

CITY OF UMATILLA, OREGON

**Financial Statements and
Independent Auditors' Report**

June 30, 2021

CITY OF UMATILLA, OREGON

City Hall
Umatilla, Oregon

Mayor and City Council
June 30, 2021

Name

Term Expires

Mayor:

Mary Dedrick

December 31, 2022

Council Members:

Corinne Funderburk

December 31, 2022

Daren Dufloth

December 31, 2024

Leslie Smith

December 31, 2022

Ashley Wheeler

December 31, 2024

Josy Chavez

December 31, 2022

Roak TenEyck

December 31, 2024

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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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, 2021, 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, 2021, 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 55-66 and other financial schedules on Pages 67-72 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.

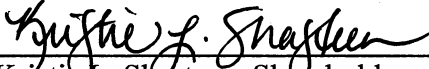
The management's discussion and analysis on Pages 44-53 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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 November 18, 2020, 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 13, 2021

CITY OF UMATILLA, OREGON

Statement of Net Position - Modified Cash Basis
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 12,690,486	\$ 4,353,974	\$ 17,044,460
Capital assets:			
Non-depreciable	3,471,914	-	3,471,914
Depreciable, net of depreciation	5,923,558	12,166,534	18,090,092
	<u>22,085,958</u>	<u>16,520,508</u>	<u>38,606,466</u>
Total assets			
<u>LIABILITIES</u>			
Notes payable:			
Due within one year	146,374	152,464	298,838
Due in more than one year	1,936,436	3,521,394	5,457,830
Bonds payable:			
Due within one year	-	260,000	260,000
Due in more than one year	-	250,000	250,000
	<u>2,082,810</u>	<u>4,183,858</u>	<u>6,266,668</u>
Total liabilities			
<u>NET POSITION</u>			
Net investment in capital assets	7,312,662	7,982,676	15,295,338
Restricted for:			
Highways and streets	830,690	-	830,690
Debt service	3,874	-	3,874
Unrestricted	11,855,922	4,353,974	16,209,896
	<u>\$ 20,003,148</u>	<u>\$ 12,336,650</u>	<u>\$ 32,339,798</u>
Total net position			

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, 2021**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 1,945,982	\$ 148,671	\$ 110,616	\$ 81,150	\$ -	\$ 81,150
Public safety	2,630,018	6,500	-	(1,957,793)	-	(1,957,793)
Highways and streets	540,427	1,800	-	(538,627)	-	(538,627)
Library	209,842	1,345	-	(208,497)	-	(208,497)
Cultural and recreation	1,204,901	14,100	104,074	(468,016)	-	(468,016)
Sanitation	1,005,784	948,875	-	(56,909)	-	(56,909)
Interest on long-term debt	55,811	-	-	(55,811)	-	(55,811)
Total governmental activities	7,592,765	172,416	214,690	(3,204,503)	-	(3,204,503)
Business-type activities:						
Water	1,455,191	21,000	26,116	-	203,748	203,748
Sewer	1,273,488	4,200	2,443	-	753,939	753,939
Interest on long-term debt	37,254	-	-	-	(37,254)	(37,254)
Total business-type activities	2,765,933	25,200	28,559	-	920,433	920,433
Total government	\$ 10,358,698	\$ 197,616	\$ 243,249	(3,204,503)	920,433	(2,284,070)

General revenues:

Taxes						
Property taxes, levied for general purposes				2,135,515	-	2,135,515
Property taxes, levied for debt service				380	-	380
County shared taxes				3,225,232	-	3,225,232
Franchise and public service taxes				1,410,211	-	1,410,211
Motor fuel taxes				542,667	-	542,667
State shared taxes				304,061	-	304,061
Hotel/motel taxes				81,368	-	81,368
Library district shared taxes				214,994	-	214,994
Interest and investment earnings				71,411	26,480	97,891
Other revenues				1,701,843	188,670	1,890,513
Transfers, net				(64,722)	64,722	-
Total general revenues				9,622,960	279,872	9,902,832
Change in net assets				6,418,457	1,200,305	7,618,762
Net position--beginning				13,584,691	11,136,345	24,721,036
Net position--ending				\$ 20,003,148	\$ 12,336,650	\$ 32,339,798

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, 2021

	General	State Tax Street	Refuse Collection	Capital Reserve	Building Department	Debt Service	Other Governmental	Total
<u>ASSETS:</u>								
Cash and cash equivalents	\$ 4,867,576	\$ 830,690	\$ 105,153	\$ 3,752,048	\$ 2,586,023	\$ 3,874	\$ 545,122	\$ 12,690,486
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>LIABILITIES</u>								
<u>FUND BALANCES:</u>								
Restricted	-	830,690	-	-	-	3,874	-	834,564
Committed	-	-	105,153	3,752,048	2,586,023	-	545,122	6,988,346
Unassigned	4,867,576	-	-	-	-	-	-	4,867,576
Total fund balances	4,867,576	830,690	105,153	3,752,048	2,586,023	3,874	545,122	12,690,486
Total liabilities and fund balances	\$ 4,867,576	\$ 830,690	\$ 105,153	\$ 3,752,048	\$ 2,586,023	\$ 3,874	\$ 545,122	\$ 12,690,486

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, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 12,690,486

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

Acquisition cost	\$ 13,477,327	
Accumulated depreciation	(4,081,855)	
	<u>9,395,472</u>	<u>9,395,472</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.

(2,082,810)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 20,003,148**

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, 2021

	General	State Tax Street	Refuse Collection	Capital Reserve	Building Department	Debt Service	Other Governmental	Total
REVENUES:								
Property taxes	\$ 2,135,515	\$ -	\$ -	\$ -	\$ -	\$ 380	\$ -	\$ 2,135,895
Franchise fees	1,410,211	-	-	-	-	-	-	1,410,211
Intergovernmental	2,884,059	1,187,901	-	-	-	-	214,994	4,286,954
Fees, licenses, and permits	370,877	-	-	-	1,396,968	-	81,368	1,849,213
Fines and forfeitures	665,725	-	-	-	-	-	-	665,725
Charges for services	618,711	-	948,875	-	-	-	-	1,567,586
Investment interest	30,914	3,038	-	16,613	16,688	24	4,134	71,411
Grant revenue	246,621	1,800	-	129,590	4,450	-	4,645	387,106
Miscellaneous	77,888	1,172,400	-	401,064	54,571	-	133,505	1,839,428
Total revenues	8,440,521	2,365,139	948,875	547,267	1,472,677	404	438,646	14,213,529
EXPENDITURES:								
Current:								
General government	1,129,280	-	-	12,632	714,338	-	-	1,856,250
Public safety	2,547,996	-	-	27,670	-	-	-	2,575,666
Highways and streets	-	425,703	-	2,750	-	-	-	428,453
Library	-	-	-	1,945	-	-	204,938	206,883
Cultural and Recreation	995,267	-	-	8,571	-	-	112,938	1,116,776
Sanitation	-	-	1,005,784	-	-	-	-	1,005,784
Debt service:								
Principal	-	-	-	149,978	-	-	93,308	243,286
Interest	-	-	-	5,898	-	-	23,913	29,811
Capital outlay	35,797	1,700,153	-	3,303,775	-	-	9,793	5,049,518
Total Expenditures	4,708,340	2,125,856	1,005,784	3,513,219	714,338	-	444,890	12,512,427
	3,732,181	239,283	(56,909)	(2,965,952)	758,339	404	(6,244)	1,701,102
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES								
OTHER FINANCING SOURCES (USES):								
Loan proceeds	-	-	-	1,700,000	-	-	-	1,700,000
Loan issuance costs	-	-	-	(26,000)	-	-	-	(26,000)
Transfers in	88,300	43,907	-	3,579,650	-	-	81,000	3,792,857
Transfers out	(3,401,400)	(46,950)	-	(57,729)	(319,500)	-	(32,000)	(3,857,579)
Total other financing sources (uses)	(3,313,100)	(3,043)	-	5,195,921	(319,500)	-	49,000	1,609,278
	419,081	236,240	(56,909)	2,229,969	438,839	404	42,756	3,310,380
NET CHANGE IN FUND BALANCES	4,448,495	594,450	162,062	1,522,079	2,147,184	3,470	502,366	9,380,106
FUND BALANCES, BEGINNING OF YEAR	\$ 4,867,576	\$ 830,690	\$ 105,153	\$ 3,752,048	\$ 2,586,023	\$ 3,874	\$ 545,122	\$ 12,690,486
FUND BALANCES, END OF YEAR								

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, 2021**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 3,310,380

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	\$5,049,518	
Less current year depreciation	<u>(347,142)</u>	
		4,702,376

Proceeds from long-term debt issuances provide current financial resources and are reported as other financing resources in the governmental funds. Debt proceeds are not included as revenues for the statement of net activities but are included on as liabilities on the statement of net position. (1,700,000)

Proceeds from the sale of capital assets provide current financial resources and are reported as revenues in the government funds. However, in the statement of activities the net gain or loss on the sale of the capital asset is reported. The original investment in the land is deducted from the proceeds received on the statement of net activities. (137,585)

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. 243,286

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,418,457

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes:				
Current levy	\$ 2,262,881	\$ 2,262,881	\$ 2,095,028	\$ (167,853)
Previously levied	45,619	45,619	40,487	(5,132)
Franchise fees	1,283,750	1,283,750	1,410,211	126,461
Intergovernmental	2,686,837	2,686,837	2,884,059	197,222
Fees, licenses, and permits	471,835	471,835	370,877	(100,958)
Fines and forfeitures	637,500	637,500	665,725	28,225
Charges for services	472,110	652,110	618,711	(33,399)
Miscellaneous:				
Interest on investments	70,000	70,000	30,914	(39,086)
Other	118,000	568,985	324,509	(244,476)
	<u>8,048,532</u>	<u>8,679,517</u>	<u>8,440,521</u>	<u>(238,996)</u>
<u>OTHER FINANCING SOURCES:</u>				
Operating transfers in	<u>88,300</u>	<u>88,300</u>	<u>88,300</u>	<u>-</u>
Total revenues and transfers	8,136,832	8,767,817	8,528,821	(238,996)
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>4,780,033</u>	<u>4,450,855</u>	<u>4,448,495</u>	<u>(2,360)</u>
	<u>\$12,916,865</u>	<u>\$13,218,672</u>	<u>\$12,977,316</u>	<u>\$ (241,356)</u>

(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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>EXPENDITURES:</u>				
Current:				
General government:				
Administration:				
Personnel services	\$ 318,885	\$ 328,885	\$ 311,509	\$ 17,376
Material and services	513,350	670,050	542,941	127,109
Community development:				
Personnel services	148,807	149,957	140,398	9,559
Material and services	410,400	450,400	133,361	317,039
Transportation:				
Material and services	3,760	3,760	1,071	2,689
	<u>1,395,202</u>	<u>1,603,052</u>	<u>1,129,280</u>	<u>473,772</u>
Public safety:				
Police:				
Personnel services	1,773,397	1,773,897	1,682,295	91,602
Materials and services	281,630	301,630	281,665	19,965
Capital Outlay	9,500	9,500	8,610	890
Code enforcement:				
Personnel services	111,791	116,791	112,320	4,471
Materials and services	38,275	38,275	15,097	23,178
Municipal court:				
Personnel services	97,554	104,254	99,472	4,782
Materials and services	439,810	439,810	347,427	92,383
911 System:				
Materials and services	1,250	1,250	1,110	140
	<u>2,753,207</u>	<u>2,785,407</u>	<u>2,547,996</u>	<u>237,411</u>
Recreation:				
Parks and recreation:				
Personnel services	350,326	354,026	322,116	31,910
Materials and services	215,985	235,985	166,991	68,994
Capital Outlay	77,900	77,900	37,495	40,405
Marina and RV park:				
Personnel services	-	26,695	13,851	12,844
Materials and services	321,850	331,850	275,312	56,538
Capital Outlay	22,000	22,000	-	22,000
Golf course:				
Personnel services	-	80,960	44,978	35,982
Materials and services	-	180,000	170,321	9,679
	<u>988,061</u>	<u>1,309,416</u>	<u>1,031,064</u>	<u>278,352</u>
Contingency	<u>1,000,000</u>	<u>500,402</u>	<u>-</u>	<u>500,402</u>
	<u>6,136,470</u>	<u>6,198,277</u>	<u>4,708,340</u>	<u>1,489,937</u>
<u>OTHER FINANCING USES:</u>				
Operating transfers out	<u>3,161,400</u>	<u>3,401,400</u>	<u>3,401,400</u>	<u>-</u>
Total expenditures and transfers	<u>9,297,870</u>	<u>9,599,677</u>	<u>8,109,740</u>	<u>\$ 1,489,937</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>3,618,995</u>	<u>3,618,995</u>	<u>4,867,576</u>	
	<u>\$12,916,865</u>	<u>\$13,218,672</u>	<u>\$12,977,316</u>	

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
State gasoline tax	\$ 790,474	\$ 790,474	\$ 542,667	\$ (247,807)
Interest income	7,500	7,500	3,038	(4,462)
Miscellaneous	1,683,450	1,685,250	1,819,434	134,184
Total revenues	<u>2,481,424</u>	<u>2,483,224</u>	<u>2,365,139</u>	<u>(118,085)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From General Fund	<u>11,900</u>	<u>36,900</u>	<u>36,900</u>	<u>-</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>478,295</u>	<u>478,295</u>	<u>594,450</u>	<u>116,155</u>
	<u>\$2,971,619</u>	<u>\$2,998,419</u>	<u>\$2,996,489</u>	<u>\$ (1,930)</u>
<u>EXPENDITURES:</u>				
Current:				
Highways and streets:				
Personnel services	\$ 307,856	\$ 309,656	\$ 251,401	\$ 58,255
Materials and services	184,540	209,540	174,302	35,238
Capital outlay	2,124,813	2,124,813	1,693,146	431,667
Operating contingency	150,000	150,000	-	150,000
	<u>2,767,209</u>	<u>2,794,009</u>	<u>2,118,849</u>	<u>675,160</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To General Fund	13,200	13,200	13,200	-
To Capital Reserve Fund	33,750	33,750	33,750	-
	<u>46,950</u>	<u>46,950</u>	<u>46,950</u>	<u>-</u>
Total expenditures and transfers	<u>2,814,159</u>	<u>2,840,959</u>	<u>2,165,799</u>	<u>\$ 675,160</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>157,460</u>	<u>157,460</u>	<u>830,690</u>	
	<u>\$2,971,619</u>	<u>\$2,998,419</u>	<u>\$2,996,489</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Refuse collections	<u>\$ 855,000</u>	<u>\$ 946,000</u>	<u>\$ 948,875</u>	<u>\$ 2,875</u>
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>97,742</u>	<u>162,062</u>	<u>162,062</u>	<u>-</u>
	<u><u>\$ 952,742</u></u>	<u><u>\$ 1,108,062</u></u>	<u><u>\$ 1,110,937</u></u>	<u><u>\$ 2,875</u></u>
<u>EXPENDITURES:</u>				
Current:				
Sanitation:				
Materials and services	<u>\$ 719,400</u>	<u>\$ 854,400</u>	<u>\$ 853,181</u>	<u>\$ 1,219</u>
Contingency	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	<u>769,400</u>	<u>904,400</u>	<u>853,181</u>	<u>51,219</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
Franchise fees to General Fund	<u>136,800</u>	<u>157,120</u>	<u>152,603</u>	<u>4,517</u>
Total expenditures and transfers	<u>906,200</u>	<u>1,061,520</u>	<u>1,005,784</u>	<u><u>\$ 55,736</u></u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>46,542</u>	<u>46,542</u>	<u>105,153</u>	
	<u><u>\$ 952,742</u></u>	<u><u>\$ 1,108,062</u></u>	<u><u>\$ 1,110,937</u></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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Fees and charges	\$ 865,000	\$ 865,000	\$1,392,819	\$ 527,819
Interest income	40,000	40,000	16,688	(23,312)
Miscellaneous	21,000	25,450	63,172	37,722
Total revenues	<u>926,000</u>	<u>930,450</u>	<u>1,472,679</u>	<u>542,229</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>1,692,090</u>	<u>1,692,090</u>	<u>2,147,184</u>	<u>455,094</u>
	<u>\$2,618,090</u>	<u>\$2,622,540</u>	<u>\$3,619,863</u>	<u>\$ 997,323</u>
<u>EXPENDITURES:</u>				
Current:				
Building department:				
Personnel services	\$ 429,460	\$ 433,910	\$ 298,794	\$ 135,116
Materials and services	336,735	491,735	415,544	76,191
Operating contingency	390,000	235,000	-	235,000
Total expenditures	<u>1,156,195</u>	<u>1,160,645</u>	<u>714,338</u>	<u>446,307</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
Operating transfers out	<u>319,500</u>	<u>319,500</u>	<u>319,500</u>	<u>-</u>
Total expenditures and transfers	<u>1,475,695</u>	<u>1,480,145</u>	<u>1,033,838</u>	<u>\$ 446,307</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>1,142,395</u>	<u>1,142,395</u>	<u>2,586,023</u>	
	<u>\$2,618,090</u>	<u>\$2,622,540</u>	<u>\$3,619,861</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, 2021

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash and investments	\$ 182,434	\$ 698,798	\$ 1,107,516	\$ 2,365,226	\$ 4,353,974
<u>CAPITAL ASSETS:</u>					
Capital assets, net	<u>3,185,349</u>	<u>8,981,185</u>	<u>-</u>	<u>-</u>	<u>12,166,534</u>
Total assets	<u>3,367,783</u>	<u>9,679,983</u>	<u>1,107,516</u>	<u>2,365,226</u>	<u>16,520,508</u>
<u>LIABILITIES</u>					
<u>CURRENT LIABILITIES:</u>					
Bonds payable, current portion	-	260,000	-	-	260,000
Notes payable, current portion	11,933	140,531	-	-	152,464
	<u>11,933</u>	<u>400,531</u>	<u>-</u>	<u>-</u>	<u>412,464</u>
<u>LONG TERM LIABILITIES:</u>					
Bonds payable, long-term portion	-	250,000	-	-	250,000
Notes payable, long-term portion	534,260	2,987,134	-	-	3,521,394
	<u>534,260</u>	<u>3,237,134</u>	<u>-</u>	<u>-</u>	<u>3,771,394</u>
Total liabilities	<u>546,193</u>	<u>3,637,665</u>	<u>-</u>	<u>-</u>	<u>4,183,858</u>
<u>NET POSITION</u>					
Net investment in capital assets	2,639,156	5,343,520	-	-	7,982,676
Unrestricted	<u>182,434</u>	<u>698,798</u>	<u>1,107,516</u>	<u>2,365,226</u>	<u>4,353,974</u>
Total net position	<u>\$2,821,590</u>	<u>\$6,042,318</u>	<u>\$1,107,516</u>	<u>\$2,365,226</u>	<u>\$12,336,650</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, 2021

Business-Type Activities - Proprietary Funds

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>					
Charges for sales and services:					
Water	\$ 1,510,142	\$ -	\$ 101,681	\$ -	\$ 1,611,823
Sewer	-	1,938,989	-	81,795	2,020,784
Miscellaneous revenues	194,464	47,965	-	-	242,429
Total operating revenue	<u>1,704,606</u>	<u>1,986,954</u>	<u>101,681</u>	<u>81,795</u>	<u>3,875,036</u>
<u>OPERATING EXPENSES:</u>					
Cost of sales and services	1,211,506	859,963	8,672	31,214	2,111,355
Depreciation and amortization	235,013	382,311	-	-	617,324
Total operating expenses	<u>1,446,519</u>	<u>1,242,274</u>	<u>8,672</u>	<u>31,214</u>	<u>2,728,679</u>
<u>OPERATING INCOME</u>	<u>258,087</u>	<u>744,680</u>	<u>93,009</u>	<u>50,581</u>	<u>1,146,357</u>
<u>NONOPERATING REVENUES</u>					
<u>(EXPENSES):</u>					
Interest on investments	1,427	3,326	6,562	15,165	26,480
Interest expense	(14,015)	(23,239)	-	-	(37,254)
Total nonoperating revenue (expenses)	<u>(12,588)</u>	<u>(19,913)</u>	<u>6,562</u>	<u>15,165</u>	<u>(10,774)</u>
<u>INCOME BEFORE</u>					
<u>TRANSFERS</u>					
Transfers in	350,754	240,892	415,000	682,359	1,689,005
Transfers out	(484,250)	(764,609)	(134,532)	(240,892)	(1,624,283)
<u>CHANGE IN NET POSITION</u>	<u>112,003</u>	<u>201,050</u>	<u>380,039</u>	<u>507,213</u>	<u>1,200,305</u>
<u>TOTAL NET POSITION -</u>					
<u>BEGINNING</u>					
	<u>2,709,587</u>	<u>5,841,268</u>	<u>727,477</u>	<u>1,858,013</u>	<u>11,136,345</u>
<u>TOTAL NET POSITION -</u>					
<u>ENDING</u>					
	<u>\$2,821,590</u>	<u>\$6,042,318</u>	<u>\$1,107,516</u>	<u>\$2,365,226</u>	<u>\$12,336,650</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, 2021

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Water	Sewer	Total
	Utility	Utility	Reserve	Reserve	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Cash receipts from customers	\$ 1,704,606	\$ 1,986,954	\$ 101,681	\$ 81,795	\$ 3,875,036
Cash payments to suppliers	(692,106)	(377,574)	(8,672)	(31,214)	(1,109,566)
Cash payments to employees	(519,400)	(482,389)	-	-	(1,001,789)
Net cash provided by operating activities	<u>493,100</u>	<u>1,126,991</u>	<u>93,009</u>	<u>50,581</u>	<u>1,763,681</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfer from other funds	350,754	240,892	415,000	682,359	1,689,005
Transfer to other funds	(484,250)	(764,609)	(134,532)	(240,892)	(1,624,283)
Net cash provided by(used in) noncapital financing activities	<u>(133,496)</u>	<u>(523,717)</u>	<u>280,468</u>	<u>441,467</u>	<u>64,722</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Acquisition and construction of capital assets	(185,254)	(240,892)	-	-	(426,146)
Interest paid on bonds and notes	(14,015)	(23,239)	-	-	(37,254)
Proceeds from long-term debt	-	172,359	-	-	172,359
Principal paid on bonds and notes	(121,185)	(311,765)	-	-	(432,950)
Net cash used in capital and related financing activities	<u>(320,454)</u>	<u>(403,537)</u>	<u>-</u>	<u>-</u>	<u>(723,991)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest received	1,427	3,326	6,562	15,165	26,480
Net cash provided by investing activities	<u>1,427</u>	<u>3,326</u>	<u>6,562</u>	<u>15,165</u>	<u>26,480</u>
<u>NET INCREASE IN CASH</u>	<u>40,577</u>	<u>203,063</u>	<u>380,039</u>	<u>507,213</u>	<u>1,130,892</u>
<u>CASH AND INVESTMENTS, JULY 1</u>	<u>141,857</u>	<u>495,735</u>	<u>727,477</u>	<u>1,858,013</u>	<u>3,223,082</u>
<u>CASH AND INVESTMENTS, JUNE 30</u>	<u>\$ 182,434</u>	<u>\$ 698,798</u>	<u>\$ 1,107,516</u>	<u>\$ 2,365,226</u>	<u>\$ 4,353,974</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>					
Operating income	\$ 258,087	\$ 744,680	\$ 93,009	\$ 50,581	\$ 1,146,357
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>					
Depreciation and amortization	235,013	382,311	-	-	617,324
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 493,100</u>	<u>\$ 1,126,991</u>	<u>\$ 93,009</u>	<u>\$ 50,581</u>	<u>\$ 1,763,681</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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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 2020-21 tax levy was adopted June 2, 2020. 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, 2021

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>
<u>Fund balances:</u>						
Restricted:						
Debt service	\$ -	\$ -	\$ -	\$ 3,874	\$ -	\$ 3,874
Highways and streets	-	830,690	-	-	-	830,690
Total restricted	-	830,690	-	3,874	-	834,564
Committed:						
Culture and recreation	-	-	-	-	383,605	383,605
Capital projects	-	-	-	-	3,913,565	3,913,565
Refuse Collection	-	-	105,153	-	-	105,153
Building department	-	-	-	-	2,586,023	2,586,023
Total committed	-	-	105,153	-	6,883,193	6,988,346
Unassigned	4,867,576	-	-	-	-	4,867,576
Ending net assets	\$ 4,867,576	\$ 830,690	\$ 105,153	\$ 3,874	\$ 6,883,193	\$ 12,690,486

\$830,690 is restricted for highways and streets by enabling legislation.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

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.

Three supplemental budgets were adopted during the year ended June 30, 2021; resources increased in the general, water utility, sewer utility, state street tax, library, building department, and refuse collection funds. The supplemental budgets increased appropriations as follows: to the general fund: materials and services \$54,757, personnel services \$7,050, and transfers \$240,000, water utility fund: personnel services \$4,200, sewer utility fund: personnel services \$1,000, state street tax fund: materials and services \$25,000 and personnel services \$1,800, building department fund: personnel services \$4,450, library fund: personnel services \$ 3,300, and refuse collection fund: materials and services \$135,000 and transfers \$20,320.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

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:

Personnel 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	\$ 480
Bank checking accounts	6,082,337
Local government investment pool	10,961,643
Total cash and cash equivalents	<u>\$ 17,044,460</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, 2021, the total bank balance was \$6,082,337. 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, 2021

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, 2021

NOTE 5 -- CAPITAL ASSETS:

Capital asset activity for the year June 30, 2021 was as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,480,713	\$ 2,128,787	\$ (137,586)	\$ 3,471,914
Total assets not being depreciated	<u>1,480,713</u>	<u>2,128,787</u>	<u>(137,586)</u>	<u>3,471,914</u>
Capital assets being depreciated:				
Buildings and improvements	3,225,979	12,280	-	3,238,259
Equipment	1,076,080	238,569	-	1,314,649
Vehicles	779,885	157,653	-	937,538
Infrastructure	2,002,738	2,512,229	-	4,514,967
Total capital assets being depreciated	<u>7,084,682</u>	<u>2,920,731</u>	<u>-</u>	<u>10,005,413</u>
Less: Accumulated depreciation:				
Buildings and improvements	(1,215,824)	(82,095)	-	(1,297,919)
Equipment	(737,145)	(106,365)	-	(843,510)
Vehicles	(702,975)	(46,185)	-	(749,160)
Infrastructure	(1,078,769)	(112,497)	-	(1,191,266)
Total accumulated depreciation	<u>(3,734,713)</u>	<u>(347,142)</u>	<u>-</u>	<u>(4,081,855)</u>
Total capital assets being depreciated, net	<u>3,349,969</u>	<u>2,573,589</u>	<u>-</u>	<u>5,923,558</u>
Governmental activities capital assets, net	<u>\$ 4,830,682</u>	<u>\$ 4,702,376</u>	<u>\$ (137,586)</u>	<u>\$ 9,395,472</u>
<u>Business-type activities:</u>				
Capital assets being depreciated:				
Sewer utility system and equipment	\$ 16,333,721	\$ 240,892	\$ -	\$ 16,574,613
Water utility system and equipment	7,482,179	185,254	-	7,667,433
Total capital assets being depreciated	<u>23,815,900</u>	<u>426,146</u>	<u>-</u>	<u>24,242,046</u>
Less: Accumulated depreciation:				
Sewer utility system and equipment	(7,211,117)	(382,311)	-	(7,593,428)
Water utility system and equipment	(4,247,071)	(235,013)	-	(4,482,084)
Total accumulated depreciation	<u>(11,458,188)</u>	<u>(617,324)</u>	<u>-</u>	<u>(12,075,512)</u>
Total capital assets being depreciated, net	<u>12,357,712</u>	<u>(191,178)</u>	<u>-</u>	<u>12,166,534</u>
Business-type activities capital assets, net	<u>\$ 12,357,712</u>	<u>\$ (191,178)</u>	<u>\$ -</u>	<u>\$ 12,166,534</u>

Depreciation was charged to functions and programs as follows:

Governmental activities:	
General government	\$ 89,732
Public safety	54,352
Highways and streets	111,974
Recreation	91,084
Total depreciation expense governmental activities	<u>\$ 347,142</u>
Business-type activities:	
Water	\$ 235,013
Sewer	382,311
Total depreciation expense business-type activities	<u>\$ 617,324</u>

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

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. These bonds are reported as a debt of the sewer utility fund.

Purpose	Interest Rate	Amount
Business-type activities:		
2014 Sewer Refunding Bond	2.0%	\$ 510,000

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

Fiscal Year Ending June 30,	Business-Type Activities	
	Principal	Interest
2022	\$ 260,000	\$ 11,400
2023	250,000	3,750
	\$ 510,000	\$ 15,150

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.

The City borrowed \$1,700,000 from Banner Bank on December 18, 2020. The note proceeds were used to purchase a golf course. This note is recorded as a debt of the governmental funds.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

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 prior fiscal years. The total loan amount of \$444,815 was closed out during the fiscal year ended June 30, 2020. Repayment commenced on December 1, 2019. The loan is due in seven payments and will carry interest at 1.42% from the date of disbursement.

The City received fund advances from Oregon Infrastructure Finance Authority (IFA) totaling \$667,378 during prior fiscal years. The State issued a series of revenue bonds from its Oregon Bond Bank to refinance this debt issuance. This refunding created a premium which was applied to the City's outstanding debt. The remaining loan balance of \$546,193 will be repaid annual over 25 years with payments commencing on December 1, 2021. This loan will carry interest at 2.485%.

Clean Water Loan:

The City received fund advances from the State of Oregon Department of Environmental Quality Clean Water State Revolving Loan Fund totaling \$2,633,924 during the current and previous fiscal years, the total loan amount is expected to be \$2,892,420 and payments will commence when the project has been completed and all funds have been disbursed. The loan will be due in sixty payments and will carry interest at 1.56% from the date of disbursement.

Individual:

The City purchased land on contract from an individual on August 23, 2018 for \$200,000. The note carries interest at 4% per annum. Repayment commenced on August 15, 2019. This note is recorded as a debt of the governmental funds. This note was paid in full as of June 30, 2021.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities:		
Banner Bank	4.90%	\$ 382,810
Banner Bank	2.79%	1,700,000
Individual	4.00%	-
		<u>\$ 2,082,810</u>
Business-type activities:		
DEQ	1.56%	\$ 2,806,283
IFA	1.42%	321,382
IFA	2.49%	546,193
		<u>\$ 3,673,858</u>

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

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
2022	\$ 146,374	\$ 85,750	\$ 412,464	\$ 95,833
2023	172,379	59,746	404,671	88,564
2024	179,422	52,702	156,913	81,676
2025	146,592	45,302	159,192	78,495
2026	75,303	39,600	160,663	75,268
2027-2031	409,465	165,050	517,938	334,585
2032-2036	470,308	137,735	576,798	265,274
2037-2041	482,967	794	639,531	185,930
2042-2046	-	-	710,546	101,929
2047-2051	-	-	445,142	28,384
	<u>\$ 2,082,810</u>	<u>\$ 586,679</u>	<u>\$ 4,183,858</u>	<u>\$ 1,335,938</u>

Changes in long-term debt

Long-term liability activity for the year is as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amount due within one year
Governmental activities:					
Notes Payable:					
Banner Bank	\$ 476,119	\$ -	\$ 93,309	\$ 382,810	\$ 98,203
Banner Bank	-	1,700,000	-	1,700,000	48,171
Individual	149,978	-	149,978	-	-
Total Governmental activities	<u>\$ 626,097</u>	<u>\$ 1,700,000</u>	<u>\$ 243,287</u>	<u>\$ 2,082,810</u>	<u>\$ 146,374</u>
Business-Type Activities:					
Bonds payable:					
Sewer Refunding Bonds	\$ 760,000	\$ -	\$ 250,000	\$ 510,000	\$ 260,000
Notes payable:					
IFA	667,378	-	121,185	546,193	11,933
IFA	383,147	-	61,765	321,382	62,642
DEQ Clean Water Loan	2,633,924	172,359	-	2,806,283	77,889
Total notes payable	<u>3,684,449</u>	<u>172,359</u>	<u>182,950</u>	<u>3,673,858</u>	<u>152,464</u>
Total Business-Type Activities	<u>\$ 4,444,449</u>	<u>\$ 172,359</u>	<u>\$ 432,950</u>	<u>\$ 4,183,858</u>	<u>\$ 412,464</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, 2021

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	Sewer Utility	Water Reserve	Sewer Reserve	Nonmajor Governmental	
General	\$ -	\$ 36,900	\$ 3,118,000	\$ 165,500	\$ -	\$ -	\$ -	\$ 81,000	\$ 3,401,400
Water utility	21,500	-	47,750	-	-	415,000	-	-	484,250
Sewer utility	21,500	-	60,750	-	-	-	682,359	-	764,609
Water reserve	-	7,007	-	127,525	-	-	-	-	134,532
Sewer reserve	-	-	-	-	240,892	-	-	-	240,892
State street tax	13,200	-	33,750	-	-	-	-	-	46,950
Capital reserve	-	-	-	57,729	-	-	-	-	57,729
Building Dept.	20,600	-	298,900	-	-	-	-	-	319,500
Nonmajor governmental	11,500	-	20,500	-	-	-	-	-	32,000
Total transfers in	\$ 88,300	\$ 43,907	\$ 3,579,650	\$ 350,754	\$ 240,892	\$ 415,000	\$ 682,359	\$ 81,000	\$ 5,481,862

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	\$ (484,250)
Sewer utility fund	(764,609)
Water reserve fund	(134,532)
Sewer reserve fund	(240,892)
Transfers in:	
Water utility fund	350,754
Sewer utility fund	240,892
Water reserve fund	415,000
Sewer reserve fund	682,359
	<u>\$ 64,722</u>

Net transfers to governmental activities:

Transfers out:	
General fund	\$(3,401,400)
State street tax fund	(46,950)
Capital reserve fund	(57,729)
Building department fund	(319,500)
Non-major governmental funds	(32,000)
Transfers in:	
General fund	88,300
State street tax fund	36,900
Capital reserve fund	3,586,657
Non-major governmental funds	81,000
	<u>\$ (64,722)</u>

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.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

NOTE 10 -- INTERFUND TRANSACTIONS (continued):

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.

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. 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.

Death Benefits:

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

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

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

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 (COLA) changes. Under current law, the COLA is capped at 2.0 percent.

OPSRP Defined Benefit 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 annual 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.

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: 1.25 percent for beneficiaries receiving yearly benefits below \$60,000 or \$750 plus 0.15 percent for beneficiaries receiving yearly benefits above \$60,000.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

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

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:

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions:

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation. Covered employees are required to contribute 6.00% of wages and the City is required to contribute 19.07% of Tier 1/Tier 2 wages, 11.02% of OPSRP General service wages, and 15.65% of OPSRP Police and Fire wages. Employer Contributions for the year ended June 30, 2021 were \$372,638. The City has opted to pick-up the contributions on behalf of employee; contributions were \$164,248 for the year ended June 30, 2021.

The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

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

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

At June 30, 2021, the City reported a liability of \$4,125,265 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as December 31, 2018 rolled forward to June 30, 2020. At June 30, 2021, the City's proportionate share was 0.01890291%, compared to its proportion of .02075940% measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized pension expense of \$922,094, 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	\$ 181,562	\$ -
Changes in assumptions	221,390	7,757
Net differences between projected and actual earnings on investments	485,078	-
Changes in proportionate share	284,203	218,211
Differences between employer contributions and proportionate share of contributions	-	216,158
Contributions subsequent to measurement date	374,021	-
	<u>\$1,546,254</u>	<u>\$ 442,126</u>
Net deferred Outflows/(Inflows) of resources		<u>\$1,104,128</u>

Changes in Plan Provisions:

GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

We are not aware of any changes that meet this disclosure requirement.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

NOTE 12 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN:

Because the financial statements have been prepared on a modified cash basis of accounting, postemployment health insurance liabilities and the related deferred inflows and outflows of resources have not been recorded in the financial statements. Postemployment health insurance 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:

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 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits.

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

At June 30, 2021, the City reported an asset of \$37,851 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 and rolled forward to the measurement date of June 30, 2020.

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, 2021 the City's proportion was 0.01857630% compared to its proportion of 0.01848368% measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized OPEB income of \$5,557.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

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

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,869
Changes in assumptions	-	2,012
Net differences between projected and actual earnings on investments	4,209	-
Changes in proportionate share	901	-
Contributions subsequent to the measurement date	383	145
	<u>\$ 5,493</u>	<u>\$ 6,026</u>
Net deferred Outflows/ (Inflows) of resources		<u>\$ (533)</u>

Changes in Plan Provisions:

There were no changes during or subsequent to the June 30, 2020 measurement period that require disclosure.

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	\$ 365,239
Strategic investment programs	<u>2,013,708</u>
	<u>\$2,378,947</u>

The City received \$2,272,920 related to these agreements.

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

The City engaged in an option to purchase more than 200 acres of land and water rights to be developed into an industrial park. The City anticipates exercising the option during the fiscal year ending June 30, 2022. The total anticipated purchase price is \$3,000,000.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2021

NOTE 14 -- SUBSEQUENT EVENTS (continued):

The COVID-19 virus caused an unprecedented worldwide pandemic. The American Rescue Plan Act of 2021 (ARPA) was signed into law by President Biden on March 11, 2021. The ARPA is a \$1.9 trillion economic stimulus bill. Within ARPA, the Coronavirus State and Local Fiscal Recovery Fund provides \$350 billion for states, municipalities, counties, tribes, and territories, including \$130.2 billion for local governments split evenly between municipalities and counties. The City's distribution under this Act will be approximately \$1.6 million, to be received in two equal payments. The first of these is expected to be received during the fiscal year ending June 30, 2022.

The City anticipates going out for bid on the City of Umatilla Business Center Spring 2022. The Business Center will house the Community Development Department and include a multi-purpose room and full service kitchen in addition to professional office space. The estimated project cost is \$7,600,000, which includes the building, parking and street improvements. The City will pursue grant funding in addition to the \$1,800,000 in legislative funding that is already secured for this project. The remainder of project costs will be funded from capital reserves.

The City will reconstruct the pedestrian bridge over the Umatilla River to replace the bridge that was damaged by the 2019 and 2020 floods. This project includes replacing the 18" waterline that was damaged. Total project cost are estimated to be \$6.6 million. The City will receive FEMA funds of \$4.8 million, a Special Public Works Grant Funds of \$700,000 and will borrow for the remaining \$1 million. The design of the new bridge is estimated for completion in summer 2022, with construction of the new bridge and waterline expected to begin in fall 2022.

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, 2021. 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 \$32,339,798. Of this amount, \$16,209,896 may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase from last fiscal year of \$4,204,628 to meet ongoing obligations.
- The government's total net position increased by \$7,618,762.
- As of the close of the current fiscal year, the City of Umatilla's governmental funds reported combined ending fund balances of \$12,690,486. Only 38.4% of this total amount, \$4,867,576, 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 \$4,867,576, or 103.4% of total General Fund expenditures. This is an increase from last year of \$419,081.
- The City of Umatilla's total secured debt increased by \$1,196,122 (23.6%) 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 22-42 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 54-72.

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 \$32,339,798 at the close of the most recent fiscal year.

A large portion of the City's net position, \$15,295,338, or 47.3% 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	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 9,380,106	\$ 12,690,486	\$ 3,223,082	\$ 4,353,974	\$ 12,603,188	\$ 17,044,460
Fixed assets, net, where applicable, of accumulated depreciation	4,830,682	9,395,472	12,357,712	12,166,534	17,188,394	21,562,006
Total assets	14,210,788	22,085,958	15,580,794	16,520,508	29,791,582	38,606,466
Non-current liabilities	482,789	1,936,436	4,109,085	3,771,394	4,591,874	5,707,830
Other liabilities	143,308	146,374	335,364	412,464	478,672	558,838
Total liabilities	626,097	2,082,810	4,444,449	4,183,858	5,070,546	6,266,668
Net position:						
Net investment in capital assets	4,204,585	7,312,662	7,913,263	7,982,676	12,117,848	15,295,338
Restricted	597,920	834,564	-	-	597,920	834,564
Unrestricted	8,782,186	11,855,922	3,223,082	4,353,974	12,005,268	16,209,896
Total net position	\$ 13,584,691	\$ 20,003,148	\$ 11,136,345	\$ 12,336,650	\$ 24,721,036	\$ 32,339,798

A portion of the City's net position, \$834,564, 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, \$16,209,896, or 50.1% may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase from last year of \$4,204,628.

City of Umatilla's Change in Net Position

Governmental Activities. Governmental activities increased the City's net position by \$6,418,457.

Business-type activities. Business-type activities increased the City's net position by \$1,200,305.

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Program revenues:						
Charges for services	\$ 3,164,529	\$ 4,001,156	\$ 3,023,121	\$ 3,632,607	\$ 6,187,650	\$ 7,633,763
Contributions and grants	32,737	387,106	-	53,759	32,737	440,865
General revenues:						
Taxes (all sources)	1,875,411	2,217,263	-	-	1,875,411	2,217,263
Shared revenue	995,898	1,061,722	-	-	995,898	1,061,722
Use of money and property	148,710	71,411	52,995	26,480	201,705	97,891
Transfers	36,850	(64,722)	(36,850)	64,722	-	-
Miscellaneous receipts	4,082,030	6,337,286	6,647	188,670	4,088,677	6,525,956
Total Revenues	10,336,165	14,011,222	3,045,913	3,966,238	13,382,078	17,977,460
Expenses:						
General government	1,614,691	2,001,793	-	-	1,614,691	2,001,793
Sanitation	763,741	1,005,784	-	-	763,741	1,005,784
Streets	512,246	540,427	-	-	512,246	540,427
Library	222,974	209,842	-	-	222,974	209,842
Police	2,319,228	2,630,018	-	-	2,319,228	2,630,018
Recreation	898,060	1,204,901	-	-	898,060	1,204,901
Sewer and water	-	-	2,790,767	2,765,933	2,790,767	2,765,933
Total expenses	6,330,940	7,592,765	2,790,767	2,765,933	9,121,707	10,358,698
Net position - beginning, as adjusted	9,579,466	13,584,691	10,881,199	11,136,345	20,460,665	24,721,036
Change in net position	4,005,225	6,418,457	255,146	1,200,305	4,260,371	7,618,762
Net position, end of year	\$ 13,584,691	\$ 20,003,148	\$ 11,136,345	\$ 12,336,650	\$ 24,721,036	\$ 32,339,798

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 \$12,690,486. Approximately 38.4% of this total amount, \$4,867,576, 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 \$4,867,576. 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 104.1% of total General Fund expenditures of \$4,708,340. This ratio has increased from 102.2% in the prior year.

The fund balance of the City's General Fund increased by \$419,081 during the fiscal year. The fund experienced notable increases in property tax revenue, franchise fees and grant revenue. Court collections remained relatively flat and there was a slight decrease in investment interest. Expenditures were up across each department.

The Street Fund has total fund ending balance of \$830,690, an increase of \$236,240 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. The travel restrictions related to the COVID-19 pandemic had a negative impact on these revenue sharing dollars. The Lind Road and Union Street improvement project concluded and the Wanapa Road improvement project commenced, resulting in additional grant and private contribution revenue and corresponding capital outlay.

The fund balance of the Building Department Fund increased by \$438,839 during the fiscal year. A large volume of industrial and residential building activity has allowed this fund to grow each year.

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 \$3,064,024. The Water Fund, both operating and reserve, had unrestricted net position of \$1,289,950.

General Fund Budgetary Highlights

For the year ended June 30, 2021 there was a very slight variation between the budgeted revenue and the actual revenues received in the General Fund. Collections for franchise fees, court collections and intergovernmental revenues were slightly above projections, which offset the shortfall in property tax receipts, fees and permits and interest income. 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, 2021, amounted to \$21,562,006 (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 Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land	\$ 1,480,713	\$ 3,471,914	\$ -	\$ -	\$ 1,480,713	\$ 3,471,914
Buildings	2,010,155	1,940,340	-	-	2,010,155	1,940,340
Infrastructure	923,969	3,323,701	-	-	923,969	3,323,701
Sewer	-	-	9,122,604	8,981,185	9,122,604	8,981,185
Water	-	-	3,235,108	3,185,349	3,235,108	3,185,349
Machinery and Equipment	338,935	471,139	-	-	338,935	471,139
Vehicles	76,910	188,378	-	-	76,910	188,378
Total	\$ 4,830,682	\$ 9,395,472	\$ 12,357,712	\$ 12,166,534	\$ 17,188,394	\$ 21,562,006

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 \$510,000. This debt represents bonds secured solely by specified revenue sources.

City of Umatilla's Outstanding Debt
General Obligation and Revenue Bonds & Other

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Special Assessment debt with governmental Commitment	\$ 626,097	\$ 2,082,810	\$ -	\$ -	\$ 626,097	\$ 2,082,810
Special Assessment debt with enterprise fund Commitment	\$ -	\$ -	\$ 3,684,449	\$ 3,673,858	\$ 3,684,449	\$ 3,673,858
Revenue Bonds	-	-	760,000	510,000	760,000	510,000
Total	\$ 626,097	\$ 2,082,810	\$ 4,444,449	\$ 4,183,858	\$ 5,070,546	\$ 6,266,668

The City's total debt increased by \$1,196,122 (23.6%) 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 FY2022 budget:

- Assessed values, the basis of property tax revenues, will grow by 3%. In the previous fiscal year, we saw a 20% increase in value due to the consumable property at the data centers that have passed the three-year abatement. We anticipate another 24% increase in property tax receipts in the next fiscal year.
- To date, we have received over \$1.7 million in Community Service Fee (CSF) revenue related to the enterprise zone agreements on the first four buildings of PDX2, which includes \$488,800 from FY2021. We anticipate the FY2022 payment at \$450,000.
- In FY2020, the City received the second set of payments resulting from the SIP agreement on the fifth building of PDX2 and the PDX63 campus. 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 City received the full \$73,000 in additional annual property tax revenue for FY2021. This payment will remain the same moving forward. The second category is the Community Service Fee (CSF) in an amount equal to 25% of the property taxes that would be due on the exempt property, not exceeding \$500,000 in any year for 15 years. An agreement was made in July 2018 to distribute the \$500,000 among the City and the special taxing districts. The City's maximum annual distribution will be \$91,197 and the full amount was received in this fiscal year. This payment will remain the same for the full 15-year period. The third category is the Additional Annual Improvement Payment of \$4 million per year for 15 years. This payment is to be split between the City and Umatilla County. Both entities will receive \$2 million annually with the second payment received in FY2021.
- The City Council approved a 6% water and sewer rate increase effective July 1, 2021 based upon a comprehensive rate study completed by FCS Group in 2020.
- The City's electrical franchise agreement cap with UEC was re-negotiated in March 2020. The previous cap was \$500,000 annually. The new agreement contains an increased cap of \$1 million in 2020-2024 and \$1.5 million in 2025-2029. It is anticipated the full \$1 million would be collected in FY2022. We also project revenue of \$252,500 from Pacific Power.
- Insurance costs will be slightly higher for the FY2022 budget. Property rates are increasing by 8% and liability and auto rates are increasing by 12%. We estimate an overall premium increase of \$9,000.
- Council approved a cost-of-living-adjustment (COLA) of 2% for wage levels A-L, and a market adjustment of approximately 16% to wage level M.
- This fiscal year marks the beginning of a new three-year collective bargaining agreement that is in effect through June 30, 2024. In the first year, union employees will receive a 3.5% salary increase and the creation of a ninth step on the wage scale to reward longevity. Each year after, they will receive 3.5% salary increases.
- For the next biennium our PERS rates will increase slightly from 19.07% to 20.63% for Tier 1 and Tier 2, from 11.02% to 13.86% for OPSRP General Schedule and from 15.65% to 18.22% for OPSRP Police. In addition to the employer's portion, the City pays the employee's 6% required match.
- Medical, vision and dental insurance costs will remain flat for the next budget cycle. The lower cost items such as life insurance and accidental death and disability will decrease by approximately 20%.

- The FY2022 budget continues to demonstrate an increased emphasis on technology upgrades and staff training among all departments.
- The FY2022 budget includes funding for a new Human Resources Analyst and Building Permit Specialist. Personnel costs will increase accordingly.
- COVID-19 is an unprecedented worldwide pandemic that will have significant budget impacts. The American Rescue Plan Act of 2021 (ARPA) was signed into law by President Biden on March 11, 2021. The ARPA is a \$1.9 trillion economic stimulus bill. Within ARPA, the Coronavirus State and Local Fiscal Recovery Fund provides \$350 billion for states, municipalities, counties, tribes, and territories, including \$130.2 billion for local governments split evenly between municipalities and counties. The City's ARPA distribution will be approximately \$1.6 million, to be received in two equal payments one year apart from each other. The City has not yet determined the best use for the ARPA funds but will be discussing that with the City Council more in the upcoming months.
- This budget looks to immediately begin implementing our newly adopted Trails Master Plan and includes more than \$1 million in trails/bike path improvements, which anticipates nearly 75% of these costs being paid for from state and federal grant programs. The City was awarded a grant through the Oregon Parks and Recreation (OPRD) Recreational Regional Trails Program (RTP) to plan, design and construct a new trail from the Umatilla Footbridge to Powerline Road that will meet ADA access requirements, reduce erosion and increase use. The City will also be reapplying for OPRD Local Government Grant Program (LGGP) grant funds to create all-new pedestrian trails in the south hill area that will connect to the RTP project.
- City staff has been working with Seder Architecture & Urban Design on a renovation and expansion project of the old post office building into the new City of Umatilla Business Center. This Business Center will house the Community Development Department and a multi-use room and kitchen for events and meetings in the existing building and will have a two-story expansion that will serve as a business incubator for new business owners on the lower level, while providing long term rental space on the second floor. We estimate this project will cost \$7,600,000, which includes the building, parking and street improvements. City staff is actively pursuing grants and has secured \$1,800,000 in legislative funding. The remainder of the funds will come from capital reserves. We anticipate the project to bid early 2022 with an 18-month construction period.
- This budget includes funds to reconstruct an all-new pedestrian bridge over the Umatilla River to replace the bridge that was damaged by the 2019 and 2020 floods. This includes replacing the 18" waterline that was damaged. We anticipate the total project cost at \$6.6 million. We will receive FEMA funds of \$4.8 million, Special Public Works Grant Funds of \$700,000 and will take out a loan for the remaining \$1 million. Design of the new bridge is estimated for completion in summer 2022, with construction of the new bridge and waterline expected to begin in fall 2022.
- The FY2022 budget includes two improvement projects for Nugent Park. The first is a restroom replacement project that includes removing the old restroom, preparing utilities for new restroom connection, installation of the new restroom and updated signage. The total project cost is anticipated at \$225,000. The City was awarded an Oregon Tourism Commission Grant for \$100,000 and will fund the remainder from capital reserves. The second project is replacement of the playground equipment and pavilion at Nugent Park. City staff will be applying for a Land and Water Conservation Fund grant to cover half of the anticipated \$300,000 total project cost. The remainder of the project will be funded from capital reserves.

- The FY2022 budget includes \$275,000 to update Kiwanis Falls at the intersection of US-730 and Highway 395. This will be a great artistic and beautiful gateway project for the City. The new project will feature ornamental hardscapes and landscapes that put our local arid beauty on display, water features that will enhance the design and represent our historical two rivers, artist created pieces that highlight our rivers and our history, and light features to create a beautiful and urban evening display. This project will primarily be funded from capital reserves.
- Power City and Brownell are two communities that lie within the City of Umatilla's Urban Growth Boundary, but are not provided with water or sewer service by the City. The City was awarded a Community Development Block Grant (CDBG) in the amount of \$734,000 for the final design of water utility extension to these areas. This project will be the first step towards closing these identified "donut holes" in the City and bringing compliant drinking water to these communities. The City was also awarded a \$372,500 CDBG planning grant application in the fall for sewer extension to the same areas. The cost-effectiveness of conducting these two projects simultaneously is extraordinary. \$250,000-\$300,000 will be saved by doing the pre-construction work, including engineering surveys, wetland delineations and permitting and cultural/archaeological work.
- The FY2022 incorporates many other design projects. The Umatilla Marina has reached the end of its useful life and needs a full replacement. The budget includes \$300,000 to begin design on an all-new state-of-the-art marina. The budget also includes \$125,000 to develop and adopt an all-new Golf Course/Hash Park Master Plan to optimize the use of both facilities and look at a possible trail connection between the two. Lastly, the budget includes \$200,000 towards the design of a new Police Department facility to replace the existing building. These funds are intended to get the design started, with the expectation that additional funds will be allocated in FY2023.
- The City engaged in an option to purchase more than 200 acres of land and water rights to be developed into an industrial park. The City anticipates exercising the option during FY2022. The total purchase price is \$3,000,000 which will be recovered in the same fiscal year when a portion of the land is sold.

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

SUPPLEMENTARY INFORMATION

CITY OF UMATILLA, OREGON

Non-major Governmental Funds

June 30, 2021

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, 2021

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total Non-major Governmental Funds</u>
	<u>Library</u>	<u>Transient Room Tax</u>	<u>Building Reserve</u>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 158,117	\$ 225,488	\$ 161,517	\$ 545,122
	\$ -	\$ -	\$ -	\$ -
<u>FUND BALANCES:</u>				
Committed	158,117	225,488	161,517	545,122
Total liabilities and fund balances	\$ 158,117	\$ 225,488	\$ 161,517	\$ 545,122

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, 2021

	Special Revenue Funds		Capital Project Fund	Total Non-major Governmental Funds
	Library	Transient Room Tax	Building Reserve	
REVENUES:				
Intergovernmental	\$ 214,994	-	-	\$ 214,994
Fees, licenses, and permits	-	81,368	-	81,368
Investment interest	1,052	1,659	1,423	4,134
Grant revenues	4,645	-	-	4,645
Miscellaneous	583	-	132,922	133,505
Total revenues	<u>221,274</u>	<u>83,027</u>	<u>134,345</u>	<u>438,646</u>
EXPENDITURES:				
Current:				
Library	214,731	-	-	214,731
Cultural and recreation	-	112,938	-	112,938
Debt service:				
Principal	-	-	93,308	93,308
Interest	-	-	23,913	23,913
Total expenditures	<u>214,731</u>	<u>112,938</u>	<u>117,221</u>	<u>444,890</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,543</u>	<u>(29,911)</u>	<u>17,124</u>	<u>(6,244)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	35,000	46,000	-	81,000
Operating transfers out	(30,500)	(1,500)	-	(32,000)
Total other financing sources (uses)	<u>4,500</u>	<u>44,500</u>	<u>-</u>	<u>49,000</u>
NET CHANGE IN FUND BALANCES	<u>11,043</u>	<u>14,589</u>	<u>17,124</u>	<u>42,756</u>
FUND BALANCES, BEGINNING OF YEAR	<u>147,074</u>	<u>210,899</u>	<u>144,393</u>	<u>502,366</u>
FUND BALANCES, END OF YEAR	<u>\$ 158,117</u>	<u>\$ 225,488</u>	<u>\$ 161,517</u>	<u>\$ 545,122</u>

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Library Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Library district	\$ 230,361	\$ 230,361	\$ 214,994	\$ (15,367)
Grants	1,345	4,645	4,645	-
Interest income	3,600	3,600	1,052	(2,548)
Other	405	405	583	178
Total revenues	<u>235,711</u>	<u>239,011</u>	<u>221,274</u>	<u>(17,737)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the General Fund	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>137,606</u>	<u>137,606</u>	<u>147,074</u>	<u>9,468</u>
	<u>\$ 408,317</u>	<u>\$ 411,617</u>	<u>\$ 403,348</u>	<u>\$ (8,269)</u>
<u>EXPENDITURES:</u>				
Current:				
Library:				
Personnel services	\$ 204,516	\$ 207,816	\$ 161,107	\$ 46,709
Materials and services	84,680	84,680	43,831	40,849
Capital outlay	13,000	13,000	9,793	3,207
Operating contingency	5,000	5,000	-	5,000
Total expenditures	<u>307,196</u>	<u>310,496</u>	<u>214,731</u>	<u>95,765</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To the General Fund	10,000	10,000	10,000	-
To the Capital Reserve Fund	20,500	20,500	20,500	-
	<u>30,500</u>	<u>30,500</u>	<u>30,500</u>	<u>-</u>
Total expenditures and transfers	<u>337,696</u>	<u>340,996</u>	<u>245,231</u>	<u>\$ 95,765</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>70,621</u>	<u>70,621</u>	<u>158,117</u>	
	<u>\$ 408,317</u>	<u>\$ 411,617</u>	<u>\$ 403,348</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Transient Room Tax Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Motel tax	\$ 21,920	\$ 21,920	\$ 44,119	\$ 22,199
Tourism promotion assessment	41,135	31,135	37,249	6,114
Interest income	3,500	3,500	1,659	(1,841)
Total revenues	<u>66,555</u>	<u>56,555</u>	<u>83,027</u>	<u>26,472</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the General Fund	<u>106,000</u>	<u>46,000</u>	<u>46,000</u>	<u>-</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>215,077</u>	<u>215,077</u>	<u>210,899</u>	<u>(4,178)</u>
	<u>\$ 387,632</u>	<u>\$ 317,632</u>	<u>\$ 339,926</u>	<u>\$ 22,294</u>
<u>EXPENDITURES:</u>				
Current:				
Personnel services	\$ 11,664	\$ 11,664	\$ 11,485	\$ 179
Culture and recreation:				
Materials and services	292,410	222,410	101,453	120,957
Capital outlay	60,715	60,715	-	60,715
	<u>364,789</u>	<u>294,789</u>	<u>112,938</u>	<u>181,851</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To the General Fund	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total expenditures and transfers	<u>366,289</u>	<u>296,289</u>	<u>114,438</u>	<u>\$ 181,851</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>21,343</u>	<u>21,343</u>	<u>225,488</u>	
	<u>\$ 387,632</u>	<u>\$ 317,632</u>	<u>\$ 339,926</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Capital Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Interest income	\$ 38,800	\$ 38,800	\$ 16,613	\$ (22,187)
Grants	737,100	806,075	129,590	(676,485)
Miscellaneous income	3,186,792	2,057,467	2,075,064	17,597
	<u>3,962,692</u>	<u>2,902,342</u>	<u>2,221,267</u>	<u>(681,075)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the Sewer Fund	60,750	60,750	60,750	-
From the Water Fund	47,750	47,750	47,750	-
From the Library Fund	20,500	20,500	20,500	-
From the General Fund	2,843,000	3,118,000	3,118,000	-
From the State Tax Street Fund	33,750	33,750	33,750	-
From the Building Department Fund	298,900	298,900	298,900	-
	<u>3,304,650</u>	<u>3,579,650</u>	<u>3,579,650</u>	<u>-</u>
Total revenues and transfers	7,267,342	6,481,992	5,800,917	(681,075)
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	1,557,976	1,666,676	1,522,079	(144,597)
	<u>\$ 8,825,318</u>	<u>\$ 8,148,668</u>	<u>\$ 7,322,996</u>	<u>\$ (825,672)</u>
<u>EXPENDITURES:</u>				
Current:				
General government:				
Debt service	\$ 285,222	\$ 285,222	\$ -	\$ 285,222
Capital outlay	5,731,050	5,054,400	3,570,948	1,483,452
	<u>6,016,272</u>	<u>5,339,622</u>	<u>3,570,948</u>	<u>1,768,674</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>2,809,046</u>	<u>2,859,046</u>	<u>3,752,048</u>	
	<u>\$ 8,825,318</u>	<u>\$ 8,198,668</u>	<u>\$ 7,322,996</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Building Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 3,800	\$ 3,800	\$ 1,423	\$ (2,377)
Calpine co-gen plant	132,922	132,922	132,922	-
	<u>136,722</u>	<u>136,722</u>	<u>134,345</u>	<u>(2,377)</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	144,578	144,578	144,393	(185)
	<u>\$ 281,300</u>	<u>\$ 281,300</u>	<u>\$ 278,738</u>	<u>\$ (2,562)</u>
<u>EXPENDITURES:</u>				
Debt service	\$ 117,222	\$ 117,222	\$ 117,221	\$ 1
<u>UNAPPROPRIATED BALANCE</u>	<u>164,078</u>	<u>164,078</u>	<u>161,517</u>	
	<u>\$ 281,300</u>	<u>\$ 281,300</u>	<u>\$ 278,738</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Debt Service Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes:				
Prior	\$ 400	\$ 400	\$ 380	\$ (20)
Interest income	50	50	24	(26)
	<u>450</u>	<u>450</u>	<u>404</u>	<u>(46)</u>
 <u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>	 <u>3,357</u>	 <u>3,357</u>	 <u>3,470</u>	 <u>113</u>
	<u>\$ 3,807</u>	<u>\$ 3,807</u>	<u>\$ 3,874</u>	<u>\$ 67</u>
 <u>EXPENDITURES:</u>	 \$ -	 \$ -	 \$ -	 <u>\$ -</u>
 <u>UNAPPROPRIATED BALANCE</u>	 <u>3,807</u>	 <u>3,807</u>	 <u>3,874</u>	
	<u>\$ 3,807</u>	<u>\$ 3,807</u>	<u>\$ 3,874</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Water Utility Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Water service	\$ 1,619,724	\$ 1,619,724	\$ 1,510,142	\$ (109,582)
Interest and other	8,800	13,000	74,706	61,706
Total revenues	<u>1,628,524</u>	<u>1,632,724</u>	<u>1,584,848</u>	<u>(47,876)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the General Fund	<u>165,500</u>	<u>165,500</u>	<u>165,500</u>	<u>-</u>
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>193,675</u>	<u>193,675</u>	<u>141,857</u>	<u>(51,818)</u>
	<u>\$ 1,987,699</u>	<u>\$ 1,991,899</u>	<u>\$ 1,892,205</u>	<u>\$ (99,694)</u>
<u>EXPENDITURES:</u>				
Personnel services	\$ 518,656	\$ 532,856	\$ 519,400	\$ 13,456
Materials and services	744,450	744,450	691,579	52,871
Capital outlay	5,000	5,000	527	4,473
Debt service	50,000	50,000	14,015	35,985
Contingency	100,000	90,000	-	90,000
	<u>1,418,106</u>	<u>1,422,306</u>	<u>1,225,521</u>	<u>196,785</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To the Capital Reserve Fund	47,750	47,750	47,750	-
To the General Fund	21,500	21,500	21,500	-
To the Water Reserve Fund	415,000	415,000	415,000	-
	<u>484,250</u>	<u>484,250</u>	<u>484,250</u>	<u>-</u>
Total expenditures and transfers	<u>1,902,356</u>	<u>1,906,556</u>	<u>1,709,771</u>	<u>\$ 196,785</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>85,343</u>	<u>85,343</u>	<u>182,434</u>	
	<u>\$ 1,987,699</u>	<u>\$ 1,991,899</u>	<u>\$ 1,892,205</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Sewer Utility Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Sewer service	\$ 2,101,323	\$ 2,101,323	\$ 1,740,498	\$ (360,825)
Interest income	8,000	8,000	3,326	(4,674)
Other income	254,500	255,500	246,456	(9,044)
Total revenues	<u>2,363,823</u>	<u>2,364,823</u>	<u>1,990,280</u>	<u>(374,543)</u>
<u>BEGINNING FUND BALANCE</u>				
<u>AVAILABLE FOR APPROPRIATION</u>	<u>488,511</u>	<u>488,511</u>	<u>495,735</u>	<u>7,224</u>
	<u>\$ 2,852,334</u>	<u>\$ 2,853,334</u>	<u>\$ 2,486,015</u>	<u>\$ (367,319)</u>
<u>EXPENDITURES:</u>				
Personnel services	\$ 587,242	\$ 588,242	\$ 482,389	\$ 105,853
Materials and service	718,160	738,160	377,574	360,586
Capital outlay	10,000	10,000	-	10,000
Debt service	512,515	512,515	335,004	177,511
Contingency	150,000	130,000	-	130,000
	<u>1,977,917</u>	<u>1,978,917</u>	<u>1,194,967</u>	<u>783,950</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To the Sewer Reserve Fund	510,000	510,000	510,000	-
To the General Fund	21,500	21,500	21,500	-
To the Capital Reserve Fund	60,750	60,750	60,750	-
	<u>592,250</u>	<u>592,250</u>	<u>592,250</u>	<u>-</u>
Total expenditures and transfers	<u>2,570,167</u>	<u>2,571,167</u>	<u>1,787,217</u>	<u>\$ 783,950</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>282,167</u>	<u>282,167</u>	<u>698,798</u>	
	<u>\$ 2,852,334</u>	<u>\$ 2,853,334</u>	<u>\$ 2,486,015</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Water Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
SDC for water system improvement	\$ 184,860	\$ 184,860	\$ 75,565	\$ (109,295)
Grant revenue and other	1,484,300	1,484,300	26,116	(1,458,184)
Interest income	12,000	12,000	6,562	(5,438)
	<u>1,681,160</u>	<u>1,681,160</u>	<u>108,243</u>	<u>(1,572,917)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the Water Fund	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>	<u>-</u>
Total revenues and transfers	2,096,160	2,096,160	523,243	(1,572,917)
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>752,781</u>	<u>752,781</u>	<u>727,477</u>	<u>(25,304)</u>
	<u>\$ 2,848,941</u>	<u>\$ 2,848,941</u>	<u>\$ 1,250,720</u>	<u>\$ (1,598,221)</u>
<u>EXPENDITURES:</u>				
Materials and services	\$ 749,000	\$ 749,000	\$ 28,977	\$ 720,023
Capital outlay	1,420,375	1,420,375	114,227	1,306,148
Contingency	300,000	300,000	-	300,000
Total expenditures	2,469,375	2,469,375	143,204	<u>\$ 2,326,171</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>379,566</u>	<u>379,566</u>	<u>1,107,516</u>	
	<u>\$ 2,848,941</u>	<u>\$ 2,848,941</u>	<u>\$ 1,250,720</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Sewer Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
SDC for sewer system improvement	\$ 222,300	\$ 22,300	\$ 79,352	\$ 57,052
Interest	30,000	30,000	15,165	(14,835)
Other income	-	-	174,802	174,802
	<u>252,300</u>	<u>52,300</u>	<u>269,319</u>	<u>217,019</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the Sewer Fund	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>	<u>-</u>
Total revenues and transfers	762,300	562,300	779,319	217,019
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>1,882,813</u>	<u>1,882,813</u>	<u>1,858,013</u>	<u>(24,800)</u>
	<u>\$2,645,113</u>	<u>\$ 2,445,113</u>	<u>\$2,637,332</u>	<u>\$ 192,219</u>
<u>EXPENDITURES:</u>				
Materials and services	\$ -	\$ 40,000	\$ 31,214	\$ 8,786
Capital outlay	628,775	688,775	240,892	447,883
Contingency	<u>400,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total expenditures	1,028,775	1,028,775	272,106	<u>\$ 756,669</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>1,616,338</u>	<u>1,416,338</u>	<u>2,365,226</u>	
	<u>\$2,645,113</u>	<u>\$ 2,445,113</u>	<u>\$2,637,332</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, 2021

	<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>
<u>REVENUES</u>	\$1,584,848	\$1,990,280	\$108,243	\$ 269,319	\$3,952,690
<u>EXPENDITURES</u>	<u>(1,225,521)</u>	<u>(1,194,967)</u>	<u>(143,204)</u>	<u>(272,106)</u>	<u>(2,835,798)</u>
<u>REVENUES OVER(UNDER)</u>					
<u>EXPENDITURES-- BUDGETARY</u>					
<u>BASIS</u>	<u>359,327</u>	<u>795,313</u>	<u>(34,961)</u>	<u>(2,787)</u>	<u>1,116,892</u>
<u>TRANSFERS (MODIFIED CASH</u>					
<u>BASIS):</u>					
Operating transfers in	350,754	240,892	415,000	682,359	1,689,005
Operating transfers out	<u>(484,250)</u>	<u>(764,609)</u>	<u>(134,532)</u>	<u>(240,892)</u>	<u>(1,624,283)</u>
	<u>(133,496)</u>	<u>(523,717)</u>	<u>280,468</u>	<u>441,467</u>	<u>64,722</u>
<u>ADJUSTMENTS:</u>					
Principal payments on debt	121,185	311,765	-	-	432,950
Capital outlay transfers	-	-	134,532	240,892	375,424
Debt service transfers	-	-	-	(172,359)	(172,359)
Depreciation and amortization	<u>(235,013)</u>	<u>(382,311)</u>	-	-	<u>(617,324)</u>
	<u>(113,828)</u>	<u>(70,546)</u>	<u>134,532</u>	<u>68,533</u>	<u>18,691</u>
<u>CHANGE IN NET POSITION PER</u>					
<u>STATEMENT OF REVENUES,</u>					
<u>EXPENSES, AND CHANGES IN</u>					
<u>FUND NET POSITION - MODIFIED</u>					
<u>CASH BASIS</u>	<u>\$ 112,003</u>	<u>\$ 201,050</u>	<u>\$380,039</u>	<u>\$ 507,213</u>	<u>\$1,200,305</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, 2021

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<u>FUND BALANCE</u> <u>(Budgetary Basis)</u>	\$ 182,434	\$ 698,798	\$ 1,107,516	\$ 2,365,226	\$ 4,353,974
<u>ADD (DEDUCT):</u>					
Fixed assets	3,185,349	8,981,185	-	-	12,166,534
Notes payable to bank	<u>(546,193)</u>	<u>(3,637,665)</u>	<u>-</u>	<u>-</u>	<u>(4,183,858)</u>
<u>NET POSITION</u>	<u>\$ 2,821,590</u>	<u>\$ 6,042,318</u>	<u>\$ 1,107,516</u>	<u>\$ 2,365,226</u>	<u>\$ 12,336,650</u>

CITY OF UMATILLA, OREGON

Statement of Net Position - Modified Cash Basis
Proprietary Funds
June 30, 2021
(with comparative totals for June 30, 2020)

	Water Utility		Sewer Utility		Water Reserve		Sewer Reserve		Totals June 30,	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	2021	2020
ASSETS:										
Cash and cash equivalents	\$ 182,434	\$ 141,857	\$ 698,798	\$ 495,735	\$ 1,107,516	\$ 727,477	\$ 2,365,226	\$ 1,858,013	\$ 4,353,974	\$ 3,223,082
Capital assets, less accumulated depreciation	3,185,349	3,235,108	8,981,185	9,122,604	-	-	-	-	12,166,534	12,357,712
	3,367,783	3,376,965	9,679,983	9,618,339	1,107,516	727,477	2,365,226	1,858,013	16,520,508	15,580,794
LIABILITIES:										
Note payable	546,193	667,378	3,127,665	3,017,071	-	-	-	-	3,673,858	3,684,449
Bonds payable	-	-	510,000	760,000	-	-	-	-	510,000	760,000
Total liabilities	546,193	667,378	3,637,665	3,777,071	-	-	-	-	4,183,858	4,444,449
NET POSITION:										
Net investment in capital assets	2,639,156	2,567,730	5,343,520	5,345,533	-	-	-	-	7,982,676	7,913,263
Unrestricted	182,434	141,857	698,798	495,735	1,107,516	727,477	2,365,226	1,858,013	4,353,974	3,223,082
Total net position	\$ 2,821,590	\$ 2,709,587	\$ 6,042,318	\$ 5,841,268	\$ 1,107,516	\$ 727,477	\$ 2,365,226	\$ 1,858,013	\$ 12,336,650	\$ 11,136,345

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, 2021
(with comparative totals for June 30, 2020)

	<u>Water Utility</u>		<u>Sewer Utility</u>		<u>Water Reserve</u>		<u>Sewer Reserve</u>		<u>Totals June 30,</u>	
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUES:</u>										
Charges for sales and services:										
Water	\$ 1,510,142	\$ 1,295,076	\$ -	\$ -	\$ 101,681	\$ 67,779	\$ -	\$ -	\$ 1,611,823	\$ 1,362,855
Sewer	-	-	1,938,989	1,611,348	-	-	81,795	48,918	2,020,784	1,660,266
Miscellaneous revenues	194,464	4,941	47,965	1,706	-	-	-	-	242,429	6,647
Total operating revenue	<u>1,704,606</u>	<u>1,300,017</u>	<u>1,986,954</u>	<u>1,613,054</u>	<u>101,681</u>	<u>67,779</u>	<u>81,795</u>	<u>48,918</u>	<u>3,875,036</u>	<u>3,029,768</u>
<u>OPERATING EXPENSES:</u>										
Cost of sales and services	1,211,506	1,105,218	859,963	1,007,570	8,672	74,695	31,214	17,289	2,111,355	2,204,772
Depreciation and amortization	235,013	225,916	382,311	326,552	-	-	-	-	617,324	552,468
Total operating expenses	<u>1,446,519</u>	<u>1,331,134</u>	<u>1,242,274</u>	<u>1,334,122</u>	<u>8,672</u>	<u>74,695</u>	<u>31,214</u>	<u>17,289</u>	<u>2,728,679</u>	<u>2,757,240</u>
<u>OPERATING INCOME (LOSS)</u>	<u>258,087</u>	<u>(31,117)</u>	<u>744,680</u>	<u>278,932</u>	<u>93,009</u>	<u>(6,916)</u>	<u>50,581</u>	<u>31,629</u>	<u>1,146,357</u>	<u>272,528</u>
<u>NONOPERATING REVENUES</u>										
(EXPENSES):										
Interest on investments	1,427	4,043	3,326	7,541	6,562	11,961	15,165	29,450	26,480	52,995
Interest expense	(14,015)	(5,240)	(23,239)	(28,287)	-	-	-	-	(37,254)	(33,527)
Total nonoperating revenue (expenses)	<u>(12,588)</u>	<u>(1,197)</u>	<u>(19,913)</u>	<u>(20,746)</u>	<u>6,562</u>	<u>11,961</u>	<u>15,165</u>	<u>29,450</u>	<u>(10,774)</u>	<u>19,468</u>
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	<u>245,499</u>	<u>(32,314)</u>	<u>724,767</u>	<u>258,186</u>	<u>99,571</u>	<u>5,045</u>	<u>65,746</u>	<u>61,079</u>	<u>1,135,583</u>	<u>291,996</u>
Transfers in (out)	(133,496)	(183,494)	(523,717)	(326,785)	280,468	186,229	441,467	287,200	64,722	(36,850)
<u>CHANGE IN NET POSITION</u>	<u>112,003</u>	<u>(215,808)</u>	<u>201,050</u>	<u>(68,599)</u>	<u>380,039</u>	<u>191,274</u>	<u>507,213</u>	<u>348,279</u>	<u>1,200,305</u>	<u>255,146</u>
<u>TOTAL NET POSITION - BEGINNING</u>	<u>2,709,587</u>	<u>2,925,395</u>	<u>5,841,268</u>	<u>5,909,867</u>	<u>727,477</u>	<u>536,203</u>	<u>1,858,013</u>	<u>1,509,734</u>	<u>11,136,345</u>	<u>10,881,199</u>
<u>TOTAL NET POSITION - ENDING</u>	<u>\$ 2,821,590</u>	<u>\$ 2,709,587</u>	<u>\$ 6,042,318</u>	<u>\$ 5,841,268</u>	<u>\$ 1,107,516</u>	<u>\$ 727,477</u>	<u>\$ 2,365,226</u>	<u>\$ 1,858,013</u>	<u>\$ 12,336,650</u>	<u>\$ 11,136,345</u>

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

**Schedule of Future Debt Service Requirements
of Long-Term Debt
June 30, 2021**

Maturing During Year Ending June 30,	US Bank sewer refunding bonds March 11, 2014		IFA February 18, 2021		IFA December 1, 2019		DEQ Clean Water Loan To be determined	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 260,000	\$ 11,400	\$ 11,933	\$ 20,588	\$ 62,642	\$ 4,564	\$ 77,889	\$ 59,281
2023	250,000	3,750	12,031	23,468	63,531	3,674	79,109	57,672
2024	-	-	12,132	22,867	64,433	2,772	80,348	56,037
2025	-	-	12,239	22,260	65,348	1,857	81,605	54,378
2026	-	-	12,351	21,648	65,428	929	82,884	52,691
2027-2031	-	-	83,638	97,355	-	-	434,299	237,230
2032-2036	-	-	107,407	74,338	-	-	469,390	190,936
2037-2041	-	-	132,217	45,027	-	-	507,314	140,903
2042-2046	-	-	162,245	15,099	-	-	548,303	86,830
2047-2051	-	-	-	-	-	-	445,142	28,384
	\$ 510,000	\$ 15,150	\$ 546,193	\$ 342,650	\$ 321,382	\$ 13,796	\$ 2,806,283	\$ 964,342

Maturing During Year Ending June 30,	Banner Bank April 13, 2009		Banner Bank December 18, 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 98,203	\$ 19,018	\$ 48,171	\$ 66,732	\$ 558,838	\$ 181,583
2023	103,082	14,140	69,297	45,606	577,050	148,310
2024	108,178	9,043	71,244	43,659	336,335	134,378
2025	73,347	3,644	73,245	41,658	305,784	123,797
2026	-	-	75,303	39,600	235,966	114,868
2027-2031	-	-	409,465	165,050	927,402	499,635
2032-2036	-	-	470,308	104,207	1,047,105	369,481
2037-2041	-	-	482,967	34,322	1,122,498	220,252
2042-2046	-	-	-	-	710,548	101,929
2047-2051	-	-	-	-	445,142	28,384
	\$ 382,810	\$ 45,845	\$ 1,700,000	\$ 540,834	\$ 6,266,668	\$ 1,922,617

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Schedule of Long-Term Debt Transactions
Year Ended June 30, 2021

	Interest Rate	Amount of Original Issue	DEBT PRINCIPAL				INTEREST			
			Outstanding July 1, 2020	Debt Issued During Year	Matured and Paid During Year	Outstanding June 30, 2021	Outstanding July 1, 2020	Matured During Year	Paid During Year	Matured and Outstanding June 30, 2021
Banner Bank April 13, 2009	4.9 %	\$ 1,500,000	\$ 476,119	\$ -	\$ 93,309	\$ 382,810	\$ -	\$ 23,913	\$ 23,913	\$ -
Banner Bank December 18, 2020	2.8 %	\$ 1,700,000	-	1,700,000	-	1,700,000	-	-	-	-
IFA Loan December 1, 2019	1.4 %	\$ 444,815	383,147	-	61,765	321,382	-	5,441	5,441	-
DEQ clean water loan To be determined	1.6 %	\$ 2,892,420	2,633,924	172,359	-	2,806,283	-	-	-	-
IFA Loan February 18, 2021	2.5 %	\$ 667,378	667,378	-	121,185	546,193	-	14,015	14,015	-
Individual July 20, 2018	4.0 %	\$ 200,000	149,978	-	149,978	-	-	5,898	5,898	-
US Bank sewer refunding bonds March 11, 2014	2.0 %	\$ 2,160,000	760,000	-	250,000	510,000	-	17,800	17,800	-
Totals			<u>\$5,070,546</u>	<u>\$1,872,359</u>	<u>\$ 676,237</u>	<u>\$ 6,266,668</u>	<u>\$ -</u>	<u>\$ 67,067</u>	<u>\$ 67,067</u>	<u>\$ -</u>

See accompanying independent auditors' report.

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, 2021, and have issued our report thereon dated December 13, 2021. 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

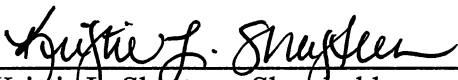
In planning and performing our audit of the financial statements, we considered City of Umatilla, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing 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 13, 2021