

**CITY OF UMATILLA, OREGON**

**Financial Statements and  
Independent Auditors' Report**

**June 30, 2019**

**CITY OF UMATILLA, OREGON**

**City Hall**  
**Umatilla, Oregon**

**Mayor and City Council**  
**June 30, 2019**

**Name**

**Term Expires**

**Mayor:**

Mary Dedrick

December 31, 2020

**Council Members:**

Corinne Funderburk

December 31, 2022

Michael Roxbury

December 31, 2020

Leslie Smith

December 31, 2022

Ashley Wheeler

December 31, 2020

Josy Chavez

December 31, 2022

Roak TenEyck

December 31, 2020

**Appointed Official:**

David Stockdale, City Manager

**Address:**

P. O. Box 130

Umatilla, OR 97882

Telephone: (541) 922-3226

**CITY OF UMATILLA, OREGON**

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CERTIFIED PUBLIC ACCOUNTANTS

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MITCHELL L. BOYLAN, C.P.A.  
-----  
GERALD J. MORO, C.P.A. EMERITUS

**INDEPENDENT AUDITORS' REPORT**

Mayor and Council Members  
City of Umatilla, Oregon

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Umatilla, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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, we 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.

Mayor and Council Members  
City of Umatilla, Oregon  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Umatilla, Oregon, as of June 30, 2019, and the respective changes in modified cash basis financial position, the respective budgetary comparisons for the General Fund, State Street Tax Fund, Refuse Collection Fund, and Building Department Fund, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Umatilla, Oregon's basic financial statements. The supplementary information and other financial schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on Pages 53-64 and other financial schedules on Pages 65-70 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis on Pages 43-52 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mayor and Council Members  
City of Umatilla, Oregon  
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**Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated on December 21, 2019, on our consideration of the City of Umatilla, Oregon's compliance with certain provision 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 our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Barnett & Moro, P.C.

By:   
\_\_\_\_\_  
Kristie L. Shasteen, Shareholder  
Hermiston, Oregon  
December 27, 2019



**CITY OF UMATILLA, OREGON**

**Statement of Net Position - Modified Cash Basis**  
**June 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 6,197,364	\$ 2,700,250	\$ 8,897,614
Capital assets:			
Non-depreciable	1,042,533	-	1,042,533
Depreciable, net of depreciation	<u>3,104,900</u>	<u>10,247,317</u>	<u>13,352,217</u>
 Total assets	 <u>10,344,797</u>	 <u>12,947,567</u>	 <u>23,292,364</u>
<b><u>LIABILITIES</u></b>			
Notes payable:			
Due within one year	139,361	90,861	230,222
Due in more than one year	625,970	245,000	870,970
Bonds payable:			
Due within one year	-	760,000	760,000
Due in more than one year	<u>-</u>	<u>970,507</u>	<u>970,507</u>
 Total liabilities	 <u>765,331</u>	 <u>2,066,368</u>	 <u>2,831,699</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	3,382,102	8,180,949	11,563,051
Restricted for:			
Highways and streets	394,627	-	394,627
Debt service	2,847	-	2,847
Unrestricted	<u>5,799,890</u>	<u>2,700,250</u>	<u>8,500,140</u>
 Total net position	 <u>\$ 9,579,466</u>	 <u>\$ 10,881,199</u>	 <u>\$ 20,460,665</u>

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

**CITY OF UMATILLA, OREGON**

**Statement of Activities - Modified Cash Basis  
Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 1,216,965	\$ 1,367,203	\$ -	\$ -	\$ 150,238	\$ -	\$ 150,238
Public safety	2,128,645	767,716	19,085	-	(1,341,844)	-	(1,341,844)
Highways and streets	568,358	-	-	-	(568,358)	-	(568,358)
Library	198,940	-	5,835	-	(193,105)	-	(193,105)
Cultural and recreation	744,612	-	10,000	20,000	(714,612)	-	(714,612)
Sanitation	780,114	791,860	-	-	11,746	-	11,746
Interest on long-term debt	33,063	-	-	-	(33,063)	-	(33,063)
Total governmental activities	5,670,697	2,926,779	34,920	20,000	(2,688,998)	-	(2,688,998)
<b>Business-type activities:</b>							
Water	1,227,433	1,215,443	-	-	-	(11,990)	(11,990)
Sewer	1,438,797	1,547,156	-	-	-	108,359	108,359
Interest on long-term debt	32,451	-	-	-	-	(32,451)	(32,451)
Total business-type activities	2,698,681	2,762,599	-	-	-	63,918	63,918
Total government	\$ 8,369,378	\$ 5,689,378	\$ 34,920	\$ 20,000	(2,688,998)	63,918	(2,625,080)
<b>General revenues:</b>							
<b>Taxes</b>							
Property taxes, levied for general purposes					1,270,423	-	1,270,423
Property taxes, levied for debt service					1,239	-	1,239
Franchise and public service taxes					823,323	-	823,323
Motor fuel taxes					530,269	-	530,269
State shared taxes					245,529	-	245,529
Hotel/motel taxes					86,419	-	86,419
Library district shared taxes					187,951	-	187,951
Interest and investment earnings					139,306	54,629	193,935
Other revenues					746,433	74,434	820,867
Transfers, net					92,612	(92,612)	-
Total general revenues					4,123,504	36,451	4,159,955
Change in net assets					1,434,506	100,369	1,534,875
Net position--beginning					8,144,960	10,780,830	18,925,790
Net position--ending					9,579,466	10,881,199	20,460,665

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

**CITY OF UMATILLA, OREGON**

**Balance Sheet - Modified Cash Basis**  
**Governmental Funds**  
**June 30, 2019**

	General	State Tax Street	Refuse Collection	Capital Reserve	Building Department	Debt Service	Other Governmental	Total
<b><u>ASSETS:</u></b>								
Cash and cash equivalents	\$ 1,906,137	\$ 394,627	\$ 97,769	\$ 1,628,263	\$ 1,691,610	\$ 2,847	\$ 476,111	\$ 6,197,364
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b><u>LIABILITIES</u></b>								
<b><u>FUND BALANCES:</u></b>								
Restricted	-	394,627	-	-	-	2,847	-	397,474
Committed	-	-	97,769	1,628,263	1,691,610	-	476,111	3,893,753
Unassigned	1,906,137	-	-	-	-	-	-	1,906,137
Total fund balances	1,906,137	394,627	97,769	1,628,263	1,691,610	2,847	476,111	6,197,364
Total liabilities and fund balances	\$ 1,906,137	\$ 394,627	\$ 97,769	\$ 1,628,263	\$ 1,691,610	\$ 2,847	\$ 476,111	\$ 6,197,364

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

**CITY OF UMATILLA, OREGON**

**Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position-Modified Cash Basis**

**June 30, 2019**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 6,197,364

Capital assets used in governmental activities are not financial resources, therefore, are not reported on the governmental funds balance sheet.

Acquisition cost	\$ 7,590,593	
Accumulated depreciation	<u>(3,443,160)</u>	
		<u>4,147,433</u>

Long-term liabilities, including capital lease obligations, are not due in the current period and, therefore, are not reported on the governmental funds balance sheet.

		<u>(765,331)</u>
--	--	------------------

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 9,579,466**

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

**CITY OF UMATILLA, OREGON**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis**

**Governmental Funds**

**Year Ended June 30, 2019**

	General	State Tax Street	Refuse Collection	Capital Reserve	Building Department	Debt Service	Other Governmental	Total
<b>REVENUES:</b>								
Property taxes	\$ 1,270,423	\$ -	\$ -	\$ -	\$ -	\$ 1,239	\$ -	\$ 1,271,662
Franchise fees	823,323	-	-	-	-	-	-	823,323
Intergovernmental	264,614	530,269	-	20,000	-	-	203,785	1,018,668
Fees, licenses, and permits	118,973	-	-	-	950,131	-	86,419	1,155,523
Fines and forfeitures	767,716	-	-	-	-	-	-	767,716
Charges for services	298,099	-	791,860	-	-	-	-	1,089,959
Investment interest	47,958	9,575	-	32,152	36,423	242	12,956	139,306
Miscellaneous	460,076	3,684	-	106,562	42,431	-	133,680	746,433
Total revenues	4,051,182	543,528	791,860	158,714	1,028,985	1,481	436,840	7,012,590
<b>EXPENDITURES:</b>								
Current:								
General government	560,053	-	-	134,571	427,824	-	-	1,122,448
Public safety	2,027,408	-	-	56,759	-	-	-	2,084,167
Highways and streets	-	456,648	-	180	-	-	-	456,828
Library	-	-	-	5,435	-	-	193,505	198,940
Cultural and Recreation	555,806	-	-	10,377	-	-	131,132	697,315
Sanitation	-	-	780,114	-	-	-	-	780,114
Debt service:								
Principal	-	-	-	44,000	-	-	84,159	128,159
Interest	-	-	-	-	-	-	33,063	33,063
Capital outlay	-	7,658	-	459,986	-	-	-	467,644
Total Expenditures	3,143,267	464,306	780,114	711,308	427,824	-	441,859	5,968,678
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	907,915	79,222	11,746	(552,594)	601,161	1,481	(5,019)	1,043,912
<b>OTHER FINANCING SOURCES (USES):</b>								
Loan proceeds	-	-	-	200,000	-	-	-	200,000
Transfers in	1,500	4,000	-	779,500	-	-	41,000	826,000
Transfers out	(597,700)	(92,000)	-	-	(11,500)	(18,388)	(13,800)	(733,388)
Total other financing sources (uses)	(596,200)	(88,000)	-	979,500	(11,500)	(18,388)	27,200	292,612
<b>NET CHANGE IN FUND BALANCES</b>	311,715	(8,778)	11,746	426,906	589,661	(16,907)	22,181	1,336,524
<b>FUND BALANCES, BEGINNING OF YEAR</b>	1,594,422	403,405	86,023	1,201,357	1,101,949	19,754	453,930	4,860,840
<b>FUND BALANCES, END OF YEAR</b>	\$ 1,906,137	\$ 394,627	\$ 97,769	\$ 1,628,263	\$ 1,691,610	\$ 2,847	\$ 476,111	\$ 6,197,364

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

**CITY OF UMATILLA, OREGON**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Year Ended June 30, 2019**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 1,336,524

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Expenditures for capital assets	\$ 467,644	
Less current year depreciation	<u>(297,821)</u>	
		169,823

The issuance of long-term debt provides current financial resources to governmental funds and are reported as other financing sources. However, it is reported as an increase in liabilities in the Statement of Net Position. (200,000)

Repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, it is reported as a decrease in liabilities in the Statement of Net Position. 128,159

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 1,434,506

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

**CITY OF UMATILLA, OREGON**

**General Fund**

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

**Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)**

**Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b><u>REVENUES:</u></b>				
Property taxes:				
Current levy	\$ 934,499	\$ 1,134,499	\$1,250,906	\$ 116,407
Previously levied	16,101	16,101	19,517	3,416
Franchise fees	773,877	773,877	823,323	49,446
Intergovernmental	318,797	322,797	264,614	(58,183)
Fees, licenses, and permits	101,350	101,350	118,973	17,623
Fines and forfeitures	725,000	780,000	767,716	(12,284)
Charges for services	298,220	301,220	298,099	(3,121)
Miscellaneous:				
Interest on investments	18,000	18,000	47,958	29,958
Other	43,550	43,550	460,076	416,526
	3,229,394	3,491,394	4,051,182	559,788
<b><u>OTHER FINANCING SOURCES:</u></b>				
Operating transfers in	1,500	1,500	1,500	-
Total revenues and transfers	3,230,894	3,492,894	4,052,682	559,788
<b><u>BEGINNING FUND BALANCE AVAILABLE</u></b>				
<b><u>FOR APPROPRIATION</u></b>	1,541,179	1,593,679	1,594,422	743
	\$4,772,073	\$ 5,086,573	\$5,647,104	\$ 560,531

(continued on next page)

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

**CITY OF UMATILLA, OREGON**

(continued)

**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)**  
**Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>EXPENDITURES:</u></b>				
Current:				
General government:				
Administration:				
Personal services	\$ 92,069	\$ 105,069	\$ 77,364	\$ 27,705
Material and services	113,160	225,660	224,304	1,356
Community development:				
Personal services	149,521	156,521	146,901	9,620
Material and services	205,000	212,500	111,161	101,339
Taxi program:				
Material and services	-	7,000	323	6,677
	559,750	706,750	560,053	146,697
Public safety:				
Police:				
Personal services	1,418,486	1,418,486	1,213,580	204,906
Materials and services	191,920	191,920	187,548	4,372
Capital Outlay	14,500	14,500	13,865	635
Code enforcement:				
Personal services	91,485	96,485	95,681	804
Materials and services	65,900	66,900	10,779	56,121
Municipal court:				
Personal services	60,354	60,354	58,450	1,904
Materials and services	435,665	490,665	446,384	44,281
911 System:				
Materials and services	1,250	1,250	1,121	129
Capital Outlay	500	500	-	500
	2,280,060	2,341,060	2,027,408	313,652
Recreation:				
Parks and recreation:				
Personal services	166,846	167,846	158,454	9,392
Materials and services	73,645	74,845	74,619	226
Marina and RV park:				
Materials and services	356,319	356,319	322,733	33,586
Capital Outlay	5,000	5,000	-	5,000
	601,810	604,010	555,806	48,204
Contingency	375,903	435,203	-	435,203
	3,817,523	4,087,023	3,143,267	943,756
<b><u>OTHER FINANCING USES:</u></b>				
Operating transfers out	576,700	621,700	597,700	24,000
Total expenditures and transfers	4,394,223	4,708,723	3,740,967	\$ 967,756
<b><u>UNAPPROPRIATED BALANCE</u></b>	377,850	377,850	1,906,137	
	\$ 4,772,073	\$ 5,086,573	\$ 5,647,104	

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



**CITY OF UMATILLA, OREGON**

**State Tax Street Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
State gasoline tax	\$ 525,118	\$ 525,118	\$ 530,269	\$ 5,151
STP funds	689,861	689,861	-	(689,861)
Interest income	6,000	6,000	9,575	3,575
Miscellaneous	2,500	2,500	3,684	1,184
Total revenues	<u>1,223,479</u>	<u>1,223,479</u>	<u>543,528</u>	<u>(679,951)</u>
<b><u>TRANSFERS FROM OTHER FUNDS:</u></b>				
From General Fund	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
<b><u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u></b>				
	<u>410,102</u>	<u>410,102</u>	<u>403,405</u>	<u>(6,697)</u>
	<u>\$1,637,581</u>	<u>\$1,637,581</u>	<u>\$ 950,933</u>	<u>\$ (686,648)</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
Highways and streets:				
Personal services	\$ 377,455	\$ 377,455	\$ 328,087	\$ 49,368
Materials and services	831,498	831,498	128,549	702,949
Capital outlay	11,500	11,500	7,670	3,830
Operating contingency	250,000	250,000	-	250,000
	<u>1,470,453</u>	<u>1,470,453</u>	<u>464,306</u>	<u>1,006,147</u>
<b><u>TRANSFERS TO OTHER FUNDS:</u></b>				
To Capital Reserve Fund	<u>92,000</u>	<u>92,000</u>	<u>92,000</u>	<u>-</u>
Total expenditures and transfers	<u>1,562,453</u>	<u>1,562,453</u>	<u>556,306</u>	<u>\$1,006,147</u>
<b><u>UNAPPROPRIATED BALANCE</u></b>				
	<u>75,128</u>	<u>75,128</u>	<u>394,627</u>	
	<u>\$1,637,581</u>	<u>\$1,637,581</u>	<u>\$ 950,933</u>	

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

**CITY OF UMATILLA, OREGON**

**Refuse Collection Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Refuse collections	\$ 710,000	\$ 785,000	\$ 791,860	\$ 6,860
<b><u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u></b>				
	59,510	59,510	86,023	26,513
	<u>\$ 769,510</u>	<u>\$ 844,510</u>	<u>\$ 877,883</u>	<u>\$ 33,373</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
Sanitation:				
Materials and services	\$ 597,600	\$ 657,600	\$ 652,528	\$ 5,072
<b><u>TRANSFERS TO OTHER FUNDS:</u></b>				
Franchise fees to General Fund	113,600	128,600	127,586	1,014
Total expenditures and transfers	711,200	786,200	780,114	<u>\$ 6,086</u>
<b><u>UNAPPROPRIATED BALANCE</u></b>				
	58,310	58,310	97,769	
	<u>\$ 769,510</u>	<u>\$ 844,510</u>	<u>\$ 877,883</u>	

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

**CITY OF UMATILLA, OREGON**

**Building Department Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Building permits	\$ 262,000	\$ 262,000	\$ 387,106	\$ 125,106
Community development	214,000	214,000	263,243	49,243
Electrical permits	141,000	141,000	206,960	65,960
Electrical plan reviews	33,000	33,000	45,931	12,931
State surcharges	48,360	48,360	46,892	(1,468)
Interest income	10,000	10,000	36,423	26,423
Miscellaneous	-	-	42,430	42,430
Total revenues	<u>708,360</u>	<u>708,360</u>	<u>1,028,985</u>	<u>320,625</u>
<b><u>BEGINNING FUND BALANCE AVAILABLE</u></b>				
<b><u>FOR APPROPRIATION</u></b>	801,280	801,280	1,101,949	300,669
	<u>\$1,509,640</u>	<u>\$1,509,640</u>	<u>\$2,130,934</u>	<u>\$ 621,294</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
Building department:				
Personal services	\$ 155,108	\$ 185,108	\$ 148,821	\$ 36,287
Materials and services	275,000	283,000	279,003	3,997
Operating contingency	500,000	462,000	-	462,000
Total expenditures	<u>930,108</u>	<u>930,108</u>	<u>427,824</u>	<u>502,284</u>
<b><u>TRANSFERS TO OTHER FUNDS:</u></b>				
To Capital Reserve Fund	11,500	11,500	11,500	11,500
Total expenditures and transfers	941,608	941,608	439,324	
<b><u>UNAPPROPRIATED BALANCE</u></b>	568,032	568,032	1,691,610	
	<u>\$1,509,640</u>	<u>\$1,509,640</u>	<u>\$2,130,934</u>	

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

**CITY OF UMATILLA, OREGON**

**Statement of Net Position - Modified Cash Basis**

**Proprietary Funds**

**June 30, 2019**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
<b><u>CURRENT ASSETS:</u></b>					
Cash and investments	\$ 136,620	\$ 517,693	\$ 536,203	\$ 1,509,734	\$ 2,700,250
<b><u>CAPITAL ASSETS:</u></b>					
Capital assets, net	3,421,104	6,826,213	-	-	10,247,317
Total assets	<u>3,557,724</u>	<u>7,343,906</u>	<u>536,203</u>	<u>1,509,734</u>	<u>12,947,567</u>
<b><u>LIABILITIES</u></b>					
<b><u>CURRENT LIABILITIES:</u></b>					
Bonds payable, current portion	-	245,000	-	-	245,000
Notes payable, current portion	-	90,861	-	-	90,861
	<u>-</u>	<u>335,861</u>	<u>-</u>	<u>-</u>	<u>335,861</u>
<b><u>LONG TERM LIABILITIES:</u></b>					
Bonds payable, long-term portion	-	760,000	-	-	760,000
Notes payable, long-term portion	632,329	338,178	-	-	970,507
	<u>632,329</u>	<u>1,098,178</u>	<u>-</u>	<u>-</u>	<u>1,730,507</u>
Total liabilities	<u>632,329</u>	<u>1,434,039</u>	<u>-</u>	<u>-</u>	<u>2,066,368</u>
<b><u>NET POSITION</u></b>					
Net investment in capital assets	2,788,775	5,392,174	-	-	8,180,949
Unrestricted	136,620	517,693	536,203	1,509,734	2,700,250
Total net position	<u>\$ 2,925,395</u>	<u>\$ 5,909,867</u>	<u>\$ 536,203</u>	<u>\$ 1,509,734</u>	<u>\$ 10,881,199</u>

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

**CITY OF UMATILLA, OREGON**

**Statement of Revenues, Expenses, and Changes in Fund Net Position - Modified Cash Basis**

**Proprietary Funds**

**Year Ended June 30, 2019**

Business-Type Activities - Proprietary Funds

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>					
Charges for sales and services:					
Water	\$1,136,032	\$ -	\$ 79,411	\$ -	\$ 1,215,443
Sewer	-	1,489,101	-	58,055	1,547,156
Miscellaneous revenues	8,415	4,478	13,897	47,644	74,434
Total operating revenue	<u>1,144,447</u>	<u>1,493,579</u>	<u>93,308</u>	<u>105,699</u>	<u>2,837,033</u>
<b><u>OPERATING EXPENSES:</u></b>					
Cost of sales and services	979,848	1,011,735	53,149	109,795	2,154,527
Depreciation and amortization	194,436	317,267	-	-	511,703
Total operating expenses	<u>1,174,284</u>	<u>1,329,002</u>	<u>53,149</u>	<u>109,795</u>	<u>2,666,230</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>(29,837)</u>	<u>164,577</u>	<u>40,159</u>	<u>(4,096)</u>	<u>170,803</u>
<b><u>NONOPERATING REVENUES</u></b>					
<b><u>(EXPENSES):</u></b>					
Interest on investments	4,576	11,818	5,473	32,762	54,629
Interest expense	(474)	(31,977)	-	-	(32,451)
Total nonoperating revenue (expenses)	<u>4,102</u>	<u>(20,159)</u>	<u>5,473</u>	<u>32,762</u>	<u>22,178</u>
<b><u>INCOME (LOSS) BEFORE</u></b>					
<b><u>TRANSFERS</u></b>					
	(25,735)	144,418	45,632	28,666	192,981
Transfers in	677,702	-	732,329	243,200	1,653,231
Transfers out	<u>(773,329)</u>	<u>(313,200)</u>	<u>(659,314)</u>	<u>-</u>	<u>(1,745,843)</u>
<b><u>CHANGE IN NET POSITION</u></b>	<u>(121,362)</u>	<u>(168,782)</u>	<u>118,647</u>	<u>271,866</u>	<u>100,369</u>
<b><u>TOTAL NET POSITION -</u></b>					
<b><u>BEGINNING</u></b>					
	<u>3,046,757</u>	<u>6,078,649</u>	<u>417,556</u>	<u>1,237,868</u>	<u>10,780,830</u>
<b><u>TOTAL NET POSITION -</u></b>					
<b><u>ENDING</u></b>					
	<u>\$2,925,395</u>	<u>\$5,909,867</u>	<u>\$ 536,203</u>	<u>\$1,509,734</u>	<u>\$10,881,199</u>

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

**CITY OF UMATILLA, OREGON**

**Statement of Cash Flows - Modified Cash Basis**

**Proprietary Funds**

**Year Ended June 30, 2019**

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Water	Sewer	Total
	Utility	Utility	Reserve	Reserve	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Cash receipts from customers	\$1,144,447	\$ 1,493,579	\$ 93,308	\$ 105,699	\$ 2,837,033
Cash payments to suppliers	(471,519)	(346,422)	(53,149)	(109,795)	(980,885)
Cash payments to employees	(508,329)	(665,313)	-	-	(1,173,642)
Net cash provided by(used in) operating activities	<u>164,599</u>	<u>481,844</u>	<u>40,159</u>	<u>(4,096)</u>	<u>682,506</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>					
Transfer from other funds	677,702	-	732,329	243,200	1,653,231
Transfer to other funds	(773,329)	(313,200)	(659,314)	-	(1,745,843)
Net cash provided by(used in) noncapital financing activities	<u>(95,627)</u>	<u>(313,200)</u>	<u>73,015</u>	<u>243,200</u>	<u>(92,612)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>					
Acquisition and construction of capital assets	(659,314)	-	-	-	(659,314)
Interest paid on bonds and notes	(474)	(31,977)	-	-	(32,451)
Proceeds from long-term debt	632,329	43,200	-	-	675,529
Principal paid on bonds and notes	(17,915)	(240,000)	-	-	(257,915)
Net cash used in capital and related financing activities	<u>(45,374)</u>	<u>(228,777)</u>	<u>-</u>	<u>-</u>	<u>(274,151)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Interest received	4,576	11,818	5,473	32,762	54,629
Net cash provided by investing activities	<u>4,576</u>	<u>11,818</u>	<u>5,473</u>	<u>32,762</u>	<u>54,629</u>
<b><u>NET INCREASE(DECREASE) IN CASH</u></b>	<u>28,174</u>	<u>(48,315)</u>	<u>118,647</u>	<u>271,866</u>	<u>370,372</u>
<b><u>CASH AND INVESTMENTS, JULY 1</u></b>	<u>108,446</u>	<u>566,008</u>	<u>417,556</u>	<u>1,237,868</u>	<u>2,329,878</u>
<b><u>CASH AND INVESTMENTS, JUNE 30</u></b>	<u>\$ 136,620</u>	<u>\$ 517,693</u>	<u>\$ 536,203</u>	<u>\$ 1,509,734</u>	<u>\$ 2,700,250</u>
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES:</u></b>					
Operating income (loss)	\$ (29,837)	\$ 164,577	\$ 40,159	\$ (4,096)	\$ 170,803
<b><u>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES:</u></b>					
Depreciation and amortization	194,436	317,267	-	-	511,703
<b><u>NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES</u></b>	<u>\$ 164,599</u>	<u>\$ 481,844</u>	<u>\$ 40,159</u>	<u>\$ (4,096)</u>	<u>\$ 682,506</u>

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

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Umatilla, Umatilla County, Oregon, is incorporated as a municipal corporation. The City operates under a charter adopted November 2, 1942; this charter was amended May 20, 1986, March 31, 1987 and January 1, 2007. The government of the City of Umatilla is vested in a City Council and a Mayor. The Council is composed of six council members elected at large, three of whom are chosen biennially to serve terms of four years. The mayor is elected to serve a term of four years. The administration of day-to-day City affairs is the responsibility of the City Administrator who is appointed by the City Council. The City of Umatilla, Oregon provides the following services as authorized by its charter: public safety (police), highway and streets, water and sanitation services, culture and recreational services (including library services), public improvements, inspection, planning and zoning, and general administrative services.

**Scope of reporting entity:**

A component unit is a separate legal organization for which the City is considered to be financially accountable. The City has determined that no other organization meets the criteria to be included as a component unit in the City's financial statements.

**Government-wide and fund financial statements:**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on activity as a whole. Governmental activities, which are generally supported by taxes and intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The statement of activities separates program revenues from general revenues. Program revenues include: 1) charges for goods, services and privileges, 2) operating grants and contributions, 3) capital grants and contributions. Indirect expenses are allocated to functions in the statement of activities based upon time records, usage or other reasonable means.

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

While separate government-wide and fund financial statements are presented they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

The government-wide financial statements are presented on the modified cash basis of accounting. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

## CITY OF UMATILLA, OREGON

### Notes to Basic Financial Statements

June 30, 2019

#### NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

##### Measurement focus, basis of accounting and financial statement presentation:

The City's fund financial statements report the following major funds:

##### Major Governmental Funds

###### General Fund

This fund accounts for the City's general operations. It is used to account for all transactions not specifically related to the City's other funds. Its major sources of revenue are property taxes, grants, franchise fees, and shared state taxes.

###### State Tax Street Fund

This fund accounts for revenues received from state gasoline taxes which are to be expended as outlined in the Constitution of the State of Oregon.

###### Debt Service Fund

This fund accounts for the payment of principal and interest on general obligation debt. The principal source of revenue is property taxes and transfers from other funds.

###### Refuse Collection Fund

This governmental fund accounts for sanitation fees collected from the citizens of the City.

###### Building Department Fund

This governmental fund accounts for revenues received in association with building and electrical permits and fees.

###### Capital Reserve Fund

This fund accounts for cash received for the purchase of capital projects. Transfers from other funds are its principal revenue.

##### Major Proprietary Funds

###### Water Utility Fund

This fund accounts for the water utility operations of the City. User fees are its principal revenue.

###### Sewer Utility Fund

This fund accounts for the sewer utility operations of the City. User fees are its principal revenue.

###### Water Reserve Fund

This fund accounts for resources received to maintain and improve the City's water system. The principal source of revenue is system development charges and transfers from other funds.

###### Sewer Reserve Fund

This fund accounts for resources received to maintain and improve the City's sewer system. The principal source of revenue is system development charges and transfers from other funds.



**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Measurement focus, basis of accounting and financial statement presentation (continued):**

The City's financial statements include the accounts of all City operations. The financial statements have been presented on a modified cash basis of accounting. The City only recognizes items that involve receipts or disbursements of cash, except for the following modifications which have substantial support in generally accepted accounting principles:

The City capitalizes assets with an original cost over \$2,500 and an estimated useful life longer than one year. Capital assets are depreciated using the straight-line method over estimated useful lives. The City reports long-term debt that relates to the acquisition of capital assets.

Except for the modifications listed above, the City does not record transactions relating to revenues earned or expenses incurred until the period in which the cash is received or disbursed. Accordingly, receivables, payables, and accrued expenses are not reported.

**Cash and cash equivalents:**

Cash includes demand deposits and short-term investments. The City combines each funds' cash in a cash pool which is accounted for monthly.

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in certificates of deposit, passbooks, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds.

In addition, the City can invest in direct debt securities of the United States unless such an investment is expressly prohibited. Presently all investments are in the State of Oregon local government investment pool (LGIP).

The Oregon Short Term Fund (OSTF) is the LGIP for local governments and was established by the State Treasurer. OSTF investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The fair value of the City's position in the pool is the same as the value of its pool shares.

Investments are stated at cost under the modified cash basis of accounting; market value of investments is approximately the same as cost.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Capital assets and long-term liabilities:**

The City capitalizes assets purchased or constructed with an individual cost more than \$2,500 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair values on the date donated. Public Domain ("infrastructure") assets consisting of certain improvements other than buildings, but including roads, bridges, curbs and gutters, streets, drainage systems, and lighting constructed before July 1, 2003 are not capitalized. Infrastructure assets acquired since July 1, 2004 are recorded at cost.

Capital assets are comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported on their respective fund financial statements. Capital assets acquired for use in governmental fund operations are reported as capital outlay expenditures on their respective fund financial statements. Maintenance and repairs are charged to expenditures in various budgetary funds as incurred and are not capitalized. Upon disposal, the cost and applicable accumulated depreciation are removed from the respective account, and the resulting gain or loss is recorded in operations.

Depreciation of capital assets is computed on the straight-line method over the following estimated useful lives of the related assets:

Buildings	20 to 35 years
Building improvements	10 to 20 years
Water and sewer utility systems and improvements	10 to 40 years
Street system and improvements	10 to 40 years
Machinery and equipment	5 to 10 years

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. No interest costs were capitalized during the year.

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements and the fund financial statements of the proprietary funds.

**Restricted net position:**

Revenue from taxes on motor vehicle use fuel is required by the Oregon Constitution and other statutes to be expended on streets, roads, and highways. All funds restricted for these purposes are accounted for in the State Tax Street Fund. When the option is available to use restricted or unrestricted resources for any purpose, the City will expend restricted resources first.

**Inventories:**

The City does not have any significant inventories. Inventory items are recorded as expenditures when purchased.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Accounting estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Accrued vacations:**

Accrued vacations are not recorded because the City uses a modified cash basis of accounting.

**Interfund transactions:**

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expense in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**Property taxes:**

Umatilla County assesses, collects, and distributes taxes for all local governments within the County. Property taxes are billed in October of each year. Unpaid personal and real property taxes become liens against the property on January 1 and July 1, respectively. Property taxes are payable in three installments due November 15, February 15, and May 15. A 3% discount is allowed for full payment by November 15. Interest at 16% annually is charged for late payments.

The 2018-19 tax levy was adopted June 5, 2018. The levy is within the available tax base, including debt service levy.

**Income taxes:**

The City is a municipal corporation exempt from federal and state income taxes.

**Post-employment health care benefits:**

The City does not provide any significant post-employment health care benefits. Retired employees are allowed to continue their group health care insurance at their own expense.

**Credit risk:**

The City grants credit to utility customers, substantially all of whom are local residents.

**Fund balance:**

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Fund balance (continued):**

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the City council approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's fund financial statements.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned.

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources.

	<u>General</u>	<u>State Street Tax</u>	<u>Refuse Collection</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Fund balances:</u></b>						
<b>Restricted:</b>						
Debt service	-	-	-	2,847	-	2,847
Highways and streets	-	394,627	-	-	-	394,627
Total restricted	-	394,627	-	2,847	-	397,474
<b>Committed:</b>						
Culture and recreation	-	-	-	-	351,032	351,032
Capital projects	-	-	-	-	1,753,342	1,753,342
Refuse Collection	-	-	97,769	-	-	97,769
Building department	-	-	-	-	1,691,610	1,691,610
Total committed	-	-	97,769	-	3,795,984	3,893,753
Unassigned	1,906,137	-	-	-	-	1,906,137
Ending net assets	<u>\$ 1,906,137</u>	<u>\$ 394,627</u>	<u>\$ 97,769</u>	<u>\$ 2,847</u>	<u>\$ 3,795,984</u>	<u>\$ 6,197,364</u>

\$394,627 is restricted for highways and streets by enabling legislation.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 2 -- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

**Budget procedures:**

A budget is prepared for each fund in accordance with the cash basis of accounting and legal requirements set forth in the Oregon Local Budget Law. Budget amounts shown in the financial statements include the original and supplemental budget amounts and all appropriation transfers approved by the City Council.

The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

The appointed budget officer develops a proposed budget for submission to the budget committee appointed by the City Council. The operating budget includes proposed expenditures and the means for financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years.

After the proposed budget is prepared, the budget officer publishes a "Notice of Budget Committee Meeting" in at least one newspaper of general circulation. At the budget committee meeting, the budget message is delivered explaining the proposed budget and any significant changes in the City's financial position. The budget committee meets thereafter as many times as necessary until the budget document is completed.

After approval by the budget committee and the required public hearing, and prior to July 1, the budget is adopted by the City Council, and appropriations are enacted by resolution. Appropriations control expenditures in broad categories as required by Oregon Local Budget Law. More detailed classifications of budgeted expenditures are adopted for administrative control purposes. Budget appropriations lapse at year end.

Management is not allowed to modify the budget without action by the governing body. The governing body is authorized to modify the original budget appropriation ordinance in the following ways:

- a. Transfer of budget appropriations within a fund are authorized by resolution of the governing body.
- b. Budget revisions that increase total expenditures in any fund require a supplemental budget to be adopted. If a supplemental budget increases a fund's expenditures by less than 10%, the City can adopt it by publishing a notice five days before a meeting is held to pass the adoption resolution. If a supplemental budget increases a fund's expenditures by more than 10%, the City must hold a special hearing to discuss and adopt the supplemental budget. Notice of the hearing must be published five to thirty days before the hearing.

Two supplemental budgets were adopted during the year ended June 30, 2019; income increased in the general, capital reserve, transient room tax, water reserve, water utility, and refuse collection funds. The supplemental budgets increased expenditures and transfers allocated as follows: to the general fund: materials and services \$124,200, personal services \$21,000, operating contingency \$124,300 and transfers \$45,000, capital reserve fund: materials and services \$20,000 and capital outlay \$41,122, transient room tax: materials and services \$10,000, water reserve fund: materials and services \$70,000 and capital outlay \$670,000, water utility fund: materials and services \$45,000, and refuse collection fund: materials and services \$60,000 and transfers \$15,000.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**  
**June 30, 2019**

**NOTE 2 -- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued):**

**Budget procedures (continued):**

The following funds legally adopt annual budgets:

General fund	All proprietary funds	All capital projects funds
All special revenue funds	All debt service funds	

Expenditures may not legally exceed budget appropriations at the following legal level of control for each fund:

Personal services	Capital outlay
Materials and services	Debt service

Appropriations are made at the same legal level of control described above, with the exception of the general fund. General fund expenditures are appropriated by department.

**NOTE 3 -- CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents consisted of the following:

Cash on hand	\$ 630
Bank checking accounts	2,765,371
Local government investment pool	6,131,613
Total cash and cash equivalents	<u>\$ 8,897,614</u>

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. ORS 295 requires the depository institution to pledge collateral against any public funds deposits in excess of deposit insurance amounts. As of June 30, 2019, the total bank balance was \$2,765,371. Of these deposits, \$250,000 was covered by federal depository insurance. The City maintains its funds at a financial institution deemed to be a qualified depository by the Office of the State Treasurer. The City's remaining deposits in excess of federal deposit insurance are considered by management to be fully collateralized. The City has not adopted a formal investment policy addressing this risk.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 3 -- CASH AND CASH EQUIVALENTS (continued):**

Credit Risk – Investments

The Local Government Investment Pool's credit risk is not rated.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City would not be able to recover the value of its investments. The City has not adopted a formal investment policy addressing this risk. The Local Government Investment Pool is not subject to custodial credit risk because it is not evidenced by securities that exist in physical or book entry form.

Fair Value Measurements

The Local Government Investment Pool is not subject to custodial credit risk because it is not evidenced by securities that exist in physical or book entry form. The pool is not required to be categorized within the fair value hierarchy required for other investments.

**NOTE 4 -- RISK MANAGEMENT:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**  
**June 30, 2019**

**NOTE 5 -- CAPITAL ASSETS:**

Capital asset activity for the year June 30, 2019 was as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 792,052	\$ 250,481	\$ -	\$ 1,042,533
Total assets not being depreciated	<u>792,052</u>	<u>250,481</u>	<u>-</u>	<u>1,042,533</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 3,225,979	\$ -	\$ -	\$ 3,225,979
Equipment	1,061,761	139,023	(197,484)	1,003,300
Vehicles	758,821	22,317	(32,302)	748,836
Infrastructure	1,514,122	55,823	-	1,569,945
Total capital assets being depreciated	<u>6,560,683</u>	<u>217,163</u>	<u>(229,786)</u>	<u>6,548,060</u>
Less: Accumulated depreciation:				
Buildings and improvements	\$ (1,052,820)	\$ (81,523)	\$ -	\$ (1,134,343)
Equipment	(753,556)	(91,309)	197,484	(647,381)
Vehicles	(662,874)	(36,522)	32,302	(667,094)
Infrastructure	(905,875)	(88,467)	-	(994,342)
Total accumulated depreciation	<u>(3,375,125)</u>	<u>(297,821)</u>	<u>229,786</u>	<u>(3,443,160)</u>
Total capital assets being depreciated, net	<u>3,185,558</u>	<u>(80,658)</u>	<u>-</u>	<u>3,104,900</u>
Governmental activities capital assets, net	<u>\$ 3,977,610</u>	<u>\$ 169,823</u>	<u>\$ -</u>	<u>\$ 4,147,433</u>
<b><u>Business-type activities:</u></b>				
Capital assets being depreciated:				
Sewer utility system and equipment	\$ 13,717,041	\$ -	\$ (6,263)	\$ 13,710,778
Water utility system and equipment	6,789,208	659,314	(6,263)	7,442,259
Total capital assets being depreciated	<u>20,506,249</u>	<u>659,314</u>	<u>(12,526)</u>	<u>21,153,037</u>
Less: Accumulated depreciation:				
Sewer utility system and equipment	\$ (6,573,561)	\$ (317,267)	\$ 6,263	\$ (6,884,565)
Water utility system and equipment	(3,832,982)	(194,436)	6,263	(4,021,155)
Total accumulated depreciation	<u>(10,406,543)</u>	<u>(511,703)</u>	<u>12,526</u>	<u>(10,905,720)</u>
Total capital assets being depreciated, net	<u>10,099,706</u>	<u>147,611</u>	<u>-</u>	<u>10,247,317</u>
Business-type activities capital assets, net	<u>\$ 10,099,706</u>	<u>\$ 147,611</u>	<u>\$ -</u>	<u>\$ 10,247,317</u>

Depreciation was charged to functions and programs as follows:

Governmental activities:

General government	\$ 94,517
Public safety	44,478
Highways and streets	111,530
Recreation	47,296
Total depreciation expense governmental activities	<u>\$ 297,821</u>

Business-type activities:

Water	\$ 194,436
Sewer	317,267
Total depreciation expense business-type activities	<u>\$ 511,703</u>



**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 6 -- LONG-TERM DEBT:**

Bonds Payable:

The City issues bonds to provide funds for the acquisition and construction of major capital facilities.

*Series 2014 Sewer Revenue Refunding Bonds:*

The City issued sewer revenue refunding bonds in March of 2014 for \$2,160,000 to retire bonds issued in 2000. This refunding was performed to obtain a more favorable interest rate for the taxpayers of the City of Umatilla, Oregon. Due to the favorable rate, the reduction in total debt service payments over ten years was approximately \$668,000. The present value of those savings were approximately \$603,000. The 2000 series bonds had required the City to restrict \$271,750, an amount equal to one payment. The City used those restricted assets to pay down the 2000 series bonds prior to the refunding. Thus making the net present value savings approximately \$331,000. The refunding bonds carry a fixed interest rate of 2% and mature annually through October 1, 2024. These bonds are reported as a debt of the sewer utility fund.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Business-type activities:		
2014 Sewer Refunding Bond	2.0%	<u><u>\$ 1,005,000</u></u>

Annual debt service requirements to maturity for bonds payable are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	245,000	22,750
2021	250,000	17,800
2022	260,000	11,400
2023	250,000	3,750
	<u><u>\$ 1,005,000</u></u>	<u><u>\$ 55,700</u></u>

Notes payable:

*Banner Bank:*

The City borrowed \$1,500,000 from Banner Bank on April 13, 2010. The note proceeds were used to construct the new city hall building. This note is recorded as a debt of the governmental funds.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 6 -- LONG-TERM DEBT (continued):**

Notes payable (continued):

*IFA:*

The City received fund advances from Oregon Infrastructure Finance Authority (IFA) on several dates during the current and previous fiscal years, the total loan amount is \$402,999 the loan was closed out and payments will commence on December 31, 2019. The loan will be due in six payments and will carry interest at 1.42% from the date of disbursement. This note is reported as a debt of the enterprise funds.

The City received fund advances from Oregon Infrastructure Finance Authority (IFA) totaling \$632,329 during the fiscal year, the total loan amount is expected to be \$710,000 and will commence when the project has been completed and all funds have been disbursed. The loan will be due February 12, 2022 or upon the receipt of refunding proceeds and will carry interest at 2.10% from the date of disbursement. This note is reported as a debt of the enterprise funds.

*Clean Water Loan:*

The City received fund advances from the State of Oregon Department of Environmental Quality Clean Water State Revolving Loan Fund totaling \$26,040 during the previous fiscal year, the total loan amount is expected to be \$2,342,420 and payments will commence when the project has been completed and all funds have been disbursed. The loan will be due in ten payments and will carry interest at 1.56% from the date of disbursement. This note is reported as debt of the enterprise funds.

*Individual:*

The City purchased land on contract from an individual on August 23, 2018, the amount due on the contract is \$200,000. The note carries interest at 4% per annum and is due in four payments commencing August 15, 2019. This note is recorded as a debt of the governmental funds.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities:		
Banner Bank	4.90%	\$ 565,331
Individual	4.00%	200,000
		<u>\$ 765,331</u>
Business-type activities:		
DEQ	1.56%	\$ 26,040
IFA	1.42%	402,999
IFA	2.10%	632,329
		<u>\$ 1,061,368</u>

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 6 -- LONG-TERM DEBT (continued):**

Annual debt service requirements to maturities for notes payable are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 139,361	\$ 35,860	\$ 90,861	\$ 6,011
2021	143,899	29,323	65,742	4,802
2022	148,500	22,721	699,004	39,428
2023	153,326	15,895	67,622	2,922
2024	108,389	8,832	68,582	1,961
2025-2029	71,856	3,521	69,557	987
	<u>\$ 765,331</u>	<u>\$ 116,152</u>	<u>\$ 1,061,368</u>	<u>\$ 56,111</u>

**Changes in long-term debt**

Long-term liability activity for the year follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount due within one year
<b>Governmental activities:</b>					
Notes Payable:					
Banner Bank	\$ 649,490	\$ -	\$ 84,159	\$ 565,331	\$ 89,361
Individual	-	200,000	-	200,000	50,000
Port of Umatilla	44,000	-	44,000	-	-
<b>Total Governmental activities</b>	<u>\$ 693,490</u>	<u>\$ 200,000</u>	<u>\$ 128,159</u>	<u>\$ 765,331</u>	<u>\$ 139,361</u>
<b>Business-Type Activities:</b>					
Bonds payable:					
1978 Water Bonds	\$ 17,915	\$ -	\$ 17,915	\$ -	\$ -
Sewer Refunding Bonds	1,245,000	-	240,000	1,005,000	245,000
Total bonds payable	<u>1,262,915</u>	<u>-</u>	<u>257,915</u>	<u>1,005,000</u>	<u>245,000</u>
Notes payable:					
IFA	359,799	43,200	-	402,999	64,821
IFA	-	632,329	-	632,329	-
DEQ Clean Water Loan	26,040	-	-	26,040	26,040
Total notes payable	<u>385,839</u>	<u>675,529</u>	<u>-</u>	<u>1,061,368</u>	<u>90,861</u>
<b>Total Business-Type Activities</b>	<u>\$ 1,648,754</u>	<u>\$ 675,529</u>	<u>\$ 257,915</u>	<u>\$ 2,066,368</u>	<u>\$ 335,861</u>

**NOTE 7 -- GARBAGE DISPOSAL CONTRACT:**

The City contracts for garbage disposal with a third party. Under terms of the agreement the City remits eighty-four percent of collected sanitation fees to the contracting party, with the General Fund retaining sixteen percent of the fees as compensation for billing and collection services.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**  
**June 30, 2019**

**NOTE 8 -- CONTINGENT LIABILITIES:**

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

**NOTE 9 -- RELATED PARTY:**

The City has considered related party transactions through the date of this report and no related party transactions have been identified.

**NOTE 10 -- INTERFUND TRANSACTIONS:**

Transfer Out:	Transfer In:							Total Transfers Out
	General	State Street tax	Capital Reserve	Water Utility	Water Reserve	Sewer Reserve	Nonmajor Governmental	
General	\$ -	\$ 4,000	\$ 552,700	\$ -	\$ -	\$ -	\$ 41,000	\$ 597,700
Water utility	-	-	41,000	-	732,329	-	-	773,329
Sewer utility	-	-	70,000	-	-	243,200	-	313,200
Water reserve	-	-	-	659,314	-	-	-	659,314
State street tax	-	-	92,000	-	-	-	-	92,000
Debt service	-	-	-	18,388	-	-	-	18,388
Building dept.	-	-	11,500	-	-	-	-	11,500
Nonmajor governmental	1,500	-	12,300	-	-	-	-	13,800
Total transfers in	<u>\$ 1,500</u>	<u>\$ 4,000</u>	<u>\$ 779,500</u>	<u>\$ 677,702</u>	<u>\$ 732,329</u>	<u>\$ 243,200</u>	<u>\$ 41,000</u>	<u>\$ 2,479,231</u>

Net transfers from business-type activities to governmental activities reported on the statement of activities are reported as follows:

**Net transfer from business-type activities:**

Transfers out:	
Water utility fund	\$ (773,329)
Sewer utility fund	(313,200)
Water reserve fund	(659,314)
Transfers in:	
Water utility fund	677,702
Water reserve fund	732,329
Sewer reserve fund	<u>243,200</u>

\$ (92,612)

**Net transfers to governmental activities:**

Transfers out:	
General fund	\$ (597,700)
State street tax fund	(92,000)
Debt service fund	(18,388)
Building department fund	(11,500)
Non-major governmental funds	(13,800)
Transfers in:	
General fund	1,500
State street tax fund	4,000
Capital reserve fund	779,500
Non-major governmental funds	41,000

\$ 92,612

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 10 -- INTERFUND TRANSACTIONS (continued):**

The City makes routine transfers between funds as follows:

Amounts designated for future improvements are transferred to one of the City's four reserve funds.

Amounts designated for debt service are transferred to the Debt Service Fund.

Budgetary basis transfers reported on the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual differ from those reported on the modified cash basis in the fund financial statements because:

The City budgets debt service payments of proprietary and governmental debt in various funds. The proprietary fund financial statements report debt service payments as reductions of long-term debt and interest expense.

Expenditures for proprietary fund capital assets are made by the City's four reserve funds. The City budgets these expenditures as capital outlay, but the fund financial statements report them as transfers.

**NOTE 11 -- DEFINED BENEFIT PENSION PLAN:**

Because the financial statements have been prepared on a modified cash basis of accounting, pension liabilities and the related deferred inflows and outflows of resources have not been recorded in the financial statements. Pension expenditures are recorded when the disbursements are made. If the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, the following information would have been included:

The Oregon Public Employees Retirement System consists of a single cost-sharing multiple employer defined benefit pension plan, which provides pension, death and disability benefits.

**Tier One/Tier Two Retirement Benefit (Chapter 238):**

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

**Pension Benefits:**

The PERS retirement allowance is payable monthly for life. The basic benefit is based on years of service and final average salary. Generally, a percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier Two members are eligible for full benefits at age 60.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 11 -- DEFINED BENEFIT PENSION PLAN (continued):**

**Tier One/Tier Two Retirement Benefit (Chapter 238) (continued):**

**Death Benefits:**

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, if certain conditions are met.

**Disability Benefits:**

Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**Benefit Changes After Retirement**

Members may choose to continue participation in a variable equities investment accounts after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**OPSRP Pension Program (ORS Chapter 238A):**

**Pension Benefits:**

The Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are based on years of service and final average salary.

For police and fire, 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire member, is age 60 or age 53 with 25 years of retirement credit.

For general service, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

**Death Benefits:**

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 11 -- DEFINED BENEFIT PENSION PLAN (continued):**

**OPSRP Pension Program (ORS Chapter 238A) (continued):**

**Disability Benefits:**

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

**Benefit Changes After Retirement:**

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

**OPSRP Individual Account Program (OPSRP IAP):**

**Pension Benefits:**

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

**Death Benefits:**

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

**Recordkeeping:**

PERS contracts with VOYA Financial to maintain IAP participant records.

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**  
**June 30, 2019**

**NOTE 11 -- DEFINED BENEFIT PENSION PLAN (continued):**

**Contributions:**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2016 actuarial valuation. Covered employees are required to contribute 6.00% of wages and the employer is required to contribute 13.42% of Tier 1/Tier 2 wages, 5.61% of OPSRP General service wages, and 10.38% of OPSRP Police and Fire wages.

**Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources:**

At June 30, 2019, the City reported a liability of \$2,598,513 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2018, the City's proportionate share was 0.01715339%, which was higher than its proportionate share measured as of June 30, 2017 which was .01702644%.

For the year ended June 30, 2019, the City recognized pension expense of \$497,295, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 88,394	\$ -
Changes in assumptions	604,149	-
Net differences between projected and actual earnings on investments	-	115,389
Changes in proportionate share	109,573	-
Differences between employer contributions and proportionate share of contributions	-	123,719
Contributions subsequent to measurement date	185,325	-
	<u>\$ 987,441</u>	<u>\$ 239,108</u>

Oregon PERS produces an independently audited CAFR which can be found at:  
[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

**Changes in Plan Provisions:**

No changes occurred since the measurement date that must be reported.



**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 12 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN:**

**Plan description:**

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing multiple-employer Other Postemployment Benefit (OPEB) plan. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

**Contributions:**

PERS employers contribute 0.08 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. PERS employers contributed 0.45 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability.

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

At June 30, 2019, the City reported an asset of \$24,140 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016 and rolled forward to the measurement date of June 30, 2018. The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actuarial contributions in the fiscal year of all employers. At June 30, 2018 the City's proportion was 0.02162573% compared to its proportion of 0.01905740% as of June 30, 2017.

For the year ended June 30, 2019, the City recognized OPEB income of \$2,530. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,368
Changes in assumptions		77
Net differences between projected and actual earnings on		5,205
Changes in proportionate share	-	554
Contributions subsequent to the measurement date	9,161	-
	<u>\$ 9,161</u>	<u>\$ 7,204</u>

**CITY OF UMATILLA, OREGON**

**Notes to Basic Financial Statements**

**June 30, 2019**

**NOTE 12 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN(CONTINUED):**

**Actuarial assumptions:**

Experience studies are performed as of December 31 of even numbered years. The methods and assumptions are based on the 2016 experience study, which reviewed the experience for the four-year period ended on December 31, 2016. The Retirement Health Insurance Account is a benefit of the Oregon Public Employees Retirement System. Actuarial methods and assumptions, including the long-term expected rate of return, are the same as reported for the City's pension plan.

**Discount rate:**

The discount rate used to measure the total OPEB liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Oregon PERS produces an independently audited CAFR which can be found at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

**Changes in Plan Provisions:**

No changes occurred since the measurement date that must be reported.

**NOTE 13 -- TAX ABATEMENTS:**

The City is subject to tax abatements granted by Umatilla County. Umatilla County grants exemptions from property taxes within enterprise zones and under the strategic investment program as authorized by ORS 285C.

City property tax revenues were reduced as follows:

Enterprise zones	\$2,242,924
Strategic investment programs	-
	<u>\$2,242,924</u>

**NOTE 14 -- SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through the date of this report which is the date the financial statements were available to be issued. There are no events, including instances of noncompliance, that have occurred subsequent to the date of this report that would require adjustment to or disclosure in the financial statements.

The City purchased 12.33 acres for \$365,000 on August 20, 2019. This property was purchased in service to the Industrial Waste Water pipeline route that the City is installing as part of their Industrial Discharge Facility and in furtherance of future economic development opportunities.

**SUPPLEMENTARY INFORMATION**

**MANAGEMENT DISCUSSION**  
**AND ANALYSIS**

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Umatilla's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the City's financial statements, which precede this section.

## **Financial Planning Process**

The budget process begins with a meeting between the City Manager, Department Heads and the Finance Director for an in-depth financial review of the current fiscal year – for an evaluation of the current financial position, and a review of the long-term fiscal plan. Project and fiscal objectives for the coming year are then combined into a draft budget to be submitted to the budget committee for discussion, direction, and consideration. The Budget Committee meets twice – the first time to review requested funding and projects and make recommendations for the budgeting process and the second time to consider the Finance Director's recommended budget. After consideration and amendment, the budget committee forwards the recommended, proposed budget to the city council where it is reviewed and adopted at the June council meeting.

The budget committee consists of the city council, mayor, and six citizen members appointed at large. The City Manager and the Finance Director serve in a support capacity. The committee generally meets in March and April, with the final adoption of the budget by the city council in June.

## **Financial Highlights**

- The net position of the City of Umatilla exceeded its liabilities at the close of the most recent fiscal year by \$20,460,665. Of this amount, \$8,500,140 may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase from last fiscal year of \$1,732,581 to meet ongoing obligations.
- The government's total net position increased by \$1,534,875.
- As of the close of the current fiscal year, the City of Umatilla's governmental funds reported combined ending fund balances of \$6,197,364. Only 30.8% of this total amount, \$1,906,137, is available for spending at the government's discretion. The remainder is reserved for streets, debt service, culture and recreation and capital projects.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,906,137, or 60.1% of total general fund expenditures. This is an increase from last year of \$311,715.
- The City of Umatilla's total secured debt increased by \$489,455 (20.9%) during the current fiscal year.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Umatilla's basic financial statements. The City's basic financial statements comprise three components:

- Government-wide financial statements

- Fund Financial statements
- Notes to the basic 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 report information about the City as a whole using accounting methods similar to those used by private-sector companies. The City still uses a modified cash basis of accounting as the members of the Council are most familiar with that system.

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 according to the timing of related cash flows. Thus, revenues and expenses are reported in this statement for those items that resulted in cash flows in this fiscal period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the City include:

- General Government
- Public Safety (Police and courts)
- Highways and streets
- Sanitation
- Library
- Culture and Recreation (Parks)

The business-type activities of the City of Umatilla include Water and Sewer operations and their reserves.

The government-wide financial statements can be found on pages 8-9 of the basic financial statements.

## **Fund Financial Statements**

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current

expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government activities. The reconciliations can be found on pages 11 and 13 in the basic financial statements.

The City maintains 9 individual government funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report six funds: General Fund, State Tax Street Fund, Refuse Collection, Capital Reserve, Building Department and Debt Service Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the major special revenue funds as required supplementary information on pages 14-18. Budgetary comparisons for all other governmental funds have been provided elsewhere in this report.

The governmental fund financial statements can be found at pages 10 and 12 in the basic financial statements.

***Proprietary funds.*** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its Local Sewer services and Water services.

Proprietary fund statements 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 Sewer Fund (and Sewer Reserve) and the Water Fund (and Water Reserve), all of these are considered to be major funds of the City.

The proprietary fund financial statements can be found on pages 19-21 in the basic financial statements.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-41 of this report.

**Other supplementary information.** The combining statements referred to earlier in connection with non major governmental funds, the schedule of property tax transactions, the schedule of bonded debt transactions and future requirements for bonded debt and four schedules required to demonstrate compliance with bond indenture requirements are included in this report and can be found on pages 53-70.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$20,460,665 at the close of the most recent fiscal year.

The largest portion of the City's net position, \$11,563,051, or 56.5% reflects its investment in capital assets (e.g., land and right-of-way, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation) less any debt related to the acquisition of those assets. 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, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Umatilla's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 4,860,840	\$ 6,197,364	\$ 2,329,878	\$ 2,700,250	\$ 7,190,718	\$ 8,897,614
Fixed assets, net, where applicable, of accumulated depreciation	3,977,610	4,147,433	10,099,706	10,247,317	14,077,316	14,394,750
Total assets	8,838,450	10,344,797	12,429,584	12,947,567	21,268,034	23,292,364
Non-current liabilities	563,986	625,970	1,390,839	1,215,507	1,954,825	1,841,477
Other liabilities	129,504	139,361	257,915	850,861	387,419	990,222
Total liabilities	693,490	765,331	1,648,754	2,066,368	2,342,244	2,831,699
Net position:						
Net investment in capital assets	3,284,120	3,382,102	8,450,952	8,180,949	11,735,072	11,563,051
Restricted	423,159	397,474	-	-	423,159	397,474
Unrestricted	4,437,681	5,799,890	2,329,878	2,700,250	6,767,559	8,500,140
Total net position	\$ 8,144,960	\$ 9,579,466	\$ 10,780,830	\$ 10,881,199	\$18,925,790	\$20,460,665

A portion of the City's net position, \$397,474, represents resources that are subject to external restrictions on how they may be used. These include debt service and street taxes. The remaining balance of unrestricted net position, \$8,500,140, or 41.5% may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase from last year of \$1,732,581.



# City of Umatilla's Change in Net Position

**Governmental Activities.** Governmental activities increased the City's net position by \$1,434,506.

**Business-type activities.** Business-type activities increased the City's net position by \$100,369.

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Program revenues:						
Charges for services	\$ 2,876,922	\$ 2,926,779	\$ 2,719,393	\$ 2,762,599	\$ 5,596,315	\$ 5,689,378
Contributions and grants	72,605	54,920	-	-	72,605	54,920
General revenues:						
Taxes (all sources)	1,038,434	1,358,081	-	-	1,038,434	1,358,081
Shared revenue	870,332	963,749	-	-	870,332	963,749
Use of money and property	65,784	139,306	33,603	54,629	99,387	193,935
Transfers	39,607	92,612	(39,607)	(92,612)	-	-
Gain/(loss) on sale of assets	-	-	-	-	-	-
Miscellaneous receipts	1,275,826	1,569,756	139,033	74,434	1,414,859	1,644,190
<b>Total Revenues</b>	<b>6,239,510</b>	<b>7,105,203</b>	<b>2,852,422</b>	<b>2,799,050</b>	<b>9,091,932</b>	<b>9,904,253</b>
Expenses:						
General government	872,351	1,250,028	-	-	872,351	1,250,028
Sanitation	715,614	780,114	-	-	715,614	780,114
Streets	591,367	568,358	-	-	591,367	568,358
Library	199,785	198,940	-	-	199,785	198,940
Police	1,943,928	2,128,645	-	-	1,943,928	2,128,645
Recreation	580,049	744,612	-	-	580,049	744,612
Sewer and water	-	-	2,717,330	2,698,681	2,717,330	2,698,681
<b>Total expenses</b>	<b>4,903,094</b>	<b>5,670,697</b>	<b>2,717,330</b>	<b>2,698,681</b>	<b>7,620,424</b>	<b>8,369,378</b>
Net position - beginning, as adjusted	6,808,544	8,144,960	10,645,738	10,780,830	17,454,282	18,925,790
Change in net position	1,336,416	1,434,506	135,092	100,369	1,471,508	1,534,875
Net position, end of year	<b>\$ 8,144,960</b>	<b>\$ 9,579,466</b>	<b>\$ 10,780,830</b>	<b>\$ 10,881,199</b>	<b>\$ 18,925,790</b>	<b>\$ 20,460,665</b>

## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,197,364. Approximately 30.8% of this total amount, \$1,906,137, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted or committed* to indicate that it is not available for new spending because it has already been designated for a variety of purposes.

The general fund is the chief operating fund of the City of Umatilla. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,906,137. As a measure of the general fund's liquidity it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 50.1% of total general fund expenditures of \$3,740,967. This ratio is a slight decrease from 51.7% in the prior year.

The fund balance of the City's general fund increased by \$311,715 during the fiscal year. The fund experienced increases in property tax revenue, tax abatement program proceeds and franchise fees and slightly increased expenditures in comparison to the previous fiscal year. There was an increased amount of transfers out into the Capital Reserve Fund.

The Street fund has total fund ending balance of \$394,627, a slight decrease of \$8,778 from the prior year. The passage of the state transportation package, HB 2017, during the 2017 legislative session provided significant per capita dollar increases to the state highway revenue sharing dollars. These increases helped to offset rising employee benefit and maintenance expenses.

Other governmental funds remained relatively stable during the year.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer fund, both operating and reserve, at the end of the year amounted to \$2,027,427. The Water fund, both operating and reserve, had unrestricted net position of \$672,823.

## **General Fund Budgetary Highlights**

For the year ended June 30, 2019 there was a slight variation between the budgeted revenue and the actual revenues received in the General Fund. Collections for property tax were 10% more than budgeted resulting from a significant increase in total assessed value attributable to the data centers. Electrical franchise revenue was nearly \$45,000 higher than budgeted due to data center expansion. The City received its third community service fee that resulted from the data center property tax abatements which was approximately \$370,000. This amount was not included in the budget and was included in the Other Revenue line item. Expenditures were under budget in all operating departments.

## **Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business type activities as of June 30, 2019, amounted to \$14,394,750 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment and roads.

## City of Umatilla's Capital Assets

(net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2019	2018	2019	2018	2019
Land	\$ 792,052	\$ 1,042,533	\$ -	\$ -	\$ 792,052	\$ 1,042,533
Buildings	2,173,159	2,091,636	-	-	2,173,159	2,091,636
Infrastructure	608,247	575,603	-	-	608,247	575,603
Sewer	-	-	7,143,480	6,826,213	7,143,480	6,826,213
Water	-	-	2,956,226	3,421,104	2,956,226	3,421,104
Machinery and						
Equipment	308,205	355,919	-	-	308,205	355,919
Vehicles	95,947	81,742	-	-	95,947	81,742
<b>Total</b>	<b>\$ 3,977,610</b>	<b>\$ 4,147,433</b>	<b>\$ 10,099,706</b>	<b>\$ 10,247,317</b>	<b>\$ 14,077,316</b>	<b>\$ 14,394,750</b>

Additional information on the City's capital assets can be found in note 5 in the Notes to the Basic Financial Statement section of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,005,000. This debt represents bonds secured solely by specified revenue sources.

## City of Umatilla's Outstanding Debt

General Obligation and Revenue Bonds & Other

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2019	2018	2019	2018	2019
Special Assessment debt with governmental Commitment	\$ 693,490	\$ 765,331	\$ -	\$ -	\$ 693,490	\$ 765,331
Special Assessment debt with enterprise fund Commitment	\$ -	\$ -	\$ 385,839	\$ 1,061,368	\$ 385,839	\$ 1,061,368
Revenue Bonds	-	-	1,262,915	1,005,000	1,262,915	1,005,000
<b>Total</b>	<b>\$ 693,490</b>	<b>\$ 765,331</b>	<b>\$ 1,648,754</b>	<b>\$ 2,066,368</b>	<b>\$ 2,342,244</b>	<b>\$ 2,831,699</b>

The City's total debt increased by \$489,455 (20.9%) during the current fiscal year. Additional information on the City's outstanding debt can be found in note 6 in Notes to the Basic Financial Statement section of this report.

## Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY2020 budget:

- Assessed values, the basis of property tax revenues, will grow by 3%. In the previous fiscal year, we saw a 33% increase in value due to the consumable property at the data centers that have passed the three-year abatement. We anticipate another 20% increase in property tax receipts in the next fiscal year.
- Contributions in lieu of tax revenues for the enterprise zone agreement will continue per the agreement.
- The City will receive the first Strategic Investment Program (SIP) payments in the next fiscal year. The first category of payments is ad valorem taxes in which the first \$25 million in real market value shall be taxable at its assessed value. The second of these payments, the Community Service Fee (CSF), will be a maximum of \$91,000 per year. The third payment, or Annual Improvement Payment will be split between the City and Umatilla County. A separate agreement on the distribution of those funds has not been reached. As such, the City is budgeting to receive 50%, or \$2 million.
- Interest rates on investments will be ½ %.
- Insurance costs will be slightly higher for the FY2020 budget. While the property and liability rates are remaining flat, they are increasing property valuations by 5% and some of the factors (total budget, number of law enforcement officers, etc.) used to calculate our general liability premiums are increasing. We estimate an overall 10% increase in premiums.
- There will be no COLA in the next budget cycle for all non-union employees.
- The current collective bargaining agreement is in effect through June 30, 2021. For the second year of the agreement, union employees will receive a 3.5% salary increase.
- New PERS rates took effect July 1, 2019 and are locked in until June 30, 2021. Rates are 19.07% for Tier 1 and Tier 2, 11.02% for OPSRP General Schedule and 15.65% for OPSRP Police. In addition to the employer's portion, the City pays the employee's 6% required match.
- Health insurance costs will increase by approximately 6% and vision, dental and life insurance will remain flat.
- The FY2020 budget will demonstrate an increase emphasis on technology upgrades and staff training among all departments.
- With the implementation of the Council Goals and creation of the Development and Recreation Manager position comes a new emphasis to recreation and events. The FY2020 budget allocates \$15,000 to new parks programming opportunities and \$10,000 for library programming.
- The City is working on a multi-phase Waste Water Re-use system. Phase 1 of the re-use project will be the required infrastructure to pipe industrial water to the Bureau of Reclamations irrigation canal and from there to the West Extension Irrigation Districts canal for carriage downstream for beneficial use. In November 2016 the City executed \$403,000 in loan funding for the final design and construction bid documents to install approximately 2.5 miles of underground pipeline. This portion of the project is complete.

The next phase of this project will be the actual construction of the pipeline. To fund this the City Council approved the execution of a \$2.3 million loan from the DEQ Clean Water State Revolving Fund (CWSRF) with a 30 year repayment term. The loan agreement allows for \$500,000 principal forgiveness upon completion of the project. The construction is anticipated to be completed by the spring of 2020. This budget cycle will not require any loan payments. In subsequent budget cycles the total interest and

principal payments will total over \$110,000. One condition of the loan is that the City establishes a Loan Reserve that equals one half the average annual debt service, or \$49,064.

- The City budgeted funds in FY2019 for a consultant to evaluate the City's System Development Charges, which have not been increased since they were approved in 1998. With the construction of the IWW line and increased debt service needs, there is an immediate need for a full utility rate study. A request for proposal (RFP) was issued in February 2019 for a combined SDC/Utility Rate analysis. The total cost of the study is \$90,000 which will be split between FY2019 and FY2020.
- The City's Water Management Conservation Plan (WMCP) is out of date and must be updated to fulfill the requirements of Oregon Administrative Rule (OAR) Chapter 690, Division 86 of the Oregon Water Resources Department (OWRD). The OAR provides a process to ensure efficient use of Oregon's water resources and to facilitate consistent water supply planning. The WMCP is necessary for Umatilla to gain access to its undeveloped water rights and represents Umatilla's commitment to proper management of its water resources. The plan updates will begin in FY2019 and carry into FY2020. The full update is anticipated to cost \$25,000. This will be a combined effort of the Community Development and Public Works Departments.
- City staff has been working with Seder Architecture & Urban Design on a renovation/expansion project to turn the old post office building into a new City annex building. This annex will house the Community Development Department and have the potential to serve as a business incubator for new business owners on one side, while providing a multi-use room for events and meetings on the other. We estimate this project will cost nearly \$4 million. City staff will be actively pursuing grants and hopes to have construction completed by the end of FY2021.
- The City is providing data centers with a supply of groundwater for their non-contact cooling tower systems. Because the City's groundwater has a high silica content and salinity, the data centers cannot cycle the same water through the cooling system many times before it clogs the system. The City has identified the possibility of developing a low silica content hydraulically-connected well to utilize the City's unused surface water right, but the feasibility of this solution must be determined. This project would be to make exploratory bores, test and monitor the water quality to determine hydraulic connection, then construct a single test well, and coordinate with WRD regulators about the results to their satisfaction. If the feasibility project is successful, the City will provide surface water to the data centers and they can reduce their water demand during irrigation season by approximately 25 percent. November the City will be applying for a feasibility study grant from Oregon Water Resources Department (OWRD) to cover \$308,00 of the \$616,000 total project cost. If awarded the grant, the remainder of the cost will be split between a \$25,000 in-kind contribution and \$283,000 loan from IFA. We do not anticipate any loan payments to be due in the upcoming fiscal year.

## **Request for Information**

This financial report is designed to provide a general overview of the City's finances for 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 addressed to:

Melissa Ince, CPA  
Finance & Administrative Services Director  
City of Umatilla  
P O Box 130  
Umatilla, OR 97882

**CITY OF UMATILLA, OREGON**

**Non-major Governmental Funds**

**June 30, 2019**

**SPECIAL REVENUE FUNDS:**

Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

Library Fund

Accounts for receipt and expenditure of monies received from the Umatilla County Special Library District.

Transient Room Tax Fund

Accounts for the receipts of monies received from motel room taxation.

**CAPITAL PROJECT FUNDS:**

Capital project funds are used to account for revenues that are committed to future capital projects.

Building Reserve Fund

This fund accounts for cash received for future building purchases and building improvements.

**CITY OF UMATILLA, OREGON**

**Non-major Governmental Funds**  
**Combining Balance Sheet - Modified Cash Basis**  
**June 30, 2019**

	<u>Special Revenue Funds</u>		<u>Capital Project</u>	<u>Total</u>
	<u>Library</u>	<u>Transient Room Tax</u>	<u>Fund</u>	<u>Non-major Governmental Funds</u>
	\$ 144,818	\$ 206,215	\$ 125,078	\$ 476,111
	\$ -	\$ -	\$ -	\$ -
	144,818	206,215	125,078	476,111
	\$ 144,818	\$ 206,215	\$ 125,078	\$ 476,111

**ASSETS**

Cash and cash equivalents

**LIABILITIES**

**FUND BALANCES:**

Committed

Total liabilities and fund balances

See accompanying independent auditors' report.

**CITY OF UMATILLA, OREGON**

**Non-major Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis**  
**Year Ended June 30, 2019**

	Special Revenue Funds		Capital Project Fund	Total Non-major Governmental Funds
	Library	Transient Room Tax	Building Reserve	
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 193,785	\$ 10,000	\$ -	\$ 203,785
Fees, licenses, and permits	-	86,419	-	86,419
Investment interest	3,588	5,510	3,858	12,956
Miscellaneous	758	-	132,922	133,680
Total revenues	<u>198,131</u>	<u>101,929</u>	<u>136,780</u>	<u>436,840</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
Library	193,505	-	-	193,505
Cultural and recreation	-	131,132	-	131,132
Debt service:				
Principal	-	-	84,159	84,159
Interest	-	-	33,063	33,063
Total expenditures	<u>193,505</u>	<u>131,132</u>	<u>117,222</u>	<u>441,859</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>4,626</u>	<u>(29,203)</u>	<u>19,558</u>	<u>(5,019)</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating transfers in	20,000	21,000	-	41,000
Operating transfers out	(12,300)	(1,500)	-	(13,800)
Total other financing sources (uses)	<u>7,700</u>	<u>19,500</u>	<u>-</u>	<u>27,200</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<u>12,326</u>	<u>(9,703)</u>	<u>19,558</u>	<u>22,181</u>
<b><u>FUND BALANCES, BEGINNING OF YEAR</u></b>	<u>132,492</u>	<u>215,918</u>	<u>105,520</u>	<u>453,930</u>
<b><u>FUND BALANCES, END OF YEAR</u></b>	<u>\$ 144,818</u>	<u>\$ 206,215</u>	<u>\$ 125,078</u>	<u>\$ 476,111</u>

See accompanying independent auditors' report.



**CITY OF UMATILLA, OREGON**

**Library Fund**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Library district	\$ 168,559	\$ 168,559	\$ 187,950	\$ 19,391
Grants	3,040	3,040	5,835	2,795
Interest income	1,250	1,250	3,588	2,338
Other	1,250	1,250	758	(492)
Total revenues	<u>174,099</u>	<u>174,099</u>	<u>198,131</u>	<u>24,032</u>
<b><u>TRANSFERS FROM OTHER FUNDS:</u></b>				
From the General Fund	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b><u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u></b>				
	<u>128,803</u>	<u>128,803</u>	<u>132,492</u>	<u>3,689</u>
	<u>\$ 322,902</u>	<u>\$ 322,902</u>	<u>\$ 350,623</u>	<u>\$ 27,721</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
Library:				
Personal services	\$ 172,578	\$ 172,578	\$ 165,814	\$ 6,764
Materials and services	30,150	31,150	26,695	4,455
Capital outlay	2,500	2,500	996	1,504
Operating contingency	2,500	1,500	-	1,500
Total expenditures	<u>207,728</u>	<u>207,728</u>	<u>193,505</u>	<u>14,223</u>
<b><u>TRANSFERS TO OTHER FUNDS:</u></b>				
To the Capital Reserve Fund	<u>12,300</u>	<u>12,300</u>	<u>12,300</u>	<u>-</u>
Total expenditures and transfers	<u>220,028</u>	<u>220,028</u>	<u>205,805</u>	<u>\$ 14,223</u>
<b><u>UNAPPROPRIATED BALANCE</u></b>				
	<u>102,874</u>	<u>102,874</u>	<u>144,818</u>	
	<u>\$ 322,902</u>	<u>\$ 322,902</u>	<u>\$ 350,623</u>	

See accompanying independent auditors' report.

**CITY OF UMATILLA, OREGON**

**Transient Room Tax Fund**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Motel tax	\$ 73,638	\$ 73,638	\$ 86,419	\$ 12,781
Interest income	3,000	3,000	5,510	2,510
Other	-	10,000	10,000	-
Total revenues	<u>76,638</u>	<u>86,638</u>	<u>101,929</u>	<u>15,291</u>
<b><u>TRANSFERS FROM OTHER FUNDS:</u></b>				
From the General Fund	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
<b><u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u></b>				
	<u>214,765</u>	<u>214,765</u>	<u>215,918</u>	<u>1,153</u>
	<u>\$ 312,403</u>	<u>\$ 322,403</u>	<u>\$ 338,847</u>	<u>\$ 16,444</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
Personal services	\$ -	\$ 5,000	\$ 1,828	3,172
Culture and recreation:				
Materials and services	217,436	212,436	92,954	119,482
Capital outlay	87,065	97,065	36,350	60,715
	<u>304,501</u>	<u>314,501</u>	<u>131,132</u>	<u>183,369</u>
<b><u>TRANSFERS TO OTHER FUNDS:</u></b>				
To the General Fund	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total expenditures and transfers	<u>306,001</u>	<u>316,001</u>	<u>132,632</u>	<u>\$ 183,369</u>
<b><u>UNAPPROPRIATED BALANCE</u></b>				
	<u>6,402</u>	<u>6,402</u>	<u>206,215</u>	
	<u>\$ 312,403</u>	<u>\$ 322,403</u>	<u>\$ 338,847</u>	

See accompanying independent auditors' report.

**CITY OF UMATILLA, OREGON**

**Capital Reserve Fund**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b><u>REVENUES:</u></b>				
Interest income	\$ 11,000	\$ 11,000	\$ 32,152	\$ 21,152
Grants	-	-	20,000	20,000
Calpine co-gen plant and other	51,063	67,185	106,562	39,377
	<u>62,063</u>	<u>78,185</u>	<u>158,714</u>	<u>80,529</u>
<b><u>TRANSFERS FROM OTHER FUNDS:</u></b>				
From the Sewer Fund	70,000	70,000	70,000	-
From the Water Fund	41,000	41,000	41,000	-
From the Library Fund	12,300	12,300	12,300	-
From the General Fund	531,700	576,700	552,700	(24,000)
From the State Tax Street Fund	92,000	92,000	92,000	-
From the Building Department Fund	11,500	11,500	11,500	-
	<u>758,500</u>	<u>803,500</u>	<u>779,500</u>	<u>(24,000)</u>
Total revenues and transfers	820,563	881,685	938,214	56,529
<b><u>BEGINNING FUND BALANCE AVAILABLE</u></b>				
<b><u>FOR APPROPRIATION</u></b>	<u>1,084,884</u>	<u>1,084,884</u>	<u>1,201,357</u>	<u>116,473</u>
	<u>\$ 1,905,447</u>	<u>\$ 1,966,569</u>	<u>\$ 2,139,571</u>	<u>\$ 173,002</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
General government:				
Materials and services	\$ 169,000	\$ 189,000	\$ 137,981	\$ 51,019
Capital outlay	1,206,250	1,247,372	373,327	874,045
Total expenditures	1,375,250	1,436,372	511,308	<u>\$ 925,064</u>
<b><u>UNAPPROPRIATED BALANCE</u></b>				
	<u>530,197</u>	<u>530,197</u>	<u>1,628,263</u>	
	<u>\$ 1,905,447</u>	<u>\$ 1,966,569</u>	<u>\$ 2,139,571</u>	

See accompanying independent auditors' report.

**CITY OF UMATILLA, OREGON**

**Building Reserve Fund**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Interest	\$ 2,000	\$ 2,000	\$ 3,858	\$ 1,858
Calpine co-gen plant	132,922	132,922	132,922	-
	<u>134,922</u>	<u>134,922</u>	<u>136,780</u>	<u>1,858</u>
<b><u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u></b>	<u>105,083</u>	<u>105,083</u>	<u>105,520</u>	<u>437</u>
	<u>\$ 240,005</u>	<u>\$ 240,005</u>	<u>\$ 242,300</u>	<u>\$ 2,295</u>
<b><u>EXPENDITURES:</u></b>				
Debt service	\$ 117,222	\$ 117,222	\$ 117,222	\$ -
<b><u>UNAPPROPRIATED BALANCE</u></b>	<u>122,783</u>	<u>122,783</u>	<u>125,078</u>	
	<u>\$ 240,005</u>	<u>\$ 240,005</u>	<u>\$ 242,300</u>	

**CITY OF UMATILLA, OREGON**

**Debt Service Fund**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Property taxes:				
Prior	\$ -	\$ -	\$ 1,239	\$ 1,239
Interest income	300	300	242	(58)
	<u>300</u>	<u>300</u>	<u>1,481</u>	<u>1,181</u>
 <b><u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u></b>				
	<u>19,914</u>	<u>19,914</u>	<u>19,754</u>	<u>(160)</u>
	<u>\$ 20,214</u>	<u>\$ 20,214</u>	<u>\$ 21,235</u>	<u>\$ 1,021</u>
 <b><u>EXPENDITURES:</u></b>				
Debt service:				
Principal retirement	\$ 19,739	\$ 19,739	\$ 17,911	1,828
Interest	475	475	477	(2)
Total expenditures	<u>20,214</u>	<u>20,214</u>	<u>18,388</u>	<u>\$ 1,826</u>
 <b><u>UNAPPROPRIATED BALANCE</u></b>				
	<u>-</u>	<u>-</u>	<u>2,847</u>	
	<u>\$ 20,214</u>	<u>\$ 20,214</u>	<u>\$ 21,235</u>	

See accompanying independent auditors' report.

**CITY OF UMATILLA, OREGON**

**Water Utility Fund**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b><u>REVENUES:</u></b>				
Water service	\$ 1,081,737	\$ 1,081,737	\$ 1,068,451	\$ (13,286)
Service connections	54,240	54,240	67,581	13,341
Interest and other	5,050	5,050	12,991	7,941
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,141,027	1,141,027	1,149,023	7,996
<b><u>BEGINNING FUND BALANCE AVAILABLE</u></b>				
<b><u>FOR APPROPRIATION</u></b>	<u>39,356</u>	<u>39,356</u>	<u>108,446</u>	<u>69,090</u>
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 1,180,383</u>	<u>\$ 1,180,383</u>	<u>\$ 1,257,469</u>	<u>\$ 77,086</u>
<b><u>EXPENDITURES:</u></b>				
Personal services	\$ 493,206	\$ 513,206	\$ 508,328	\$ 4,878
Materials and services	454,085	504,085	466,173	37,912
Capital outlay	14,200	14,200	5,348	8,852
Contingency	25,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	986,491	1,031,491	979,849	51,642
<b><u>TRANSFERS TO OTHER FUNDS:</u></b>				
To the Capital Reserve Fund	41,000	41,000	41,000	-
To the Water Reserve Fund	100,000	100,000	100,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	141,000	141,000	141,000	-
Total expenditures and transfers	1,127,491	1,172,491	1,120,849	<u>\$ 51,642</u>
<b><u>UNAPPROPRIATED BALANCE</u></b>				
	<u>52,892</u>	<u>7,892</u>	<u>136,620</u>	
	<hr/>	<hr/>	<hr/>	
	<u>\$ 1,180,383</u>	<u>\$ 1,180,383</u>	<u>\$ 1,257,469</u>	
	<hr/>	<hr/>	<hr/>	

See accompanying independent auditors' report.

**CITY OF UMATILLA, OREGON**

**Sewer Utility Fund**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Sewer service	\$ 1,566,423	\$ 1,566,423	\$ 1,489,101	\$ (77,322)
Interest income	4,500	4,500	11,818	7,318
Other income	500	500	4,478	3,978
Total revenues	1,571,423	1,571,423	1,505,397	(66,026)
<b><u>BEGINNING FUND BALANCE</u></b>				
<b><u>AVAILABLE FOR APPROPRIATION</u></b>	556,098	556,098	566,008	9,910
	<u>\$ 2,127,521</u>	<u>\$ 2,127,521</u>	<u>\$ 2,071,405</u>	<u>\$ (56,116)</u>
<b><u>EXPENDITURES:</u></b>				
Personal services	\$ 636,239	\$ 666,239	\$ 665,313	\$ 926
Materials and service	279,720	349,720	345,426	4,294
Capital outlay	15,700	15,700	996	14,704
Debt service	350,600	350,600	271,977	78,623
Contingency	200,000	100,000	-	100,000
	<u>1,482,259</u>	<u>1,482,259</u>	<u>1,283,712</u>	<u>198,547</u>
<b><u>TRANSFERS TO OTHER FUNDS:</u></b>				
To the Sewer Reserve Fund	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
To the Capital Reserve Fund	70,000	70,000	70,000	-
	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Total expenditures and transfers	1,752,259	1,752,259	1,553,712	\$ 198,547
<b><u>UNAPPROPRIATED BALANCE</u></b>				
	<u>375,262</u>	<u>375,262</u>	<u>517,693</u>	
	<u>\$ 2,127,521</u>	<u>\$ 2,127,521</u>	<u>\$ 2,071,405</u>	

See accompanying independent auditors' report.

**CITY OF UMATILLA, OREGON**

**Water Reserve Fund**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
SDC for water system improvement	\$ 76,682	\$ 76,682	\$ 79,411	\$ 2,729
Miscellaneous	-	740,000	646,226	(93,774)
Interest income	4,000	4,000	5,473	1,473
	<u>80,682</u>	<u>820,682</u>	<u>731,110</u>	<u>(89,572)</u>
<b><u>TRANSFERS FROM OTHER FUNDS:</u></b>				
From the Water Fund	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total revenues and transfers	180,682	920,682	831,110	(89,572)
<b><u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u></b>				
	<u>412,954</u>	<u>412,954</u>	<u>417,556</u>	<u>4,602</u>
	<u>\$ 593,636</u>	<u>\$ 1,333,636</u>	<u>\$ 1,248,666</u>	<u>\$ (84,970)</u>
<b><u>EXPENDITURES:</u></b>				
Materials and services	\$ 25,000	\$ 95,000	\$ 49,175	\$ 45,825
Capital outlay	<u>543,114</u>	<u>1,213,114</u>	<u>663,288</u>	<u>549,826</u>
Total expenditures	568,114	1,308,114	712,463	<u>\$ 595,651</u>
<b><u>UNAPPROPRIATED BALANCE</u></b>				
	<u>25,522</u>	<u>25,522</u>	<u>536,203</u>	
	<u>\$ 593,636</u>	<u>\$ 1,333,636</u>	<u>\$ 1,248,666</u>	



**CITY OF UMATILLA, OREGON**

**Sewer Reserve Fund**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
SDC for sewer system improvement	\$ 55,344	\$ 55,344	\$ 58,055	\$ 2,711
Interest	15,000	15,000	32,762	17,762
Other income	2,716,380	2,716,380	90,844	(2,625,536)
	<u>2,786,724</u>	<u>2,786,724</u>	<u>181,661</u>	<u>(2,605,063)</u>
<b><u>TRANSFERS FROM OTHER FUNDS:</u></b>				
From the Sewer Fund	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total revenues and transfers	2,986,724	2,986,724	381,661	(2,605,063)
<b><u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u></b>				
	<u>1,152,374</u>	<u>1,152,374</u>	<u>1,237,868</u>	<u>85,494</u>
	<u>\$4,139,098</u>	<u>\$ 4,139,098</u>	<u>\$1,619,529</u>	<u>\$ (2,519,569)</u>
<b><u>EXPENDITURES:</u></b>				
Materials and services	\$ 475,560	\$ 475,560	\$ 79,103	\$ 396,457
Capital outlay	<u>2,650,043</u>	<u>2,650,043</u>	<u>30,692</u>	<u>2,619,351</u>
Total expenditures	3,125,603	3,125,603	109,795	<u>\$ 3,015,808</u>
<b><u>UNAPPROPRIATED BALANCE</u></b>				
	<u>1,013,495</u>	<u>1,013,495</u>	<u>1,509,734</u>	
	<u>\$4,139,098</u>	<u>\$ 4,139,098</u>	<u>\$1,619,529</u>	

See accompanying independent auditors' report.

**CITY OF UMATILLA, OREGON**

**All Enterprise Funds**  
**Reconciliation of Revenues and Expenditures (Budgetary Basis)**  
**to Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2019**

	<u>Water</u> <u>Utility</u>	<u>Sewer</u> <u>Utility</u>	<u>Water</u> <u>Reserve</u>	<u>Sewer</u> <u>Reserve</u>	<u>Total</u>
<b><u>REVENUES</u></b>	\$1,149,023	\$1,505,397	\$ 731,110	\$ 181,661	\$3,567,191
<b><u>EXPENDITURES</u></b>	<u>(979,849)</u>	<u>(1,283,712)</u>	<u>(712,463)</u>	<u>(109,795)</u>	<u>(3,085,819)</u>
<b><u>REVENUES OVER EXPENDITURES</u></b>					
<b><u>-- BUDGETARY BASIS</u></b>	169,174	221,685	18,647	71,866	481,372
<b><u>TRANSFERS (MODIFIED CASH</u></b>					
<b><u>    BASIS):</u></b>					
Operating transfers in	-	-	100,000	200,000	300,000
Operating transfers out	<u>(141,000)</u>	<u>(270,000)</u>	-	-	<u>(411,000)</u>
	<u>(141,000)</u>	<u>(270,000)</u>	<u>100,000</u>	<u>200,000</u>	<u>(111,000)</u>
<b><u>ADJUSTMENTS:</u></b>					
Principal payments on debt	-	240,000	-	-	240,000
Interest expense	(474)	-	-	-	(474)
Capital outlay transfers	677,702	-	-	-	677,702
Debt service transfers	(632,328)	(43,200)	-	-	(675,528)
Depreciation and amortization	<u>(194,436)</u>	<u>(317,267)</u>	-	-	<u>(511,703)</u>
	<u>(149,536)</u>	<u>(120,467)</u>	-	-	<u>(270,003)</u>
<b><u>CHANGE IN NET POSITION PER</u></b>					
<b><u>    STATEMENT OF REVENUES,</u></b>					
<b><u>    EXPENSES, AND CHANGES IN</u></b>					
<b><u>    FUND NET POSITION - MODIFIED</u></b>					
<b><u>    CASH BASIS</u></b>	<u>\$ (121,362)</u>	<u>\$ (168,782)</u>	<u>\$ 118,647</u>	<u>\$ 271,866</u>	<u>\$ 100,369</u>

**CITY OF UMATILLA, OREGON**

**All Enterprise Funds**  
**Reconciliation of Fund Balance (Budgetary Basis)**  
**to Net Position -- Proprietary Funds Statement of Net Position**  
**(Modified Cash Basis)**  
**June 30, 2019**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<b><u>FUND BALANCE</u></b> <b><u>(Budgetary Basis)</u></b>	\$ 136,620	\$ 517,693	\$ 536,203	\$ 1,509,734	\$ 2,700,250
<b><u>ADD (DEDUCT):</u></b>					
Fixed assets	3,421,104	6,826,213	-	-	10,247,317
Notes payable to bank	<u>(632,329)</u>	<u>(1,434,039)</u>	<u>-</u>	<u>-</u>	<u>(2,066,368)</u>
<b><u>NET POSITION</u></b>	<u>\$ 2,925,395</u>	<u>\$ 5,909,867</u>	<u>\$ 536,203</u>	<u>\$ 1,509,734</u>	<u>\$ 10,881,199</u>

**CITY OF UMATILLA, OREGON**

**Statement of Net Position - Modified Cash Basis**  
**Proprietary Funds**  
**June 30, 2019**  
**(with comparative totals for June 30, 2018)**

	Water Utility		Sewer Utility		Water Reserve		Sewer Reserve		Totals June 30,	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	2019	2018
<b><u>ASSETS:</u></b>										
Cash and cash equivalents	\$ 136,620	\$ 108,446	\$ 517,693	\$ 566,008	\$ 536,203	\$ 417,556	\$ 1,509,734	\$ 1,237,868	\$ 2,700,250	\$ 2,329,878
Capital assets, less accumulated depreciation	3,421,104	2,956,226	6,826,213	7,143,480	-	-	-	-	10,247,317	10,099,706
	3,557,724	3,064,672	7,343,906	7,709,488	536,203	417,556	1,509,734	1,237,868	12,947,567	12,429,584
<b><u>LIABILITIES:</u></b>										
Note payable	632,329	-	429,039	385,839	-	-	-	-	1,061,368	385,839
Bonds payable	-	17,915	1,005,000	1,245,000	-	-	-	-	1,005,000	1,262,915
Total liabilities	632,329	17,915	1,434,039	1,630,839	-	-	-	-	2,066,368	1,648,754
<b><u>NET POSITION:</u></b>										
Net investment in capital assets	2,788,775	2,938,311	5,392,174	5,512,641	-	-	-	-	8,180,949	8,450,952
Unrestricted	136,620	108,446	517,693	566,008	536,203	417,556	1,509,734	1,237,868	2,700,250	2,329,878
Total net position	\$ 2,925,395	\$ 3,046,757	\$ 5,909,867	\$ 6,078,649	\$ 536,203	\$ 417,556	\$ 1,509,734	\$ 1,237,868	\$ 10,881,199	\$ 10,780,830

See accompanying independent auditors' report.

**CITY OF UMATILLA, OREGON**

**Statement of Revenues, Expenses, and Changes in Fund Net Position - Modified Cash Basis**  
**Proprietary Funds**  
**June 30, 2019**  
**(with comparative totals for June 30, 2018)**

	Water Utility		Sewer Utility		Water Reserve		Sewer Reserve		Totals June 30,	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	2019	2018
<b><u>OPERATING REVENUES:</u></b>										
Charges for sales and services:										
Water	\$ 1,136,032	\$ 1,078,047	\$ -	\$ -	\$ 79,411	\$ 66,795	\$ -	\$ -	\$ 1,215,443	\$ 1,144,842
Sewer	-	-	1,489,101	1,528,257	-	-	58,055	46,294	1,547,156	1,574,551
Miscellaneous revenues	8,415	3,943	4,478	988	13,897	-	47,644	134,102	74,434	139,033
Total operating revenue	<u>1,144,447</u>	<u>1,081,990</u>	<u>1,493,579</u>	<u>1,529,245</u>	<u>93,308</u>	<u>66,795</u>	<u>105,699</u>	<u>180,396</u>	<u>2,837,033</u>	<u>2,858,426</u>
<b><u>OPERATING EXPENSES:</u></b>										
Cost of sales and services	979,848	900,590	1,011,735	879,072	53,149	62,623	109,795	310,266	2,154,527	2,152,551
Depreciation and amortization	194,436	201,881	317,267	325,207	-	-	-	-	511,703	527,088
Total operating expenses	<u>1,174,284</u>	<u>1,102,471</u>	<u>1,329,002</u>	<u>1,204,279</u>	<u>53,149</u>	<u>62,623</u>	<u>109,795</u>	<u>310,266</u>	<u>2,666,230</u>	<u>2,679,639</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>(29,837)</u>	<u>(20,481)</u>	<u>164,577</u>	<u>324,966</u>	<u>40,159</u>	<u>4,172</u>	<u>(4,096)</u>	<u>(129,870)</u>	<u>170,803</u>	<u>178,787</u>
<b><u>NONOPERATING REVENUES</u></b>										
<b><u>(EXPENSES):</u></b>										
Interest on investments	4,576	1,983	11,818	7,238	5,473	7,476	32,762	16,906	54,629	33,603
Interest expense	(474)	(3,155)	(31,977)	(34,536)	-	-	-	-	(32,451)	(37,691)
Total nonoperating revenue (expenses)	<u>4,102</u>	<u>(1,172)</u>	<u>(20,159)</u>	<u>(27,298)</u>	<u>5,473</u>	<u>7,476</u>	<u>32,762</u>	<u>16,906</u>	<u>22,178</u>	<u>(4,088)</u>
<b><u>INCOME (LOSS) BEFORE TRANSFERS</u></b>	<u>(25,735)</u>	<u>(21,653)</u>	<u>144,418</u>	<u>297,668</u>	<u>45,632</u>	<u>11,648</u>	<u>28,666</u>	<u>(112,964)</u>	<u>192,981</u>	<u>174,699</u>
Transfers in (out)	<u>(95,627)</u>	<u>34,427</u>	<u>(313,200)</u>	<u>(362,680)</u>	<u>73,015</u>	<u>(22,034)</u>	<u>243,200</u>	<u>310,680</u>	<u>(92,612)</u>	<u>(39,607)</u>
<b><u>CHANGE IN NET POSITION</u></b>	<u>(121,362)</u>	<u>12,774</u>	<u>(168,782)</u>	<u>(65,012)</u>	<u>118,647</u>	<u>(10,386)</u>	<u>271,866</u>	<u>197,716</u>	<u>100,369</u>	<u>135,092</u>
<b><u>TOTAL NET POSITION - BEGINNING</u></b>	<u>3,046,757</u>	<u>3,033,983</u>	<u>6,078,649</u>	<u>6,143,661</u>	<u>417,556</u>	<u>427,942</u>	<u>1,237,868</u>	<u>1,040,152</u>	<u>10,780,830</u>	<u>10,645,738</u>
<b><u>TOTAL NET POSITION - ENDING</u></b>	<u>\$ 2,925,395</u>	<u>\$ 3,046,757</u>	<u>\$ 5,909,867</u>	<u>\$ 6,078,649</u>	<u>\$ 536,203</u>	<u>\$ 417,556</u>	<u>\$ 1,509,734</u>	<u>\$ 1,237,868</u>	<u>\$ 10,881,199</u>	<u>\$ 10,780,830</u>

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Schedule of Future Debt Service Requirements  
of Long-Term Debt  
June 30, 2019

Maturing During year Ending June 30,	Individual July 20, 2018		IFA To be determined		US Bank Refunding Bonds March 11, 2014		DEQ Clean Water Loan To be determined	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 50,000	\$ 8,000	\$ 64,821	\$ 5,723	\$ 245,000	\$ 22,750	\$ 26,040	\$ 288
2021	50,000	6,000	65,742	4,802	250,000	17,800	-	-
2022	50,000	4,000	66,675	3,869	260,000	11,400	-	-
2023	50,000	2,000	67,622	2,922	250,000	3,750	-	-
2024	-	-	68,582	1,961	-	-	-	-
2025-2029	-	-	69,557	987	-	-	-	-
	<u>\$ 200,000</u>	<u>\$ 20,000</u>	<u>\$ 402,999</u>	<u>\$ 20,264</u>	<u>\$ 1,005,000</u>	<u>\$ 55,700</u>	<u>\$ 26,040</u>	<u>\$ 288</u>

Maturing During year Ending June 30,	Banner Bank April 13, 2009		IFA To be determined		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 89,361	\$ 27,860	\$ -	\$ -	\$ 475,222	\$ 64,621
2021	93,899	23,323	-	-	459,641	51,925
2022	98,500	18,721	632,329	35,559	1,107,504	73,549
2023	103,326	13,895	-	-	470,948	22,567
2024	108,389	8,832	-	-	176,971	10,793
2025-2029	71,856	3,521	-	-	141,413	4,508
	<u>\$ 565,331</u>	<u>\$ 96,152</u>	<u>\$ 632,329</u>	<u>\$ 35,559</u>	<u>\$ 2,831,699</u>	<u>\$ 227,963</u>

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Schedule of Long-Term Debt Transactions  
Year Ended June 30, 2019

	Interest Rate	Amount of Original Issue	DEBT PRINCIPAL				INTEREST						
			Outstanding July 1, 2018	Debt Issued During Year	Matured and Paid During Year	Outstanding June 30, 2019	Outstanding July 1, 2018	Matured During Year	Paid During Year	Matured and Outstanding June 30, 2019			
Water bonds issued to FmHA													
December 1, 1978	5.0 %	\$ 1,073,000	\$ 17,915	\$ -	\$ 17,915	-	\$ -	\$ 474	\$ -	\$ 474	\$ -	\$ 474	\$ -
Port of Umatilla													
February 18, 2015	- %	176,000	44,000	-	44,000	-	-	-	-	-	-	-	-
Banner Bank													
April 13, 2009	4.9 %	1,500,000	649,490	-	84,159	565,331	-	33,063	33,063	-	4,406	33,063	-
IFA Loan													
To be determined	1.4 %	403,000	359,799	43,200	-	402,999	-	4,406	4,406	-	4,406	-	-
DEQ clean water loan													
To be determined	1.6	2,342,420	26,040	-	-	26,040	-	-	-	-	-	-	-
IFA Loan													
To be determined	2.1 %	710,000	-	632,329	-	632,329	-	-	-	-	-	-	-
Individual													
July 20, 2018	4.0 %	200,000	-	200,000	-	200,000	-	-	-	-	-	-	-
US Bank sewer refunding bonds													
March 11, 2014	2 %	2,160,000	1,245,000	-	240,000	1,005,000	-	27,571	27,571	-	27,571	27,571	-
Totals			\$ 2,342,244	\$ 875,529	\$ 386,074	\$ 2,831,699	\$ -	\$ 65,514	\$ 65,514	\$ -	\$ 65,514	\$ 65,514	\$ -

See accompanying independent auditors' report.

**BARNETT & MORO, P.C.**  
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.....  
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**INDEPENDENT AUDITORS' REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**

Mayor and City Council  
City of Umatilla, Oregon

We have audited the basic financial statements of the City of Umatilla, Oregon as of and for the year ended June 30, 2019, and have issued our report thereon dated December 27, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Umatilla's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).



Mayor and City Council  
City of Umatilla  
Page two

In connection with our testing nothing came to our attention that caused us to believe the City of Umatilla was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**OAR 162-10-0230 Internal Control**


In planning and performing our audit of the financial statements, we considered City of Umatilla, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Umatilla, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Umatilla, Oregon's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Barnett & Moro, P.C.

By:   
\_\_\_\_\_  
Kristie L. Shasteen, Shareholder  
Hermiston, Oregon  
December 27, 2019