>40</b>	<b>630</b>	<b>670</b>
<b><u>FUND BALANCES:</u></b>			
Committed for:			-
Community Development	37,488	104,217	141,705
<b>Total Fund Balances</b>	<b>37,488</b>	<b>104,217</b>	<b>141,705</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 37,528</b>	<b>\$ 104,847</b>	<b>\$ 142,375</b>

# 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, 2018

	Industrial/ Economic Development Fund	Community Development Fund	Total
<b><u>REVENUES:</u></b>			
Charges for Services	\$ 32,307	\$ 86,406	\$ 118,713
Grants	1,000	1,000	2,000
<b>Total Revenues</b>	<b>33,307</b>	<b>87,406</b>	<b>120,713</b>
<b><u>EXPENDITURES:</u></b>			
Community Development	39,653	109,802	149,455
<b>Total Expenditures</b>	<b>39,653</b>	<b>109,802</b>	<b>149,455</b>
Excess (Deficiency) of Revenues Over Expenditures	(6,346)	(22,396)	(28,742)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating Transfers In	30,000	44,000	74,000
Operating Transfers (Out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>30,000</b>	<b>44,000</b>	<b>74,000</b>
Net Change In Fund Balances	23,654	21,604	45,258
Fund Balances - July 1, 2017	13,834	82,613	96,447
<b>Fund Balances - June 30, 2018</b>	<b>\$ 37,488</b>	<b>\$ 104,217</b>	<b>\$ 141,705</b>

# 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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>				
Planning Fees	\$ 35,000	\$ 35,000	\$ 86,406	\$ 51,406
Grants	-	-	1,000	1,000
<b>Total Revenues</b>	<b>35,000</b>	<b>35,000</b>	<b>87,406</b>	<b>52,406</b>
<b><u>EXPENDITURES:</u></b>				
Community Development Program	119,423	119,423	109,802	(9,621)
Not Allocated to Organizational Unit or Program:				
Contingency	6,000	6,000	-	(6,000)
<b>Total Expenditures</b>	<b>125,423</b>	<b>125,423</b>	<b>109,802</b>	<b>(15,621)</b>
Excess (Deficiency) of Revenues Over Expenditures	(90,423)	(90,423)	(22,396)	68,027
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	44,000	44,000	44,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>44,000</b>	<b>44,000</b>	<b>44,000</b>	<b>-</b>
Net Change In Fund Balance	(46,423)	(46,423)	21,604	68,027
Fund Balance - July 1, 2017	46,423	46,423	82,613	36,190
<b>Fund Balance - June 30, 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104,217</b>	<b>\$ 104,217</b>

# 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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Over Under
	Original	Final	(See Note 1)	(Under)
<b><u>REVENUES:</u></b>				
Industrial Site Leases	\$ 15,000	\$ 15,000	\$ 14,668	\$ (332)
Industrial Site Sales & Options	75,000	75,000	17,639	(57,361)
Business Sponsorship	5,000	5,000	1,000	(4,000)
<b>Total Revenues</b>	<b>95,000</b>	<b>95,000</b>	<b>33,307</b>	<b>(61,693)</b>
<b><u>EXPENDITURES:</u></b>				
Industrial/Economic Development Program	60,000	60,000	39,653	(20,347)
Not Allocated to Organizational Unit or Program:				
Contingency	10,000	10,000	-	(10,000)
<b>Total Expenditures</b>	<b>70,000</b>	<b>70,000</b>	<b>39,653</b>	<b>(30,347)</b>
Excess (Deficiency) of Revenues Over Expenditures	25,000	25,000	(6,346)	(31,346)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	30,000	30,000	30,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>
Net Change In Fund Balance	55,000	55,000	23,654	(31,346)
Fund Balance - July 1, 2017	-	-	13,834	13,834
<b>Fund Balance - June 30, 2018</b>	<b>\$ 55,000</b>	<b>\$ 55,000</b>	<b>\$ 37,488</b>	<b>\$ (17,512)</b>



# 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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>				
Plot Sales	\$ 5,000	\$ 5,000	\$ 4,030	\$ (970)
<b>Total Revenues</b>	<b>5,000</b>	<b>5,000</b>	<b>4,030</b>	<b>(970)</b>
<b><u>EXPENDITURES:</u></b>				
Cemetery Program	13,363	13,363	1,577	(11,786)
Not Allocated to Organizational Unit or Program:				
Contingency	1,000	1,000	-	(1,000)
<b>Total Expenditures</b>	<b>14,363</b>	<b>14,363</b>	<b>1,577</b>	<b>(12,786)</b>
Excess (Deficiency) of Revenues Over Expenditures	(9,363)	(9,363)	2,453	11,816
Fund Balance - July 1, 2017	14,363	14,363	18,343	3,980
<b>Fund Balance - June 30, 2018</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 20,796</b>	<b>\$ 15,796</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Enterprise Funds**

# CITY OF LA PINE

## COMBINING STATEMENT OF NET POSITION WATER AND DEBT RESERVE FUNDS

June 30, 2018

	<u>Water Fund</u>	<u>Debt Reserve Fund</u>	<u>Total Water Funds</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 629,667	\$ -	\$ 629,667
Restricted Cash	-	193,503	193,503
Accounts Receivable - Net	54,176	-	54,176
Inventory	21,351	-	21,351
Total Current Assets	705,194	193,503	898,697
Capital Assets:			
Land	33,500	-	33,500
Intangible Assets	24,514	-	24,514
Infrastructure	5,651,572	-	5,651,572
Buildings & Improvements	219,953	-	219,953
Equipment & Vehicles	146,594	-	146,594
Other Capital Assets	22,500	-	22,500
Less: Accumulated Depreciation	(4,230,073)	-	(4,230,073)
Total Capital Assets, Net of Depreciation	1,868,560	-	1,868,560
<b>Total Assets</b>	<b>2,573,754</b>	<b>193,503</b>	<b>2,767,257</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	4,250	-	4,250
Interest Payable	4,290	-	4,290
Customer Deposits	31,693	-	31,693
Accrued Compensated Absences	3,627	-	3,627
Current Portion of Long-Term Obligations	142,434	-	142,434
Total Current Liabilities	186,294	-	186,294
Long-Term Obligations	2,002,692	-	2,002,692
Total Long-Term Liabilities	2,002,692	-	2,002,692
<b>Total Liabilities</b>	<b>2,188,986</b>	<b>-</b>	<b>2,188,986</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	(276,566)	-	(276,566)
Restricted for:			
Unrestricted	661,334	193,503	854,837
<b>Total Net Position</b>	<b>\$ 384,768</b>	<b>\$ 193,503</b>	<b>\$ 578,271</b>

# 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, 2018

	<u>Water Fund</u>	<u>Debt Reserve Fund</u>	<u>Total Water Funds</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services & Fees	\$ 626,522	\$ -	\$ 626,522
Micellaneous & Other Income	12,033	-	12,033
<b>Total Revenues</b>	638,555	-	638,555
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	158,188	-	158,188
Materials and Supplies	127,631	-	127,631
Depreciation Expense	298,564	-	298,564
<b>Total Operating Expenses</b>	584,383	-	584,383
<b>Income (Loss) from Operations</b>	54,172	-	54,172
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Interest Expense	(53,713)	-	(53,713)
Miscellaneous	(8,775)	-	(8,775)
<b>Total Non-Operating Rev. (Exp.)</b>	(62,488)	-	(62,488)
<b>Changes in Net Position</b>	(8,316)	-	(8,316)
Net Position, July 1, 2017	393,084	193,503	586,587
<b>Net Position, June 30, 2018</b>	<b>\$ 384,768</b>	<b>\$ 193,503</b>	<b>\$ 578,271</b>

# 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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Charges for Services	\$ 587,500	\$ 587,500	\$ 626,522	\$ 39,022
Licenses, Permits and Fees	10,000	10,000	10,886	886
Other Revenue	500	500	1,147	647
<b>Total Revenues</b>	<b>598,000</b>	<b>598,000</b>	<b>638,555</b>	<b>40,555</b>
<b>EXPENDITURES:</b>				
Water Utility Services Program	1,153,843	1,153,843	302,641	(851,202)
Not Allocated to Organizational Unit or Program:				
Debt Service	195,000	195,000	193,067	(1,933)
Contingency	185,000	185,000	-	(185,000)
<b>Total Expenditures</b>	<b>1,533,843</b>	<b>1,533,843</b>	<b>495,708</b>	<b>(1,038,135)</b>
Excess (Deficiency) of Revenues Over Expenditures	(935,843)	(935,843)	142,847	1,078,690
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer In	750,000	750,000	-	(750,000)
Operating Transfer (Out)	(29,000)	(29,000)	-	29,000
Special Payments	(40,000)	(40,000)	(8,775)	31,225
<b>Total Other Financing Sources (Uses)</b>	<b>681,000</b>	<b>681,000</b>	<b>(8,775)</b>	<b>(689,775)</b>
Net Change In Fund Balance	(254,843)	(254,843)	134,072	388,915
Fund Balance - July 1, 2017	454,843	454,843	534,337	79,494
<b>Fund Balance - June 30, 2018</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 668,409</b>	<b>\$ 468,409</b>
<b>Reconciliation to generally accepted accounting principles basis:</b>				
Net Change in Fund Balance			134,072	
Debt Repayment - Principal			139,076	
Capital outlay that is capitalized			16,822	
Depreciation Expense			(298,564)	
Change in Interest Payable			278	
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position			\$ (8,316)	

# 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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 611,500	\$ 611,500	\$ 604,208	\$ (7,292)
Grants	1,195,500	1,195,500	241,763	(953,737)
Other Revenue	-	-	460	460
<b>Total Revenues</b>	<b>1,807,000</b>	<b>1,807,000</b>	<b>846,431</b>	<b>(960,569)</b>
<b><u>EXPENDITURES:</u></b>				
Sewer Utility Services Program	1,956,587	1,956,587	604,302	(1,352,285)
Not Allocated to Organizational Unit or Program:				
Contingency	85,000	85,000	-	(85,000)
<b>Total Expenditures</b>	<b>2,041,587</b>	<b>2,041,587</b>	<b>604,302</b>	<b>(1,437,285)</b>
Excess (Deficiency) of Revenues Over Expenditures	(234,587)	(234,587)	242,129	476,716
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	4,000	4,000	-	(4,000)
Operating Transfer (Out)	(140,000)	(140,000)	(100,000)	40,000
Special Payments	(15,000)	(15,000)	(598)	14,402
<b>Total Other Financing Sources (Uses)</b>	<b>(151,000)</b>	<b>(151,000)</b>	<b>(100,598)</b>	<b>50,402</b>
Net Change In Fund Balance	(385,587)	(385,587)	141,531	527,118
Fund Balance - July 1, 2017	555,587	555,587	605,876	50,289
<b>Fund Balance - June 30, 2018</b>	<b>\$ 170,000</b>	<b>\$ 170,000</b>	<b>\$ 747,407</b>	<b>\$ 577,407</b>

**Reconciliation to generally accepted accounting principles basis**

Net Change in Fund Balance	141,531
Capitalized Interest	(39,341)
Debt Repayment - Principal	152,881
Construction in Progress	267,438
Depreciation Expense	(163,111)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 359,398</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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
SDC Income - Water	\$ 30,000	\$ 30,000	\$ 140,701	\$ 110,701
SDC Income - Sewer	30,000	30,000	232,992	202,992
<b>Total Revenues</b>	60,000	60,000	373,693	313,693
Excess (Deficiency) of Revenues Over Expenditures	60,000	60,000	373,693	313,693
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer In	39,000	39,000	-	(39,000)
Operating Transfer (Out)	(510,000)	(510,000)	-	510,000
<b>Total Other Financing Sources (Uses):</b>	(471,000)	(471,000)	-	471,000
Net Change In Fund Balance	(411,000)	(411,000)	373,693	784,693
Fund Balance - July 1, 2017	1,845,346	1,845,346	1,913,352	68,006
<b>Fund Balance - June 30, 2018</b>	<b>\$ 1,434,346</b>	<b>\$ 1,434,346</b>	<b>\$ 2,287,045</b>	<b>\$ 852,699</b>

#### Reconciliation to generally accepted accounting principles basis:

Net Change in Fund Balance	373,693
Change in Assessments Receivable	(14,210)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 359,483</u>

# **CITY OF LA PINE**

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

### **WATER / SEWER RESERVE FUND**

**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	100,000	100,000	100,000	-
Operating Transfer (Out)	(240,000)	(240,000)	-	(240,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(140,000)</b>	<b>(140,000)</b>	<b>100,000</b>	<b>(240,000)</b>
Net Change In Fund Balance	(140,000)	(140,000)	100,000	(240,000)
Fund Balance - July 1, 2017	1,515,000	1,515,000	1,515,000	-
<b>Fund Balance - June 30, 2018</b>	<b>\$ 1,375,000</b>	<b>\$ 1,375,000</b>	<b>\$ 1,615,000</b>	<b>\$ (240,000)</b>



# 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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
Net Change In Fund Balance	-	-	-	-
Fund Balance - July 1, 2017	193,503	193,503	193,503	-
<b>Fund Balance - June 30, 2018</b>	<b>\$ 193,503</b>	<b>\$ 193,503</b>	<b>\$ 193,503</b>	<b>\$ -</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Additional Supporting**  
**Schedules**

**CITY OF LA PINE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2018**

**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, 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%.

**Current Year Activity:**

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 415,000	\$ -	\$ 20,000	\$ 395,000	\$ 20,000
Interest	-	21,395	21,395	-	20,520
Total	<u>\$ 415,000</u>	<u>\$ 21,395</u>	<u>\$ 41,395</u>	<u>\$ 395,000</u>	<u>\$ 40,520</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 20,000	\$ 20,520	\$ 40,520	3.00%
	2020	25,000	19,536	44,536	4.38%
	2021	25,000	18,442	43,442	4.38%
	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		<u>\$ 395,000</u>	<u>\$ 157,606</u>	<u>\$ 552,606</u>	

**CITY OF LA PINE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2018**

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**BUSINESS-TYPE ACTIVITIES**

**Sewer System Expansion Loan**

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

**Current Year Activity:**

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 917,857	\$ 39,341	\$ 152,881	\$ 804,317	\$ -
Interest	-	-	-	-	-
<b>Total</b>	<b>\$ 917,857</b>	<b>\$ 39,341</b>	<b>\$ 152,881</b>	<b>\$ 804,317</b>	<b>\$ -</b>

**CITY OF LA PINE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2018**

**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, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 2,284,202	\$ -	\$ 139,076	\$ 2,145,126	\$ 142,434
Interest	-	53,991	53,991	-	50,634
<b>Total</b>	<b>\$ 2,284,202</b>	<b>\$ 53,991</b>	<b>\$ 193,067</b>	<b>\$ 2,145,126</b>	<b>\$ 193,068</b>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 142,434	\$ 50,634	\$ 193,068	0.00%
	2020	145,873	47,195	193,068	0.00%
	2021	149,395	43,673	193,068	0.00%
	2022	153,002	40,066	193,068	0.00%
	2023	156,696	36,372	193,068	0.00%
	2024	160,479	32,588	193,068	0.00%
	2025	164,354	28,714	193,068	0.00%
	2026	168,322	24,745	193,068	0.00%
	2027	172,386	20,682	193,068	0.00%
	2028	176,548	16,519	193,068	0.00%
	2029	180,811	12,257	193,068	0.00%
	2030	185,176	7,891	193,068	0.00%
	2031	189,647	3,421	193,068	0.00%
<b>Total</b>		<b>\$ 2,145,126</b>	<b>\$ 364,755</b>	<b>\$ 2,509,881</b>	

**ACCOMPANYING**  
**INFORMATION**

**CITY OF LA PINE**  
**INDEPENDENT AUDITOR'S REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**  
**As of June 30, 2018**

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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, 2018 and have issued my report thereon dated November 13, 2018. 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:

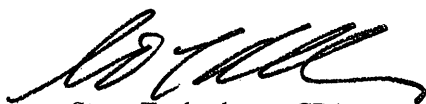
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway 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  
November 13, 2018