



CITY OF IRRIGON

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

CITY OF IRRIGON

JUNE 30, 2020

MAYOR AND CITY COUNCIL

<u>NAME AND ADDRESS</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Daren Strong Post Office Box 556 Irrigon, Oregon 97844	Mayor	December 31, 2020
Margaret Anderson Post Office Box 428 Irrigon, Oregon 97844	Mayor Pro-Tem	December 31, 2022
Michelle Hagen Post Office Box 116 Irrigon, Oregon 97844	Council Member	December 31, 2022
Kenneth Matlack 1365 NE Main Ave. Irrigon, Oregon 97844	Council Member	December 31, 2020
Melvin Lambert Post Office Box 702 Irrigon, Oregon 97844	Council Member	December 31, 2022
Marlina Avila Serratos 325 NE Sixth Street Irrigon, Oregon 97844	Council Member	December 31, 2020
Wesley "Alan" Carnahan 265 NE Sixth Street Irrigon, Oregon 97844	Council Member	December 31, 2020

APPOINTED OFFICIALS

<u>NAME AND ADDRESS</u>	<u>POSITION</u>
Aaron Palmquist	City Manager

MAILING ADDRESS

City of Irrigon
500 NE Main Avenue
Post Office Box 428
Irrigon, Oregon 97844-7286
Phone (541) 922-3047 • Fax (541) 922-9322
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CITY OF IRRIGON

JUNE 30, 2020

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position - Proprietary Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Net Position - Proprietary Fund	16
Statement of Cash Flows - Proprietary Funds	17
Notes to the Basic Financial Statements.....	18-44
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	45
Governmental Reserve Fund.....	46
Irrigon Improvements Fund.....	47
State Street Tax Fund.....	48
Schedule of the Proportionate Share of the Net Pension Liability and Contributions - OPERS	49
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	51
Combining Statement of Net Position – Water Funds	52
Combining Statement of Revenues, Expenses, and Changes in Net Position – Water Funds	53
Combining Statement of Cash Flows – Water Funds.....	54
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Water Operations and Development Fund - 060.....	55
Water Reserve Fund – 062.....	56
Water Debt Service Fund – 068	57
Water Debt Service for General Obligation Bonds Fund.....	58

CITY OF IRRIGON

JUNE 30, 2020

TABLE OF CONTENTS (Cont'd)

Combining Statement of Net Position – Sewer Funds	59
Combining Statement of Revenues, Expenses, and Changes in Net Position – Sewer Funds	60
Combining Statement of Cash Flows – Sewer Funds	61
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Sewer Operations and Development Fund - 070	62
Sewer Reserve Fund - 072.....	63
Sewer Debt Service Fund - 078.....	64
Sewer Debt Service for General Obligations Bonds Fund – 079	65
Comparative Statement of Net Positions – Proprietary Funds	66
Comparative Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	67

Compliance Sections:

Report of Independent Auditor Required by Minimum Standards for Audits of Oregon Municipal Corporations.....	68-69
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70-71
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	72-73
Schedule of Expenditures of Federal Awards	74
Schedule of Findings and Questions Costs.....	75
Schedule of Prior Year Audit Findings.....	76

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Irrigon
Irrigon, Oregon 97844

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Irrigon, Oregon, as of and for the year ended June 30, 2020, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension liability information, and other post-employment benefit liability information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the management's discussion and analysis, pension liability information, and other post-employment benefit liability information in accordance with auditing standards generally accepted in the United States of America, which consisted

of inquiries of management about the methods of preparing the information and comparing information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the management's discussion and analysis, pension liability information, and other post-employment benefit liability information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Irrigon's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

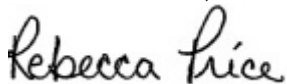
Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 28, 2021 on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have also issued my report dated January 28, 2021, on my consideration of the City's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

REBECCA PRICE, CPA



San Jose, California
January 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Our discussion and analysis of City of Irrigon's financial performance provides an overview of the city's financial activities for the fiscal year ending June 30, 2020. Please read it in conjunction with the city's financial statements, which begin on page 9.

Financial Highlights

- Net position from governmental activities increased \$984,867 or approximately 20%
- Net position from business-type activities increased \$1,385,850 or approximately 17%

Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Using This Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements start on page 9 and are designed to provide readers with a broad overview of the city's finances in a manner similar to a private-sector business. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. On an accrual basis, revenue from property taxes are recognized in the fiscal year for which the taxes are levied and revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. The statement of net position presents financial information on all of the city's assets, liabilities, and deferred inflows/outflows of resources with the difference 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 city's net position has changed in the fiscal year. All changes are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

The city, like other states and governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide information about the city's individual funds. A fund is a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances that are separate for the purpose of carrying on specific activities or attaining certain objectives.

The City of Irrigon uses two types of funds- governmental funds and proprietary funds. Governmental funds are used to account for the general operations of a government. Proprietary funds are used to account for the business-type operations of a government such as the water and sewer funds.

The City as a Whole

The city's total assets exceeded total liabilities by \$15,600,794 at the end of the 2020 fiscal year. This is an increase of \$2,370,716 or approximately 18% from the previous fiscal year's amount of \$13,230,078 as demonstrated in the table below comparing net position between fiscal year 2020 and fiscal year 2019.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
Assets	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
Unrestricted Cash and Cash Equivalents	\$ 2,422,253	\$ 2,005,786	\$ 1,459,167	\$ 1,363,809	\$ 3,881,420	\$ 3,369,595
Account Receivables	75,369	67,920	143,057	175,160	218,426	243,080
Grant Receivable	135,754	-	139,300	-	275,054	-
Property Tax Receivables	9,379	8,098	10,215	9,235	19,594	17,333
Prepaid Expense	-	-	-	3,000	-	3,000
Total Current Assets	<u>2,642,755</u>	<u>2,081,804</u>	<u>1,751,739</u>	<u>1,551,204</u>	<u>4,394,494</u>	<u>3,633,008</u>
Non Current Assets						
Restricted Cash and Cash Equivalents	-	-	149,343	70,779	149,343	70,779
Pension Asset	-	-	-	-	-	-
Capital Assets						
Land	121,485	121,485	68,241	68,241	189,726	189,726
Construction in Progress	521,352	150,060	2,416,682	310,423	2,938,034	460,483
Infrastructure	2,700,610	2,570,104	-	-	2,700,610	2,570,104
Water System	-	-	4,051,114	4,160,056	4,051,114	4,160,056
Sewer System	-	-	8,125,909	8,329,100	8,125,909	8,329,100
Buildings	383,972	390,581	543,831	552,929	927,803	943,510
Equipment	117,296	87,835	158,412	164,184	275,708	252,019
Total Capital Assets	<u>3,844,715</u>	<u>3,320,065</u>	<u>15,364,189</u>	<u>13,584,933</u>	<u>19,208,904</u>	<u>16,904,998</u>
Total Assets	<u>6,487,470</u>	<u>5,401,869</u>	<u>17,265,271</u>	<u>15,206,916</u>	<u>23,752,741</u>	<u>20,608,785</u>
Deferred Outflows of Resources	95,271	79,340	227,841	207,900	323,112	287,240
Liabilities						
Current Liabilities:						
Account Payables	113,867	55,417	270,067	44,359	383,934	99,776
Payroll Payable	5,148	4,673	11,215	10,853	16,363	15,526
Unearned Revenue	950	-	7,902	5,369	8,852	5,369
Customer Deposits	-	-	59,047	52,497	59,047	52,497
Accrued Compensated Absences	150,703	135,939	-	-	150,703	135,939
Accrued Interest Payable	-	-	16,573	15,531	16,573	15,531
Premium on Bonds, Current	-	-	46,376	49,804	46,376	49,804
Loans Payable within one year	-	-	263,816	252,898	263,816	252,898
Total Current Liabilities	<u>270,668</u>	<u>196,029</u>	<u>674,996</u>	<u>431,311</u>	<u>945,664</u>	<u>627,340</u>
Long-term Liabilities:						
Loans Payable after one year	-	-	6,236,538	5,848,819	6,236,538	5,848,819
Premium on Bonds, Non-Current	-	-	288,197	334,573	288,197	334,573
Pension Liability	248,251	202,835	650,464	531,508	898,715	734,343
OPEB Liability	9,499	9,499	24,891	24,891	34,390	34,390
Total Liabilities	<u>528,418</u>	<u>408,363</u>	<u>7,875,086</u>	<u>7,171,102</u>	<u>8,403,504</u>	<u>7,579,465</u>
Deferred Inflows of Resources	20,496	23,887	51,059	62,595	71,555	86,482
Net Position						
Net Investment in Capital Assets	3,844,715	3,320,065	8,529,262	7,098,839	12,373,977	10,418,904
Restricted for Debt Service	-	-	18,282	18,282	18,282	18,282
Streets and Public Works	84,030	151,483	-	-	84,030	151,483
Prepaid Expense	-	-	-	3,000	-	3,000
Unrestricted	<u>2,105,082</u>	<u>1,577,411</u>	<u>1,019,423</u>	<u>1,060,998</u>	<u>3,124,505</u>	<u>2,638,409</u>
Total Net Position	<u>\$ 6,033,827</u>	<u>\$ 5,048,959</u>	<u>\$ 9,566,967</u>	<u>\$ 8,181,119</u>	<u>\$ 15,600,794</u>	<u>\$ 13,230,078</u>

The city's total assets increased \$3,143,956, deferred outflows of resources increased \$35,872, liabilities increased \$824,039, and deferred inflows of resources decreased \$14,927. Revenues totaled \$5,089,051 and total expenses were \$2,718,334 resulting in the \$2,370,717 increase in net position. The total employer pension liability increased \$164,372 from \$734,343 in 2019 to \$898,715 in 2020.

Current assets increased \$761,486, largely due to the receipt of grant funding that had not yet been disbursed by year end. Current Assets **are assets that are expected to** either be converted to cash or used to pay **current** liabilities within 12 months. Capital assets are depreciated over their estimated useful lives using the straight-line method. The total amount of the capital asset depreciation for the fiscal year was \$440,921.

Governmental Activities

Net position of the city's governmental activities increased \$984,867, approximately 22%. The statements of activities for governmental activities will give a better understanding of how this came to be. The report below is included for reference and comparison between the current period and the previous period.

Statement of Activities Summary Governmental Activities for the years ended June 30, 2020 and 2019

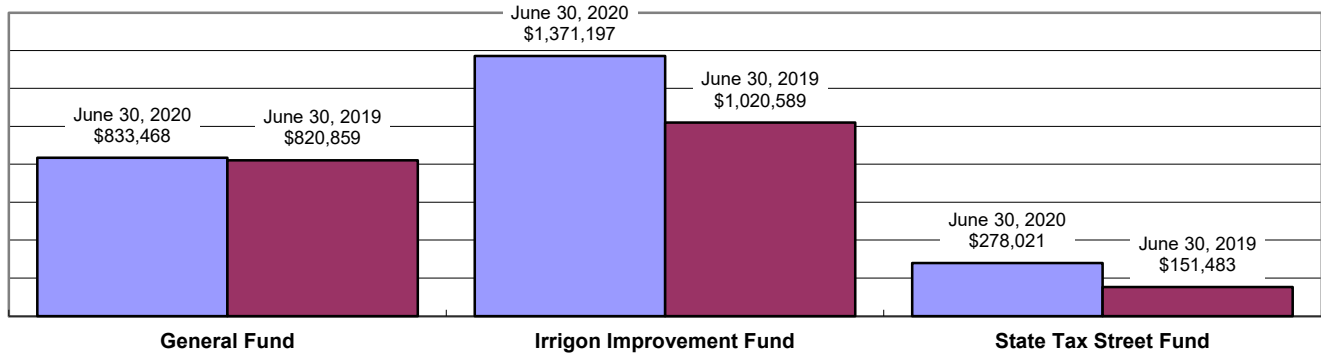
Revenues	2019-2020	2018-2019	Difference
Property Taxes	\$ 214,142	\$ 206,601	\$ 7,541
General Service Fees	279,113	272,244	6,846
Franchise Fees	81,167	102,541	(21,374)
State Revenue Sharing	203,136	200,911	2,226
Miscellaneous	30,356	5,723	24,657
Grants	1,336,699	1,044,141	292,558
Lease Revenue	27,737	22,300	5,437
Interest on Investments	34,406	34,935	(529)
Nuisance Abatement	-	-	-
Total Revenues	2,206,756	1,889,396	317,361
Expenses			
General Government	917,359	835,870	82,593
Street Services	283,971	253,296	30,141
Total Expenditures	1,201,330	1,089,166	112,734
Increase (Decrease) in net assets before transfers	1,005,426	800,230	204,627
Transfers	(20,559)	6,000	(26,559)
Net Change in Net Position	\$ 984,867	\$ 806,230	\$ 178,068

The city's revenue in governmental Activities was \$2,206,756 with expenditures of \$1,201,330 and transfers in of \$20,559 that resulted in the increase of net position of \$984,867. The city received \$292,558 more in grant resources than the year before. The grants received were \$818,151 from the Columbia River Enterprise Zone II (CREZII) for community enhancement projects, \$100,000 from the State of Oregon in the form of a Small City Allotment Grant for the overlay on E. Idaho Avenue and SE Thirteenth Street, \$182,409 from the State of Oregon for Pedestrian Safety Improvements and \$146,707 from the State of Oregon for a multimodal safety project along Division Street.

Overall expenditures for the city's governmental activities increased approximately 10% from the previous fiscal year largely due to the addition of an employee and an increase in pension expense.

The Governmental Funds Balance Comparison Graph presented below is based on the fund financial statements on pages 11 thru 14. This graph compares the fund balances as of June 30, 2020 to the fund balances as of June 30, 2019.

Governmental Funds Balances Comparisons



The General fund balance increased \$12,609 or approximately 2% from the previous year. The Irrigon Improvement Fund balance increased \$350,608 or approximately 34% from the previous year due to additional grant money from the Columbia River Enterprise Fund II. The State Tax Street Fund balance increased \$126,538 or approximately 84% largely due to grant funding received from the State of Oregon through Oregon Department of Transportation for street and pedestrian safety improvements.

Business-Type Activities

Net Position for business-type activities increased \$1,385,850 approximately 17%. The statements of activities for the business-type activities will give a better understanding of how this came to be. The table below is included for reference and comparison between the current period and the previous period.

Statement of Activities Summary Business Type Activities for the years ended June 30, 2020 and 2019

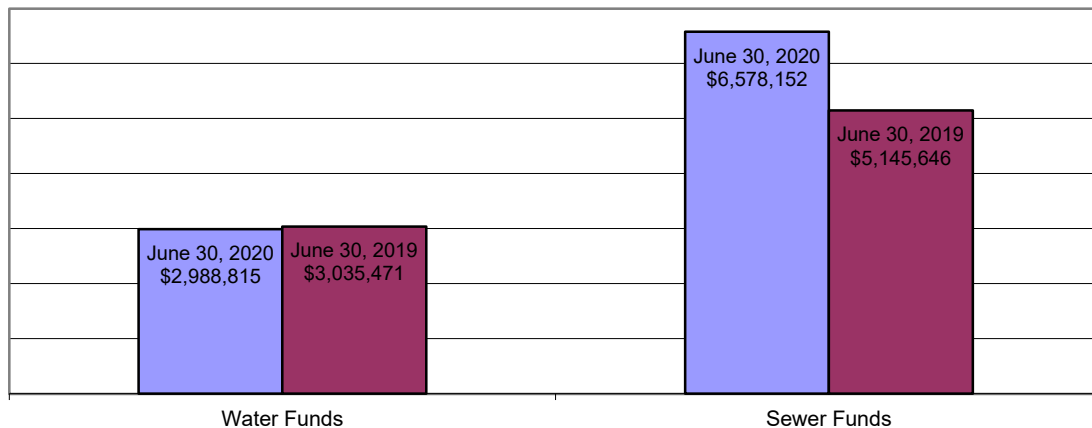
Revenues	2019-2020	2018-2019	Difference
Charges for Services	\$ 1,244,743	\$ 1,264,728	\$ (19,985)
Grant and contributions	1,392,944	293,509	1,099,435
Property Taxes	218,558	224,565	(6,008)
Miscellaneous	3,385	4,182	(797)
Interest on Investments	22,665	29,870	(7,206)
Total Revenue	<u>2,882,295</u>	<u>1,816,854</u>	<u>1,065,439</u>
Expenses			
Water	649,489	541,289	108,196
Sewer	<u>867,515</u>	<u>826,779</u>	<u>40,733</u>
Total Expenses	<u>1,517,004</u>	<u>1,368,068</u>	<u>148,929</u>
Increase (decrease) in net assets before transfers and gain on disposal of real property	<u>1,365,291</u>	<u>448,786</u>	<u>916,510</u>
Transfers (out)	20,559	(6,000)	26,559
Change in Net Position	<u>1,385,850</u>	<u>442,786</u>	<u>943,069</u>

The proprietary activity revenue for the fiscal year was \$2,882,295; expenses were \$1,517,004 and transfers in were \$20,559 resulting in net position increasing \$1,385,850. The city experienced an increase in revenues in the

proprietary funds of \$1,065,439. The city has been awarded a Community Development Block Grant in the amount of \$2,500,000 for septic conversions and did receive \$1,392,944 of grant disbursements throughout the year.

The expenses from the proprietary activities totaled \$1,517,004, an increase of approximately 11% from the prior year. Personnel services increased approximately 14%, materials and services increased 27%, and interest on debt decreased 2%. The capital asset depreciation expense was \$364,328 or approximately 24% of total expenses. The increase in personnel services is due largely to increase expense for employees' pension benefits. During the period being reported the city had expensive maintenance and repair work done for the city wells, as well as repair to the water system on Esther Court.

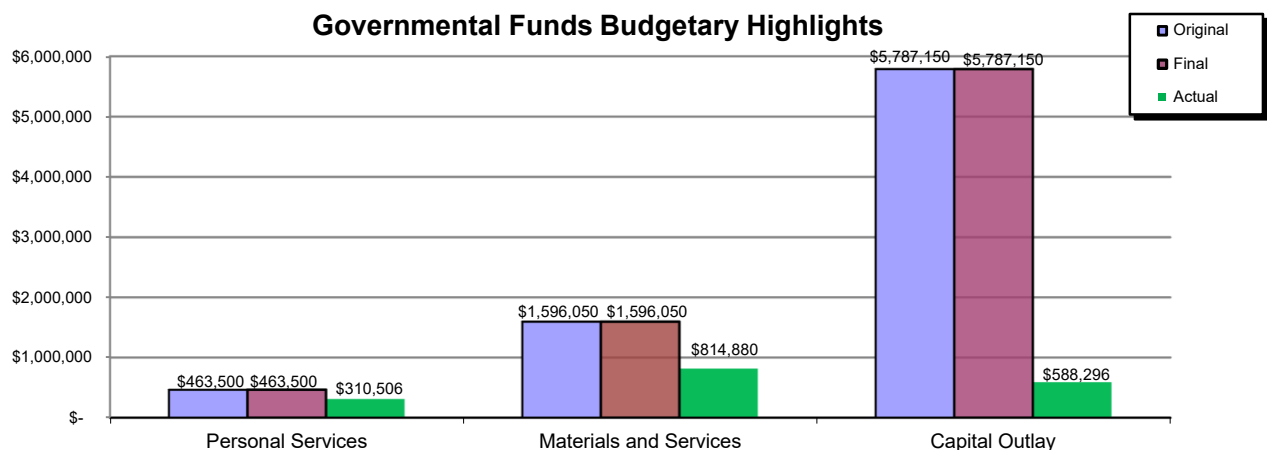
Proprietary Fund Balances Comparison



The Proprietary Funds Balance Comparison Graph presented above compares the fund balances as of June 30, 2020 to the fund balances as of June 30, 2019 for the water funds and the sewer funds. The water fund balance decreased \$46,656 from the previous year's total water fund balance. The sewer fund balance increased \$1,432,506 from the previous year.

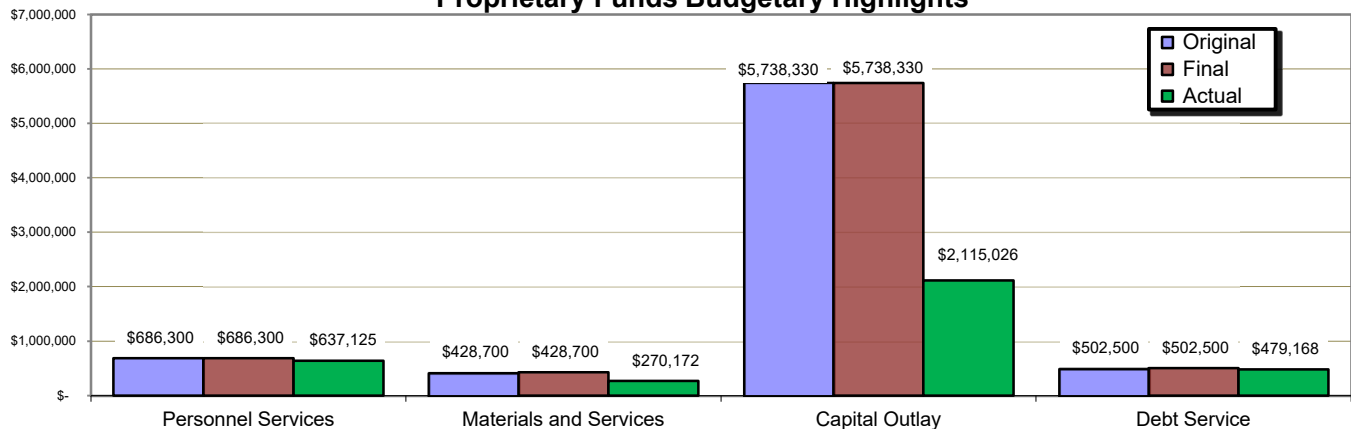
Budgetary Highlights

Governmental Funds Budgetary Highlights



The total governmental funds expenditures for the fiscal year were below the appropriations approved by the city council except for materials and services in the General Reserve Fund. This is only due to the fact that equipment purchases that normally would be capital assets were below the capitalization threshold of \$5,000. Overall personnel service expenditures were \$152,994 below budgeted amount allowing for the pay out of all accrued employee leave, materials and services were \$781,170 below budget amount and Capital Outlay was \$5,198,854 below budgeted amount. The city has several projects planned and are setting aside money for needed projects. These projects are included in the budget and account for the difference between budgeted and actual.

Proprietary Funds Budgetary Highlights



The proprietary funds total expenditures for the fiscal year were below the total appropriations approved by the city council. Personnel Services expenditures were \$49,175 below the budgeted amount, materials and services were \$158,528 below the budget amount, Capital Outlay was \$3,623,304 below the budgeted amount and debt service was \$23,332 below the budgeted amount. The city has costly maintenance and capital projects that are needed. A septic conversion project is currently in the construction stage and is being funded by a grant and loan. The city is building up reserves to pay for other needed projects.

Debt Covenants

The Sewer Fund is required by the State of Oregon acting by and through its Department of Environmental Quality to establish a loan reserve equal to one half of the average annual debt service to be used solely for making payments of principal and interest if no other funds are available. The loan reserve requirement was \$92,996 at the end of the year. This was the total restricted net position in the Sewer Fund.

At year end the Water Fund reported restricted cash of \$52,497 for customer deposits.

Significant Capital Asset and Long-term Debt Activity

The city has been working on converting from septage effluent system to conventional gravity sewer, a section of the city at a time, as funding becomes available. The city was approved for a Community Development Block Grant in the amount of \$2,500,000 and loan in the amount of \$2,515,506 with \$500,000 eligible for principal forgiveness to fund further conversions.

Economic Factors and Next Year's Budget and Rates

Total Budget Authority for the 2020-2021 fiscal year is \$16,178,734. This is an increase of \$389,654 from the budget authority of \$15,789,080 from the 2019-2020 budget year. This increase is due mostly to building up of city reserves for emergency repairs and capital projects.

The City's permanent governmental tax rate is \$3.6782 per \$1,000 assessed value. The permanent tax rate is expected to raise an estimated \$219,300, allowing for uncollectible tax payments and discounts for early payment. The voters have approved general obligation bonds for both water and sewer, which allows the city to levy taxes to make the annual payments on the bond. The annual payments total \$242,423. The city has continued with a tax on property to cover necessary payments on the bonded debt of approximately 3.3238 per \$1,000 of assessed value. This is estimated to generate approximately \$205,625, with the remainder being paid with service fees charged to users outside city limits.

Requests for Information

This financial report is to provide a general overview of the city's finances and to show the city's accountability for the money it receives to all those with an interest in the government's finances. Questions in regards to this report or requests for additional financial information should be directed to the following address: City of Irrigon PO Box 428 Irrigon, OR 97844.

BASIC FINANCIAL STATEMENTS

CITY OF IRRIGON, OREGON
STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 2,422,253	1,459,167	\$ 3,881,420
Accounts receivable	75,369	143,057	218,426
Property taxes receivable	9,379	10,215	19,594
Grants receivable	135,754	139,300	275,054
Restricted cash	-	149,343	149,343
Capital assets, net of accumulated depreciation	3,844,715	15,364,189	19,208,904
Total assets	<u>6,487,470</u>	<u>17,265,271</u>	<u>23,752,741</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	94,466	225,697	320,163
Deferred outflows of resources related to OPEB	805	2,144	2,949
Total deferred outflows of resources	<u>95,271</u>	<u>227,841</u>	<u>323,112</u>
LIABILITIES			
Accounts payable	113,867	270,067	383,934
Payroll related liabilities	5,148	11,215	16,363
Deposits payable	-	59,047	59,047
Interest payable	-	16,573	16,573
Unearned revenue	950	7,902	8,852
Pension liability	248,251	650,464	898,715
OPEB liability	9,499	24,891	34,390
Compensated absences	150,703	-	150,703
Bonds, Notes & Lease payable:			
Due within one year	-	310,192	310,192
Due in more than one year	-	6,524,735	6,524,735
Total liabilities	<u>528,418</u>	<u>7,875,086</u>	<u>8,403,504</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	16,862	41,536	58,398
Deferred inflows of resources related to OPEB	3,634	9,523	13,157
Total deferred inflows of resources	<u>20,496</u>	<u>51,059</u>	<u>71,555</u>
NET POSITION			
Net investment in capital assets	3,844,715	8,529,262	12,373,977
Restricted	84,030	92,996	177,026
Unrestricted	<u>2,105,082</u>	<u>944,708</u>	<u>3,049,791</u>
Total net position	<u>\$ 6,033,827</u>	<u>\$ 9,566,967</u>	<u>\$ 15,600,794</u>

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 917,359	\$ 230,152	\$ 818,151	\$ 89,432	\$ 220,376	\$ -	\$ 220,376
Highways and streets	283,971	48,961	142,289	429,116	336,395	-	336,395
Total governmental activities	<u>1,201,330</u>	<u>279,113</u>	<u>960,440</u>	<u>518,548</u>	<u>556,771</u>	<u>-</u>	<u>556,771</u>
Business-type Activities:							
Water	649,489	506,727	-	-	-	(142,762)	(142,762)
Sewer	867,515	738,016	-	1,392,944	-	1,263,445	1,263,445
Total business-type activities	<u>1,517,004</u>	<u>1,244,743</u>	<u>-</u>	<u>1,392,944</u>	<u>-</u>	<u>1,120,683</u>	<u>1,120,683</u>
Total	<u>\$ 2,718,334</u>	<u>\$ 1,523,856</u>	<u>\$ 960,440</u>	<u>\$ 1,911,492</u>	<u>556,771</u>	<u>1,120,683</u>	<u>1,677,454</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					214,142	-	214,142
Property taxes, levied for debt service					-	218,558	218,558
Franchise taxes					81,167	-	81,167
Public service taxes					60,847	-	-
Grants and contributions not restricted to specific programs					-	-	-
Investment income					34,406	22,665	57,071
Miscellaneous revenue					58,093	3,385	61,478
Transfers					(20,559)	20,559	-
Total general revenues and transfers					<u>428,096</u>	<u>265,167</u>	<u>693,263</u>
Change in net position					984,867	1,385,850	2,370,717
Net position - beginning					<u>5,048,960</u>	<u>8,181,117</u>	<u>13,230,077</u>
Net position - ending					<u>\$ 6,033,827</u>	<u>\$ 9,566,967</u>	<u>\$ 15,600,794</u>

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

	General	Irrigon		
	Fund	Improvements	State Street Fund	Totals
		Fund		
ASSETS				
Cash and cash equivalents	\$ 840,072	\$ 1,387,849	\$ 194,332	\$ 2,422,253
Accounts receivable	70,093	-	4,176	74,269
Property taxes receivable	9,379	-	-	9,379
Grants receivable	-	-	135,754	135,754
Miscellaneous receivable	1,100	-	-	1,100
Total Assets	<u>\$ 920,644</u>	<u>\$ 1,387,849</u>	<u>\$ 334,262</u>	<u>\$ 2,642,755</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 43,993	\$ 16,652	\$ 53,222	\$ 113,867
Payroll related liabilities	2,288	-	2,860	5,148
Unearned revenue	950	-	-	950
Total liabilities	<u>47,231</u>	<u>16,652</u>	<u>56,082</u>	<u>119,965</u>
Deferred inflows of resources:				
Unavailable property tax revenue	7,360	-	-	7,360
Unavailable revenues	32,585	-	159	32,744
Total deferred inflows of resources	<u>39,945</u>	<u>-</u>	<u>159</u>	<u>40,104</u>
Fund balances:				
Restricted	-	-	84,030	84,030
Committed	-	1,371,197	-	1,371,197
Assigned	604,219	-	193,991	798,210
Unassigned:	229,249	-	-	229,249
Total fund balances	<u>833,468</u>	<u>1,371,197</u>	<u>278,021</u>	<u>2,482,686</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 920,644</u>	<u>\$ 1,387,849</u>	<u>\$ 334,262</u>	<u>\$ 2,642,755</u>

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2020

Total fund balances - governmental funds	2,482,686
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,844,715
Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable in the funds	7,360
Some of the City's revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds	32,744
Net pension liability is not a financial requirement and therefore is not reported in the governmental funds	(248,251)
Other Post Employment Benefits (OPEB) liability used in governmental activities are not financial resources and therefore are not reported in the funds.	(9,499)
The City's proportionate share of net differences between employer contributions and proportionate share of contributions related to pensions and OPEB that will be amortized over the next 5 years.	95,271
The City's proportionate share of net differences between projected and actual earnings on investments related to pensions and OPEB that will be amortized over the next 5 years.	(20,496)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds	(150,703)
Net position of governmental activities	<u>\$ 6,033,827</u>

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	General	Irrigon		
	Fund	Improvements	State Street Fund	Totals
	Fund	Fund		
REVENUES				
Property taxes	\$ 213,969	\$ -	\$ -	\$ 213,969
Licenses and fees	59,355	1,100	49,050	109,505
Intergovernmental	152,765	818,151	571,406	1,542,322
Charges for services	169,781	-	-	169,781
Miscellaneous:				
Franchise fees	70,077	-	-	70,077
Interest on investments	13,549	17,806	3,051	34,406
Other income	30,752	23,013	1,614	55,379
Total revenues	<u>710,248</u>	<u>860,070</u>	<u>625,121</u>	<u>2,195,439</u>
EXPENDITURES				
Current:				
General government	446,362	426,351	-	872,713
Streets and public works	-	-	224,115	224,115
Capital Outlay	118,999	83,111	414,745	616,855
Total expenditures	<u>565,361</u>	<u>509,462</u>	<u>638,860</u>	<u>1,713,683</u>
Excess (deficiency) of revenues over (under) expenditures	144,887	350,608	(13,739)	481,756
OTHER FINANCING SOURCES (USES)				
Transfers in	9,423	-	141,700	151,123
Transfers out	(141,700)	-	(1,423)	(143,123)
Total other financing sources (uses)	<u>(132,277)</u>	<u>-</u>	<u>140,277</u>	<u>8,000</u>
Net change in fund balances	12,610	350,608	126,538	489,756
Fund balance - beginning	<u>820,858</u>	<u>1,020,589</u>	<u>151,483</u>	<u>1,992,930</u>
Fund balance - ending	<u>\$ 833,468</u>	<u>\$ 1,371,197</u>	<u>\$ 278,021</u>	<u>\$ 2,482,686</u>

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

June 30, 2020

Total net change in fund balances - governmental funds	\$ 489,756
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 outlays exceeded depreciation in the current period.	553,209
Capital assets were purchased in the governmental funds and transferred to the proprietary funds. The transfer is recorded on the Statement of Activities as a transfer but an expenditure in the governmental funds.	(28,559)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are unavailable in the governmental funds. Unavailable property tax revenues increased (decreased) by this amount.	173
Because some revenue will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are unearned in the governmental funds. Unearned revenues increased (decreased) by this amount.	11,147
Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	(26,374)
Governmental funds report Other Post Employment Benefit (OPEB) contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.	279
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used. Accrued compensated absences (increased) decreased by this amount in the current year.	(14,764)
Changes in net position of governmental activities	<u>\$ 984,867</u>

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2020

	Water Fund	Sewer Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 751,254	\$ 707,913	\$ 1,459,167
Accounts receivable	61,123	81,934	143,057
Property taxes receivable	3,972	6,243	10,215
Grants receivable	-	139,300	139,300
Due from other funds	18,641	-	18,641
Total current assets	<u>834,990</u>	<u>935,390</u>	<u>1,770,380</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	4,423,306	10,940,883	15,364,189
Restricted cash	56,347	92,996	149,343
Advances to other funds	37,375	-	37,375
Total noncurrent assets	<u>4,517,028</u>	<u>11,033,879</u>	<u>15,550,907</u>
Total assets	<u>5,352,018</u>	<u>11,969,269</u>	<u>17,321,287</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferred outflows of resources	101,108	124,589	225,697
OPEB deferred outflows of resources	928	1,216	2,144
Total deferred outflows of resources	<u>102,036</u>	<u>125,805</u>	<u>227,841</u>
LIABILITIES			
Current liabilities:			
Accounts payable	43,430	226,637	270,067
Accrued payroll	5,524	5,691	11,215
Customer deposits	59,047	-	59,047
Unavailable revenue	7,902	-	7,902
Due to other funds	-	18,641	18,641
Accrued interest payable	2,068	14,505	16,573
Bond premium, net	19,057	27,320	46,377
Bonds, notes and leases payable	92,070	171,745	263,815
Total current liabilities	<u>229,098</u>	<u>464,539</u>	<u>693,637</u>
Noncurrent liabilities:			
Advances from other funds	-	37,375	37,375
Bond premium, net	114,424	173,773	288,197
Bonds, notes and leases payable	1,806,551	4,429,987	6,236,538
Net pension liability	281,392	369,072	650,464
Net OPEB liability	10,768	14,123	24,891
Total noncurrent liabilities	<u>2,213,135</u>	<u>5,024,330</u>	<u>7,237,465</u>
Total liabilities	<u>2,442,233</u>	<u>5,488,869</u>	<u>7,931,102</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows of resources	18,886	22,650	41,536
OPEB deferred inflows of resources	4,120	5,403	9,523
Total deferred inflows of resources	<u>23,006</u>	<u>28,053</u>	<u>51,059</u>
NET POSITION			
Net investment in capital assets	2,391,204	6,138,058	8,529,262
Restricted for debt service	-	92,996	92,996
Unrestricted	597,611	347,098	944,709
Total net position	<u>\$ 2,988,815</u>	<u>\$ 6,578,152</u>	<u>\$ 9,566,967</u>

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 506,727	\$ 738,016	\$ 1,244,743
Other operating income	1,690	1,695	3,385
Total operating revenues	<u>508,417</u>	<u>739,711</u>	<u>1,248,128</u>
Operating expenses:			
Personal services	333,596	391,007	724,603
Utilities	18,868	17,725	36,593
Engineering & testing	2,182	13,169	15,351
Supplies & repairs	93,692	58,026	151,718
Administrative	29,551	36,962	66,513
Depreciation	<u>121,473</u>	<u>242,855</u>	<u>364,328</u>
Total operating expenses	<u>599,362</u>	<u>759,744</u>	<u>1,359,106</u>
Operating income (loss)	<u>(90,945)</u>	<u>(20,033)</u>	<u>(110,978)</u>
Nonoperating revenues (expenses):			
Property taxes	86,401	132,157	218,558
Grant revenue	-	1,392,944	1,392,944
Investment income	12,015	10,650	22,665
Interest expense	<u>(50,127)</u>	<u>(107,771)</u>	<u>(157,898)</u>
Total nonoperating revenues (expenses)	<u>48,289</u>	<u>1,427,980</u>	<u>1,476,269</u>
Income (loss) before transfers	(42,656)	1,407,947	1,365,291
Capital contributions	-	28,559	28,559
Transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>(8,000)</u>
Change in net position	(46,656)	1,432,506	1,385,850
Total net position - beginning	<u>3,035,471</u>	<u>5,145,646</u>	<u>8,181,117</u>
Total net position - ending	<u>\$ 2,988,815</u>	<u>\$ 6,578,152</u>	<u>\$ 9,566,967</u>

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Cash flows from operating activities:			
Receipts from customers	\$ 518,845	\$ 767,085	\$ 1,285,930
Other miscellaneous receipts	1,690	1,695	3,385
Payments to suppliers	(111,957)	70,490	(41,467)
Payments to employees	(297,627)	(339,135)	(636,762)
Net cash provided (used) by operating activities	<u>110,951</u>	<u>500,135</u>	<u>611,086</u>
Cash flows from noncapital financing activities:			
Property tax revenue	85,982	131,595	217,577
Transfers from (to) other funds	(4,000)	(4,000)	(8,000)
Net cash provided by noncapital financing activities	<u>81,982</u>	<u>127,595</u>	<u>209,577</u>
Cash flows from capital and related financing activities:			
Interfund loans	18,579	(18,579)	-
Proceeds from grantors	-	1,253,644	1,253,644
Acquisition of capital assets	(11,489)	(2,103,537)	(2,115,026)
Proceeds from capital debt	-	651,533	651,533
Principal paid on capital debt	(108,174)	(194,527)	(302,701)
Interest paid on capital debt	(50,170)	(106,686)	(156,856)
Net cash provided by capital and related financing activities	<u>(151,254)</u>	<u>(518,152)</u>	<u>(669,406)</u>
Cash flows from investing activities:			
Interest income	<u>12,015</u>	<u>10,650</u>	<u>22,665</u>
Net increase (decrease) in cash and cash equivalents	53,694	120,228	173,922
Cash and cash equivalents - beginning	<u>753,907</u>	<u>680,681</u>	<u>1,434,588</u>
Cash and cash equivalents - ending	<u>\$ 807,601</u>	<u>\$ 800,909</u>	<u>\$ 1,608,510</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (90,945)	\$ (20,033)	\$ (110,978)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	121,473	242,855	364,328
Decrease in accounts receivable	3,035	29,069	32,104
(Increase) decrease in prepaid expenses	3,000	-	3,000
Increase in accounts payable	29,336	196,372	225,708
Increase (decrease) in accrued payroll	676	(314)	362
Increase (decrease) in unearned revenue	2,533	-	2,533
Increase (decrease) in customer deposits	6,550	-	6,550
Increase in pension liability	51,465	67,491	118,956
Increase in deferred outflows	(12,100)	(7,841)	(19,941)
Decrease in deferred inflows	(4,072)	(7,464)	(11,536)
Net cash provided (used) by operating activities	<u>\$ 110,951</u>	<u>\$ 500,135</u>	<u>\$ 611,086</u>

Noncash capital activities:

The Water Fund received capital assets from the Governmental Activities. The net book value at the time of transfer was \$28,559.

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accompanying financial statements present the activities of the City of Irrigon, Oregon. The City of Irrigon, Morrow County, Oregon (the City), was incorporated as a municipal corporation in 1957. The government of the City is vested in a Common Council and a Mayor. The Council members are elected at large for terms of four years. The Mayor is elected by the Council to serve a term of two years. The City Manager is appointed by majority of Council. The City Manager oversees the hiring, supervising and removal of all other employees per city charter. The City is legally and financially independent of other state and local government units, has the power to levy taxes, is responsible for its debts, and is entitled to any surpluses.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements: The Statement of Net Position and Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-accounting of internal activities. These statements distinguish between governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associates with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Governmental Reserve Fund has been combined with the General Fund in the governmental fund financial statements but is budgeted and presented separately in the budgetary schedules.

Irrigon Improvements Fund - This fund accounts for resources received from outside sources used for community improvements.

State Tax Street Fund - This fund accounts for Oregon highway monies, special grants, and other monies required to be spent on streets.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The City reports two major proprietary funds. These funds are used to account for the acquisition, operation, and maintenance of water and sewer systems. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following major proprietary funds:

Water Fund

- Water Operation & Development Fund (budgetary basis financial statements only)
- Water Reserve Fund (budgetary basis financial statements only)
- Water Debt Service Fund (budgetary basis financial statements only)
- Water Bond Debt Service Fund (budgetary basis financial statements only)

Sewer Fund

- Sewer Operation & Development Fund (budgetary basis financial statements only)
- Sewer Reserve Fund (budgetary basis financial statements only)
- Sewer Debt Service Fund (budgetary basis financial statements only)
- Sewer Bond Debt Service Fund (budgetary basis financial statements only)

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net resources available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. FINANCIAL POSITION

Deposits and investments

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2020, based on market prices.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The individual fund's portion of the pool's fair value is presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

Cash and Cash Equivalents

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items, which arises under the accrual and modified accrual basis of accounting that qualify for reporting in this category. The governmental funds reports unavailable property tax revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide statements of the City also report both deferred outflows and inflows related to the pension and other post employment benefits.

Property Tax Calendar

Property taxes attach as an enforceable lien on July 1, when they are levied, and until they are paid. Taxes are due in one-third increments on November 15, February 15, and May 15. Unpaid taxes are considered delinquent after November 15.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and, therefore, no allowance of uncollectible taxes is provided.

Property tax revenues are accounted for on the accrual basis of accounting in the government-wide statements and are recognized when earned.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Major capital asset additions are financed primarily from bond proceeds. The normal cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used for assets that have initial useful lives extending beyond a single reporting period.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	80-100
Machinery and Equipment	20-30
Water and Sewer Systems	40-50
Infrastructure	30-40

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

D. NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

In the governmental funds the difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. The constraints are defined as follows:

Nonspendable, such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority),

Assigned fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

E. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Depreciation Expense, Accumulated Depreciation, Property Taxes Receivable, Allowance for Uncollectible Accounts, and Unearned Revenue accounts have been subject to estimation.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY COMPLIANCE

The City budgets all funds which are subject to budget requirements of state law. The City Council legally adopts the budget by resolution before July 1. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control (total personal services, materials and services, capital outlay, and other expenditures) is established by resolution for all funds. The City budgets sub funds of the water and sewer fund that are combined in the supplemental information and presented as a single fund in the fund financial statements.

The detail budget document is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget that differs by 10 percent or more of any one of the individual funds contained in the original budget for that fiscal year requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are then charged against ensuing year's appropriations.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont'd)

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded the budgeted appropriation for the fiscal year ended June 30, 2020 by the following amounts:

- Governmental Reserve Fund - Materials & services \$7,667

DEFICIT FUND BALANCES

No funds had a deficit fund balance as of June 30, 2020.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2020 consisted of the following:

Deposit in Financial Institution	\$ 1,715,746
Petty Cash	200
Deposit in Local Government Investment Pool	2,314,817
Total	<u>\$ 4,030,763</u>

Deposits

Deposits with financial institutions are comprised of bank demand deposits. Total bank balances, as shown on the bank's records at year-end were \$1,757,428. Federal Deposit Insurance Corporation (FDIC) insurance covers up to \$250,000 for all demand deposits owned by a public unit.

Custodial credit risk – deposits. This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk, but follows the requirements of ORS 295. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Where interest-bearing balances exceed the Federal Deposit Insurance amount of \$250,000, the balances are covered by collateral held in a multiple financial institution collateral pool (ORS 295.015) administered by the Oregon Office of the State Treasurer in the Public Funds Collateralization Program (PFCP).

Investments

The City has delegated investment responsibilities to the City Manager, who is primarily responsible for implementing the investment policy. The City currently does not have any written investment policies implemented.

Credit risk: State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

Custodial Credit Risk: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City does not have a policy that limits the amount of investments that can be held by counterparties.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

The Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. The LGIP's credit quality is unrated.

Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by the securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Concentration risk: The City does not have a formal policy that places a limit on the amount that they may be invested in any one investment. The City has concentrations in the following investments: Local Government Investment Pool. These investments are 100% of the City's total investments.

Interest rate risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposures to fair value losses arising from increasing interest rates.

B. RECEIVABLES

Accounts receivable, grants receivable and other receivables from government agencies are generally expected to be collectible and, therefore an allowance for uncollectible is not considered necessary or recorded. The City uses the direct write-off method and expenses uncollectible accounts when they are deemed uncollectible.

All accounts receivable are expected to be collected within one year.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

C. CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 121,485	\$ -	\$ -	\$ 121,485
Construction in progress	150,059	371,292	-	521,351
Total capital assets not being depreciated	<u>271,544</u>	<u>371,292</u>	<u>-</u>	<u>642,836</u>
Capital assets, being depreciated:				
Buildings	470,694	-	-	470,694
Equipment	213,032	43,496	-	256,528
Infrastructure	2,977,189	173,508	-	3,150,697
Total capital assets being depreciated	<u>3,660,915</u>	<u>217,004</u>	<u>-</u>	<u>3,877,919</u>
Less accumulated depreciation for:				
Buildings	(80,113)	(6,609)	-	(86,722)
Equipment	(125,197)	(14,033)	-	(139,230)
Infrastructure	(407,084)	(43,000)	-	(450,084)
Total accumulated depreciation	<u>(612,394)</u>	<u>(63,642)</u>	<u>-</u>	<u>(676,036)</u>
Total capital assets being depreciated, net	<u>3,048,521</u>	<u>153,362</u>	<u>-</u>	<u>3,201,883</u>
Governmental activities capital assets, net	<u>\$ 3,320,065</u>	<u>\$ 524,654</u>	<u>\$ -</u>	<u>\$ 3,844,719</u>
Depreciation expense was charged to governmental functions as follows:				
General government		\$ 20,206		
Highways and streets		43,435		
Total depreciation expense		<u>\$ 63,642</u>		

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 68,241	\$ -	\$ -	\$ 68,241
Construction in progress	310,423	2,106,259	-	2,416,682
Total capital assets not being depreciated	<u>378,664</u>	<u>2,106,259</u>	<u>-</u>	<u>2,484,923</u>
Capital assets, being depreciated:				
Buildings	664,912	-	-	664,912
Equipment	303,922	8,767	-	312,689
Infrastructure	17,034,539	28,559	-	17,063,098
Total capital assets being depreciated	<u>18,003,373</u>	<u>37,326</u>	<u>-</u>	<u>18,040,699</u>
Less accumulated depreciation for:				
Buildings	(111,980)	(9,098)	-	(121,078)
Equipment	(139,738)	(14,539)	-	(154,277)
Infrastructure	(4,545,387)	(340,691)	-	(4,886,078)
Total accumulated depreciation	<u>(4,797,105)</u>	<u>(364,328)</u>	<u>-</u>	<u>(5,161,433)</u>
Total capital assets being depreciated, net	<u>13,206,268</u>	<u>(327,002)</u>	<u>-</u>	<u>12,879,266</u>
Business-type activities capital assets, net	<u>\$ 13,584,932</u>	<u>\$ 1,779,257</u>	<u>\$ -</u>	<u>\$ 15,364,189</u>

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. \$157,898 of interest was incurred, all of which was charged to expense during the fiscal year ended June 30, 2020.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

D. LONG-TERM OBLIGATIONS

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2020, are as follows:

	Balance 7/1/19	Additions	Repayments	Balance 6/30/20	Due within one year
Governmental Activities					
Compensated absences	\$ 135,939	\$ 56,569	\$ (41,805)	\$ 150,703	\$ 150,703
Business-type activities:					
Septic Conversion Loan	672,253	-	(22,070)	650,183	22,514
State Sewer Loan	424,464		(15,829)	408,635	16,301
Area 1 and 2 STEG Conversion	-	577,150	-	577,150	-
Treatment Plant Compliance Project	-	74,383	-	74,383	-
General Obligation Refunding, 2016A	3,580,000		(115,000)	3,465,000	120,000
Unamortized Premium GO Bond 2016A	258,415		(28,971)	229,444	26,888
Full Faith & Credit Refunding, 2016B	1,425,000		(100,000)	1,325,000	105,000
Unamortized Premium GO Bond 2016B	125,963	-	(20,833)	105,130	19,086
Total business-type activities	6,486,095	651,533	(302,703)	6,834,925	309,788
Totals all activities	\$ 6,622,034	\$ 708,102	\$ (344,508)	\$ 6,985,628	\$ 460,492

Debt Service Requirements

Debt service requirements on long-term debt from Direct Borrowings and Direct Placements at year end are as follows:

Business-Type Activities:

Septic Conversion Loan

During the fiscal year ended June 30, 2011, the City entered into a loan agreement with the Department of Environmental Quality in the amount of \$1,810,000 for a new lift station and collector sewers. The loan has a 2.00% interest rate and is secured by the City's net operating revenue. As of June 30, 2013, all \$1,810,000 of loan proceeds had been drawn and \$1,000,000 was forgiven as a grant resulting in a balance of \$810,000. Semi annual payments of \$17,703 principal and interest are payable at June 1 and December 1.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

Year Ending June 30,	Principal	Interest	Total
2021	\$ 22,514	\$ 11,664	\$ 34,178
2022	22,967	11,439	34,406
2023	23,429	11,211	34,640
2024	23,899	10,979	34,878
2025	24,380	7,461	31,841
2026-2030	129,449	47,581	177,030
2031-2035	142,993	34,037	177,030
2036-2040	157,952	19,078	177,030
2041-2043	102,600	3,618	106,218
	<u>\$ 650,183</u>	<u>\$ 157,068</u>	<u>\$ 807,251</u>

State Sewer Loan

During the fiscal year ended June 30, 2013, the City entered into a loan agreement with the Oregon Infrastructure Finance Authority for the matching on a new lift station and collector sewers. The loan of \$496,993 has a 2.98% interest rate and is secured by the City's net operating revenue of the sewer system.

Year Ending June 30,	Principal	Interest	Total
2021	\$ 16,301	\$ 12,177	\$ 28,478
2022	16,786	11,692	28,478
2023	17,287	11,191	28,478
2024	17,802	10,676	28,478
2025	18,332	10,146	28,478
2026-2030	100,189	42,201	142,390
2031-2035	116,034	26,356	142,390
2036-2039	105,904	8,008	113,912
	<u>\$ 408,635</u>	<u>\$ 132,447</u>	<u>\$ 541,082</u>

Area 1 and 2 STEG Conversion

During the fiscal year ended June 30, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality to address conversions from Septic Tank Effluent Gravity systems to the city's regular collections system for homes located in Area 1 and Area 2 of the City. The loan amount is \$1,395,000 and has an interest rate of 1.46% and an annual fee of 0.5% for 20 years. The loan will be secured by the City's net operating revenue of the sewer system. As of June 30, 2020, \$577,150 has been disbursed from the loan. Within 30 days of project completion, a final payment schedule will be completed. An interest only payment will be required within 6 months after completion and regular payments will commence. The loan is forgivable up to 50 percent or \$500,000 whichever is less and will be determined at project completion.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

Treatment Plan Compliance Project

During the fiscal year ended June 30, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality to implement the methanol system at the wastewater treatment plan. The loan amount is \$1,000,000 and has an interest rate of 1.27% and an annual fee of 0.5% for 30 years. The loan will be secured by the City's net operating revenue of the sewer system. As of June 30, 2020, \$74,383 has been disbursed from the loan. Within 30 days of project completion, a final payment schedule will be completed. An interest only payment will be required within 6 months after completion and regular payments will commence. The loan is forgivable up to 50 percent or \$500,000 whichever is less and will be determined at project completion.

Debt service requirements on other long-term debt at year end are as follows:

Full Faith & Credit Refunding, 2016B

During the fiscal year ended June 30, 2017, the City issued \$1,620,000 in Full Faith & Credit Refunding at a \$186,380 premium for the refunding of Sewer Revenue Bond 2005, Sewer Revenue Bond 2010, and State OR Drinking Water 2009. Those bonds are due in semi-annual installments for interest payments and annual installments for principal payments. Final bond maturity is scheduled for 2032. The annual requirements to amortize bond debt outstanding as of June 30, 2020 is as follows:

Year Ending June 30,	Principal	Interest	Total	Premium
2021	\$ 105,000	\$ 29,089	\$ 134,089	\$ 19,086
2022	110,000	27,516	137,516	17,434
2023	110,000	25,748	135,748	15,902
2024	115,000	23,746	138,746	13,954
2025	120,000	21,427	141,427	11,573
2026-2030	675,000	60,896	735,896	26,604
2031-2032	90,000	1,823	91,823	577
	<u>\$ 1,325,000</u>	<u>\$ 190,246</u>	<u>\$ 1,515,246</u>	<u>\$ 105,129</u>

General Obligation Refunding, 2016A

During the fiscal year ended June 30, 2017, the City issued \$3,995,000 in General Obligation bonds at a \$340,737 premium for the refunding of General Obligation Sewer No. 1-2005, General Obligation Sewer No. 2-2005, and General Obligation Water Bond – 2009. Those bonds are due in semi-annual installments for interest payments and annual installments for principal payments. Final bond maturity is scheduled for 2041. The annual requirements to amortize bond debt outstanding as of June 30, 2020 is as follows:

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

Year Ending June 30,	Principal	Interest	Total	Premium
2021	\$ 120,000	\$ 94,797	\$ 214,797	\$ 26,888
2022	120,000	93,142	213,142	24,943
2023	125,000	91,271	216,271	23,139
2024	130,000	89,100	219,100	20,835
2025	135,000	86,677	221,677	19,410
2026-2030	730,000	387,010	1,117,010	77,554
2031-2035	895,000	271,352	1,166,352	34,087
2036-2040	1,090,000	109,251	1,199,251	2,661
2041	120,000	1,875	121,875	(72)
	<u>\$ 3,465,000</u>	<u>\$ 1,224,475</u>	<u>\$ 4,689,475</u>	<u>\$ 229,444</u>

Interest expense on long-term debt has been charged as a direct activity expense on the Statement of Activities as follows:

Business-Type Activities:	
Water	\$ 50,127
Sewer	107,771

Debt Covenants

The Sewer Fund is required by the State of Oregon acting by and through its Department of Environmental Quality to establish a loan reserve equal to one half of the average annual debt service to be used solely for making payments of principal and interest if no other funds are available. The loan reserve requirement was \$18,282 at the end of the year. This was the total restricted Net Position in the Sewer Fund. At year end the Water Fund reported restricted as of \$56,347 as detailed below, which meets the current requirement.

	Customer Deposits
Beginning Restriction	\$ 52,497
Current Year Restriction	3,850
Line Replacements	-
Ending Restriction	<u>\$ 56,347</u>

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

E. GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority to ensure compliance with conditions of the grant. Any liability for reimbursement which may arise as the result of a grantor audit is not believed to be material.

F. INTERFUND TRANSFERS

Transfers for the year ended June 30, 2020, consisted of the following:

Transfer in	Transfer out				Totals
	General Fund	State Street Fund	Water Fund	Sewer Fund	
General Fund	\$ -	\$ 1,423	\$ 4,000	\$ 4,000	\$ 9,423
State Street Fund	141,700	-	-	-	141,700
Totals	<u>\$ 141,700</u>	<u>\$ 1,423</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 151,123</u>

Transfers are used to (1) move from proprietary enterprise funds to reserve funds for future expenditures, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move from proprietary reserve funds to general fund to reimburse for administrative fees.

G. INTERFUND BALANCES

The composition of interfund balances as of June 30, 2020 are as follows:

This interfund transaction is due to Resolution 16-04 loaning \$130,000 from the Water Reserve Fund to the Sewer Operation and Development Fund for a Facility Plan. The loan will be paid back to the Water Reserve Fund from the Sewer Debt Service Fund. The current portion is \$18,641. This loan, made May 1, 2016 is for 7 years at 1.5% per annum with biannual payments of \$9,373. The current interfund balance includes \$85 of accrued interest.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

H. FUND BALANCE CLASSIFICATION

Fund balances by classification for the year ended June 30, 2020 were as follows:

	General Fund	Irrigon Improvements Fund	State Street Tax Fund	Total Governmental Funds
Fund balances:				
Restricted:				
Street	\$ -	\$ -	\$ 84,030	\$ 84,030
Committed:				
Improvements	-	1,371,197	-	1,371,197
Assigned:				
Accrued Leave	121,201	-	-	121,201
Building Maintenance	43,785	-	-	43,785
Equipment Replacement	105,800	-	-	105,800
Bike/Foot Paths	18,937	-	-	18,937
SDC Capital Improvements	25,578	-	-	25,578
Construction	288,138	-	-	288,138
Public Use/Open Space Mitigation	780	-	-	780
Street	-	-	193,991	193,991
Unassigned	229,249	-	-	229,249
Total fund balances	\$ 833,468	\$ 1,371,197	\$ 278,021	\$ 2,482,686

NOTE 4 – OTHER INFORMATION

A. PENSION PLAN

GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description.

Employees of the City are provided with pensions through Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employee defined benefit plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues an independently audited Comprehensive Annual Financial Report which can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

If the link is expired, please contact Oregon PERS by writing to the Fiscal Services Division, Public Employees Retirement System, 11410 SW 68th Parkway, PO BOX 23700, Tigard, Oregon, 97281.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

Benefits Provided

Tier One/Tier Two Retirement Benefit (ORS Chapter 238)

1. *Pension Benefits* – The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

2. *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 one or more of the following conditions are met:
 - Member was employed by a PERS employer at the time of death,
 - Member died within 120 days after termination of PERS-covered employment,
 - Member died as a result of injury sustained while employed in a PERS-covered job, or
 - Member was on an official leave of absence from a PERS-covered job at the time of death.
3. *Disability Benefits* – A member with 10 or more years of creditable service who become disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.
4. *Benefit Changes* - After Retirement members may choose to continue participation in a variable equities investment account 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. The COLA is capped at 2.0 percent.

OPSRP Pension Program (OPSRP DB)

1. *Pension Benefits* – The Pension Program (ORS Chapter 238A) 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 calculated with the following formula for members who attain normal retirement age:

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

- 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.

2. *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.
3. *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.
4. *Benefit Changes after Retirement* – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

1. *Pension Benefits* – The Individual Account Program (IAP) is a defined contribution pension plan. 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.

2. *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.
3. *Recordkeeping* – OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. *Employer 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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

ended June 30, 2020 were \$110,434, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2019 were 22.76 percent for Tier One/Tier Two members, 17.12 percent for OPSRP Pension Program members, and 6 percent for OPSRP Individual Account Program.

2. *Employee Contributions* – Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City reported a liability of \$898,715 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's proportion was 0.0052 percent, which was increased from its proportion of 0.0048 percent measured as of June 30, 2018.

For the year ended June 30, 2019, the City's recognized pension expense (income) of \$28,003. At June 30, 2019, the City 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	\$ 49,561	\$ -
Changes in assumptions	121,921	-
Net difference between projected and actual earnings on investments	-	25,478
Changes in proportionate share	33,629	25,152
Differences between employer contributions and employers proportionate share of system contributions	5,165	7,768
Total (prior to post-MD contributions)	210,276	58,398
City contributions subsequent to the measurement date	109,887	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 320,163</u>	<u>\$ 58,398</u>

\$109,887 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

Year ended June 30:		
2020	\$	194,315
2021		8,046
2022		28,989
2023		27,536
2024		2,879
Thereafter		-
Total	\$	<u>261,765</u>

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

Asset Class	Target Allocation	Component Annual Return (Geometric)
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Foreign Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Funds of Funds – Diversified	2.50	4.09
Hedge Funds – Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Component Annual Return (Geometric)</u>
Commodities	1.88	3.84
Assumed Inflation - Mean		2.50 %

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$ 1,439,211	\$ 898,714	\$ 446,393

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the pension plan

The City reports payables in the amount of \$6,237 payable to the pension plan.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2019 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2019 measurement period that require disclosure.

B. POST EMPLOYMENT BENEFIT PLAN OTHER THAN PERS

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

Financial Statement Presentation

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financial
Deferred Outflows of Resources			
Contributions after the Measurement Date	\$ 2,766	\$ 194	\$ 2,960
Change in Proportionate Share	-	2	2
Total deferred outflows of resources	<u>2,766</u>	<u>196</u>	<u>2,962</u>
Total OPEB Asset (Liability)	<u>(43,829)</u>	<u>9,439</u>	<u>(34,390)</u>
Deferred Inflows of Resources			
Difference between expected and actual results	(1,570)	(1,245)	(2,815)
Change in proportionate share	-	(174)	(174)
Change in assumptions	(9,574)	(10)	(9,584)
Difference in Earnings	-	(583)	(583)
Total deferred inflows of resources	<u>(11,144)</u>	<u>(2,012)</u>	<u>(13,156)</u>
OPEB Expense	<u>2,369</u>	<u>(1,312)</u>	<u>1,057</u>
(Included in program expenses on Statement of Activities)			

Implicit Rate Subsidy

Plan Description

The City's defined benefit postemployment healthcare plan is administered by CityCounty Insurance Services (CIS).

The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained by writing to the CIS Main Office, 1212 Court Street NE, Salem, OR 97301.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	0
Active employees	<u>8</u>
	<u>8</u>

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City's total OPEB liability of \$43,829 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

For the fiscal year ended June 30, 2020, the City recognized OPEB expense from this plan of \$2,369. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ 1,570
Changes of assumptions	844	9,574
Contributions after the measurement date	1,922	-
	<u>\$ 2,766</u>	<u>\$ 11,144</u>

Deferred outflows of resources related to OPEB of \$1,922 resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2021	\$ 391
2022	(1,531)
2023	(1,531)
2024	(1,531)
2025	(1,531)
Thereafter	(2,645)
	<u>\$ (8,378)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry age normal
Inflation	2.50 percent
Salary increases	3.50 percent
Discount rate	3.50 percent (change from 3.87 percent in previous measurement period)
Withdrawal, retirement, and mortality rates	December 31, 2017 Oregon PERS valuation
Election and Lapse Rate	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2019	\$ 39,492
Changes for the year:	
Service cost	2,293
Interest on total OPEB liability	1,607
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	951
Benefit payments	(514)
Balance as of June 30, 2020	<u>\$ 43,829</u>

Changes in assumptions is the result of the change in the discount rate from 3.87 percent to 3.50 percent.

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percent-higher (4.50 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
City's proportionate share of the net OPEB liability	\$ 46,615	\$ 43,829	\$ 41,185

Healthcare Cost Trend:

	1% Decrease (6.00%) decreasing to 3.75%)	Current Healthcare Trend Rate (7.00%) decreasing to 4.75%)	1% Increase (8.00%) decreasing to 5.75%)
City's proportionate share of the net OPEB liability	\$ 39,817	\$ 43,829	\$ 48,491

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

PERS Retirement Health Insurance Account

Plan Description

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. 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. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently 0.06 percent of annual covered payroll OPERS payroll and nothing for OPSRP payroll under a contractual requirement in effect until June 30, 2020. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years. The City's contributions to RHIA for the year ended June 30, 2020 are included in the PERS annual pension amount.

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City's total OPEB asset of \$9,439 was measured as of June 30, 2019 and was determined by an actuarial valuation as of December 31, 2017, rolled forward to June 30, 2019. The City's portion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2019, the City's proportionate share was 0.00488490 percent.

For the year ended June 30, 2019, the City recognized OPEB income of \$1,312. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ 1,245
Changes of assumptions	-	10
Net difference between projected and actual earnings on Plan investments	-	583
Changes in proportionate share and differences between City contributions and proportionate share of contributions	2	174
Contributions subsequent to the measurement date	194	-
	<u>\$ 196</u>	<u>\$ 2,012</u>

C. RELATED PARTY TRANSACTION

Councilor Kenneth Matlack is the County Sheriff and the City contracts with the Sheriff's office for services. The City paid the County \$85,505 during the fiscal year for contracted services.

D. CONTINGENCIES

Amounts received or receivable from grantor agencies 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 amount, if any, of expenditures, which may be disallowed by the grantor, agencies cannot be determined at this time although management expects such amounts, if any, to be immaterial.

Management believes that there are no liabilities that could result from pending suits, judgments or claims where the amount in excess of insurance coverage would be material to the financial statements.

E. 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 for which the City participates in the City/County Insurance Services (CCIS) formed in 1981 by the League of Oregon Cities and the Association of Oregon Cities. CCIS is a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 Cities in the state of Oregon. CCIS is self-sustaining through member contributions and reinsures through commercial companies for excess of certain claims amounts. The City has a claim upon cash balances held on its behalf by CCIS but the amount cannot be determined. Claims liabilities of the City within CCIS also cannot be determined. The City has not significantly reduced insurance coverage or had any losses in excess of coverage in the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

GENERAL FUND - 010

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Budgeted Amounts
REVENUES				
Property taxes	\$ 207,000	\$ 207,000	\$ 213,969	\$ 6,969
Franchise fees	81,700	81,700	70,077	(11,623)
Licenses and fees	60,100	60,100	57,855	(2,245)
Intergovernmental	70,400	70,400	63,333	(7,067)
Charges for services	180,800	180,800	169,781	(11,019)
Investment income	5,500	5,500	4,526	(974)
Miscellaneous revenue	45,300	45,300	30,753	(14,547)
Total revenues	<u>650,800</u>	<u>650,800</u>	<u>610,294</u>	<u>(40,506)</u>
EXPENDITURES				
Personal services	141,700	141,700	131,701	9,999
Materials and services	340,150	340,150	279,037	61,113
Capital outlay	40,000	40,000	29,006	10,994
Contingency	100,000	100,000	-	100,000
Total expenditures	<u>621,850</u>	<u>621,850</u>	<u>439,744</u>	<u>182,106</u>
Excess of revenues over (under) expenditures	28,950	28,950	170,550	141,600
OTHER FINANCING SOURCES				
Transfers out	<u>(320,950)</u>	<u>(320,950)</u>	<u>(320,950)</u>	<u>-</u>
Net change in fund balances	(292,000)	(292,000)	(150,400)	141,600
Fund balance - beginning	<u>392,000</u>	<u>392,000</u>	<u>379,649</u>	<u>(12,351)</u>
Fund balance - ending	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 229,249</u>	<u>\$ 129,249</u>

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CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

GOVERNMENTAL RESERVE FUND - 011

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Budgeted Amounts
REVENUES				
Intergovernmental	\$ 48,000	\$ 48,000	\$ 89,432	\$ 41,432
Licenses and fees	2,500	2,500	1,500	(1,000)
Investment income	10,000	10,000	9,023	(977)
Total revenues	<u>60,500</u>	<u>60,500</u>	<u>99,955</u>	<u>39,455</u>
EXPENDITURES				
Personal services	127,600	127,600	7,958	119,642
Materials & services	20,000	20,000	27,667	(7,667)
Capital outlay	542,650	542,650	89,993	452,657
Total expenditures	<u>690,250</u>	<u>690,250</u>	<u>125,618</u>	<u>564,632</u>
Excess of revenues over (under) expenditures	(629,750)	(629,750)	(25,663)	604,087
OTHER FINANCING SOURCES				
Transfers	<u>188,750</u>	<u>188,750</u>	<u>188,673</u>	<u>(77)</u>
Net change in fund balances	(441,000)	(441,000)	163,010	604,010
Fund balance - beginning	<u>441,000</u>	<u>441,000</u>	<u>441,209</u>	<u>209</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,219</u>	<u>\$ 604,219</u>

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CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

IRRIGON IMPROVEMENTS FUND - 012

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Budgeted Amounts
REVENUES				
Intergovernmental	\$ 762,000	\$ 762,000	\$ 818,151	\$ 56,151
Licenses and fees	1,500	1,500	1,100	(400)
Investment income	15,000	15,000	17,806	2,806
Miscellaneous revenue	-	-	23,013	23,013
Total revenues	<u>778,500</u>	<u>778,500</u>	<u>860,070</u>	<u>81,570</u>
EXPENDITURES				
Materials and services	1,148,500	1,148,500	426,351	722,149
Capital outlay	<u>876,500</u>	<u>876,500</u>	<u>83,111</u>	<u>793,389</u>
Total expenditures	<u>2,025,000</u>	<u>2,025,000</u>	<u>509,462</u>	<u>1,515,538</u>
Net change in fund balances	(1,246,500)	(1,246,500)	350,608	1,597,108
Fund balance - beginning	<u>1,246,500</u>	<u>1,246,500</u>	<u>1,020,589</u>	<u>(225,911)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,371,197</u>	<u>\$ 1,371,197</u>

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CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

STATE STREET FUND - 020

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Budgeted Amounts
REVENUES				
Intergovernmental	\$ 4,367,000	\$ 4,367,000	\$ 571,406	\$ (3,795,594)
Licenses and fees	48,700	48,700	49,050	350
Investment income	2,700	2,700	3,051	351
Miscellaneous revenue	1,600	1,600	1,614	14
Total revenues	<u>4,420,000</u>	<u>4,420,000</u>	<u>625,121</u>	<u>(3,794,879)</u>
EXPENDITURES				
Personal services	194,200	194,200	170,848	23,352
Materials and services	87,400	87,400	53,267	34,133
Capital outlay	4,328,000	4,328,000	414,745	3,913,255
Contingency	32,600	32,600	-	32,600
Total expenditures	<u>4,642,200</u>	<u>4,642,200</u>	<u>638,860</u>	<u>4,003,340</u>
Excess of revenues over (under) expenditures	<u>(222,200)</u>	<u>(222,200)</u>	<u>(13,739)</u>	<u>208,461</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	141,700	141,700	141,700	-
Transfers out	(1,500)	(1,500)	(1,423)	77
Total other financing sources (uses)	<u>140,200</u>	<u>140,200</u>	<u>140,277</u>	<u>77</u>
Net change in fund balances	(82,000)	(82,000)	126,538	208,538
Fund balance - beginning	<u>152,000</u>	<u>152,000</u>	<u>151,483</u>	<u>(517)</u>
Fund balance - ending	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 278,021</u>	<u>\$ 208,021</u>

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CITY OF IRRIGON, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Seven Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.00260485%	\$ 898,715	\$ 543,568	165%	80.2%
2018	0.00484757%	734,343	494,933	148%	82.1%
2017	0.00502766%	677,730	467,911	145%	83.1%
2016	0.00540893%	812,006	462,165	176%	80.5%
2015	0.00538263%	309,042	437,860	71%	91.9%
2014	0.00533428%	(120,913)	416,470	-29%	103.6%
2013	0.00533428%	272,216	432,576	63%	92.0%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

For the Last Seven Fiscal Years¹

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 110,434	\$ 110,434	\$ -	\$ 543,568	20.32%
2019	80,503	80,503	-	494,933	16%
2018	72,307	72,307	-	467,911	15%
2017	55,761	55,761	-	462,165	12%
2016	52,072	52,072	-	437,860	12%
2015	41,852	41,852	-	416,470	10%
2014	46,279	46,279	-	432,576	11%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON
COMBINING BALANCE SHEET

GENERAL FUNDS

June 30, 2020

	10	11	
	General	Governmental	
	Fund	Reserve Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 215,043	\$ 625,029	\$ 840,072
Accounts receivable	70,093	-	70,093
Property taxes receivable	9,379	-	9,379
Miscellaneous receivable	-	1,100	1,100
	<u>-</u>	<u>1,100</u>	<u>1,100</u>
 Total Assets	 <u>\$ 294,515</u>	 <u>\$ 626,129</u>	 <u>\$ 920,644</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 22,083	\$ 21,910	\$ 43,993
Payroll related liabilities	2,288	-	2,288
Unearned revenue	950	-	950
Total liabilities	<u>25,321</u>	<u>21,910</u>	<u>47,231</u>
 Deferred inflows of resources:			
Unavailable property tax revenue	7,360	-	7,360
Unavailable revenues	32,585	-	32,585
Total deferred inflows of resources	<u>39,945</u>	<u>-</u>	<u>39,945</u>
 Fund balances:			
Assigned	-	604,219	604,219
Unassigned:	<u>229,249</u>	<u>-</u>	<u>229,249</u>
 Total fund balances	 <u>229,249</u>	 <u>604,219</u>	 <u>833,468</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 294,515</u>	 <u>\$ 626,129</u>	 <u>\$ 920,644</u>

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GENERAL FUNDS

For the Year Ended June 30, 2020

	10	11	
	General	Governmental	
	Fund	Reserve Fund	Totals
REVENUES			
Property taxes	\$ 213,969	\$ -	\$ 213,969
Licenses and fees	57,855	1,500	59,355
Intergovernmental	63,333	89,432	152,765
Charges for services	169,781	-	169,781
Miscellaneous:			
Franchise fees	70,077	-	70,077
Interest on investments	4,526	9,023	13,549
Other income	<u>30,752</u>	<u>-</u>	<u>30,752</u>
Total revenues	<u>610,293</u>	<u>99,955</u>	<u>710,248</u>
EXPENDITURES			
Current:			
General government	410,737	35,625	446,362
Capital Outlay	<u>29,006</u>	<u>89,993</u>	<u>118,999</u>
Total expenditures	<u>439,743</u>	<u>125,618</u>	<u>565,361</u>
Excess (deficiency) of revenues over (under) expenditures	170,550	(25,663)	144,887
OTHER FINANCING SOURCES (USES)			
Transfers in	-	188,673	188,673
Transfers out	<u>(320,950)</u>	<u>-</u>	<u>(320,950)</u>
Total other financing sources (uses)	<u>(320,950)</u>	<u>188,673</u>	<u>(132,277)</u>
Net change in fund balances	(150,400)	163,010	12,610
Fund balance - beginning	<u>379,649</u>	<u>441,209</u>	<u>820,858</u>
Fund balance - ending	<u>\$ 229,249</u>	<u>\$ 604,219</u>	<u>\$ 833,468</u>

CITY OF IRRIGON, OREGON
COMBINING STATEMENT OF NET POSITION

WATER FUNDS

June 30, 2020

	60 Water Operation & Development Fund	62 Water Reserve Fund	68 Water Debt Service Fund	69 Water Bond Debt Service Fund	Totals
ASSETS					
Current assets:					
Cash and investments	\$ 106,720	\$ 553,266	\$ 73,492	\$ 17,776	\$ 751,254
Accounts receivable	48,902	-	12,221	-	61,123
Property taxes receivable	-	-	-	3,972	3,972
Due from other funds	-	18,641	-	-	18,641
Total current assets	<u>155,622</u>	<u>571,907</u>	<u>85,713</u>	<u>21,748</u>	<u>834,990</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	4,423,306	-	-	-	4,423,306
Restricted cash	56,347	-	-	-	56,347
Advances to other funds	-	37,375	-	-	37,375
Total noncurrent assets	<u>4,479,653</u>	<u>37,375</u>	<u>-</u>	<u>-</u>	<u>4,517,028</u>
Total assets	<u>4,635,275</u>	<u>609,282</u>	<u>85,713</u>	<u>21,748</u>	<u>5,352,018</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferred outflows of resources	101,108	-	-	-	101,108
OPEB deferred outflows of resources	928	-	-	-	928
Total deferred outflows of resources	<u>102,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,036</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	23,757	19,673	-	-	43,430
Accrued payroll	5,524	-	-	-	5,524
Unavailable revenue	7,902	-	-	-	7,902
Deposits payable	59,047	-	-	-	59,047
Accrued interest payable	-	-	553	1,515	2,068
Bond premium, net	-	-	8,497	10,560	19,057
Bonds, notes and leases payable	-	-	46,746	45,324	92,070
Total current liabilities	<u>96,230</u>	<u>19,673</u>	<u>55,796</u>	<u>57,399</u>	<u>229,098</u>
Noncurrent liabilities:					
Bond premium, net	-	-	38,307	76,117	114,424
Bonds, notes and leases payable	-	-	543,144	1,263,407	1,806,551
Pension liability	281,392	-	-	-	281,392
OPEB liability	10,768	-	-	-	10,768
Total noncurrent liabilities	<u>292,160</u>	<u>-</u>	<u>581,451</u>	<u>1,339,524</u>	<u>2,213,135</u>
Total liabilities	<u>388,390</u>	<u>19,673</u>	<u>637,247</u>	<u>1,396,923</u>	<u>2,442,233</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferred inflows of resources	18,886	-	-	-	18,886
OPEB deferred inflows of resources	4,120	-	-	-	4,120
Total deferred inflows of resources	<u>23,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,006</u>
NET POSITION					
Invested in capital assets, net of related debt	4,423,306	-	(636,694)	(1,395,408)	2,391,204
Unrestricted	(97,391)	589,609	85,160	20,233	597,611
Total net position	<u>\$ 4,325,915</u>	<u>\$ 589,609</u>	<u>\$ (551,534)</u>	<u>\$ (1,375,175)</u>	<u>\$ 2,988,815</u>

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

WATER FUNDS

For the Year Ended June 30, 2020

	60 Water Operation & Development Fund	62 Water Reserve Fund	68 Water Debt Service Fund	69 Water Bond Debt Service Fund	Totals
Operating revenues:					
Charges for services	\$ 422,862	\$ 5,838	\$ 78,027	\$ -	\$ 506,727
Other operating income	1,690	-	-	-	1,690
Total operating revenues	<u>424,552</u>	<u>5,838</u>	<u>78,027</u>	<u>-</u>	<u>508,417</u>
Operating expenses:					
Personal services	333,596	-	-	-	333,596
Utilities	18,868	-	-	-	18,868
Engineering & Testing	2,182	-	-	-	2,182
Supplies & Repairs	57,297	36,395	-	-	93,692
Administrative	29,551	-	-	-	29,551
Depreciation	121,473	-	-	-	121,473
Total operating expenses	<u>562,967</u>	<u>36,395</u>	<u>-</u>	<u>-</u>	<u>599,362</u>
Operating income (loss)	<u>(138,415)</u>	<u>(30,557)</u>	<u>78,027</u>	<u>-</u>	<u>(90,945)</u>
Nonoperating revenues (expenses):					
Property taxes	-	-	-	86,401	86,401
Investment income	2,543	8,060	1,017	395	12,015
Interest expense	-	-	(13,520)	(36,607)	(50,127)
Total nonoperating revenues (expenses)	<u>2,543</u>	<u>8,060</u>	<u>(12,503)</u>	<u>50,189</u>	<u>48,289</u>
Income (loss) before transfers	<u>(135,872)</u>	<u>(22,497)</u>	<u>65,524</u>	<u>50,189</u>	<u>(42,656)</u>
Transfers in	-	64,400	-	5,008	69,408
Transfers out	(68,400)	-	(5,008)	-	(73,408)
Equity transfers in (out)	<u>11,490</u>	<u>(11,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(192,782)</u>	<u>30,413</u>	<u>60,516</u>	<u>55,197</u>	<u>(46,656)</u>
Total net position - beginning	<u>4,518,697</u>	<u>559,196</u>	<u>(612,050)</u>	<u>(1,430,372)</u>	<u>3,035,471</u>
Total net position - ending	<u>\$ 4,325,915</u>	<u>\$ 589,609</u>	<u>\$ (551,534)</u>	<u>\$ (1,375,175)</u>	<u>\$ 2,988,815</u>

CITY OF IRRIGON, OREGON
COMBINING STATEMENT OF CASH FLOWS

WATER FUNDS

For the Year Ended June 30, 2020

	60 Water Operation & Development Fund	62 Water Reserve Fund	68 Water Debt Service Fund	69 Water Bond Debt Service Fund	Totals
Cash Flows from Operating Activities:					
Receipts from customers	\$ 431,939	\$ 5,838	\$ 81,068	\$ -	\$ 518,845
Other miscellaneous receipts	1,690	-	-	-	1,690
Payments to suppliers	(95,234)	(16,722)	-	-	(111,956)
Payments to employees	(297,627)	-	-	-	(297,627)
Net cash provided (used) by operating activities	<u>40,768</u>	<u>(10,884)</u>	<u>81,068</u>	<u>-</u>	<u>110,952</u>
Cash Flows from Noncapital Financing Activities:					
Property taxes	-	-	-	85,982	85,982
Transfers in (out)	(68,400)	64,400	(5,008)	5,008	(4,000)
Net cash provided (used) by noncapital financing activities	<u>(68,400)</u>	<u>64,400</u>	<u>(5,008)</u>	<u>90,990</u>	<u>81,982</u>
Cash Flows from Capital and Related Financing Activities:					
Interfund loans	-	18,579	-	-	18,579
Acquisition of capital assets	-	(11,490)	-	-	(11,490)
Payments on capital debt	-	-	(67,337)	(91,007)	(158,344)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>7,089</u>	<u>(67,337)</u>	<u>(91,007)</u>	<u>(151,255)</u>
Cash Flows from Investing Activities:					
Interest and dividends	<u>2,543</u>	<u>8,060</u>	<u>1,017</u>	<u>395</u>	<u>12,015</u>
Net increase (decrease) in cash and investments	(25,089)	68,665	9,740	378	53,694
Beginning cash and investments	<u>188,156</u>	<u>484,601</u>	<u>63,752</u>	<u>17,398</u>	<u>753,907</u>
Ending cash and investments	<u>\$ 163,067</u>	<u>\$ 553,266</u>	<u>\$ 73,492</u>	<u>\$ 17,776</u>	<u>\$ 807,601</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (138,415)	\$ (30,557)	\$ 78,027	\$ -	\$ (90,945)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	121,473	-	-	-	121,473
(Increase) decrease in accounts receivable	(6)	-	3,041	-	3,035
(Increase) decrease in prepaid expenses	3,000	-	-	-	3,000
Increase (decrease) in accounts payable	9,664	19,673	-	-	29,337
Increase (decrease) in accrued payroll	676	-	-	-	676
Increase (decrease) in unearned revenue	2,533	-	-	-	2,533
Increase (decrease) in customer deposits	6,550	-	-	-	6,550
Increase (decrease) in pension liability	51,465	-	-	-	51,465
Increase (decrease) in OPEB liability	-	-	-	-	-
(Increase) decrease in deferred outflows	(12,100)	-	-	-	(12,100)
Increase (decrease) in deferred inflows	(4,072)	-	-	-	(4,072)
Net cash provided (used) by operating activities	<u>\$ 40,768</u>	<u>\$ (10,884)</u>	<u>\$ 81,068</u>	<u>\$ -</u>	<u>\$ 110,952</u>

Noncash capital activities:

The Water Reserve Fund transferred capital assets with a net book value of \$11,490 to the Water Operation & Development Fund.

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

WATER OPERATIONS AND DEVELOPMENT FUND - 060

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Charges for services	\$ 455,100	\$ 455,100	\$ 422,862	\$ (32,238)
Investment income	4,700	4,700	2,543	(2,157)
Miscellaneous revenue	1,900	1,900	1,690	(210)
Total revenues	<u>461,700</u>	<u>461,700</u>	<u>427,095</u>	<u>(34,605)</u>
EXPENDITURES				
Personal services	320,800	320,800	298,304	22,496
Materials and services	134,000	134,000	107,896	26,104
Capital Outlay	9,000	9,000	-	9,000
Total expenditures	<u>463,800</u>	<u>463,800</u>	<u>406,200</u>	<u>57,600</u>
Excess of revenues over (under) expenditures	(2,100)	(2,100)	20,895	22,995
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(68,400)</u>	<u>(68,400)</u>	<u>(68,400)</u>	<u>-</u>
Change in fund balance	(70,500)	(70,500)	(47,505)	22,995
Total fund balance - beginning	<u>129,000</u>	<u>129,000</u>	<u>163,244</u>	<u>34,244</u>
Total fund balance - ending	<u>\$ 58,500</u>	<u>\$ 58,500</u>	<u>\$ 115,739</u>	<u>\$ 57,239</u>

Reconciliation to GAAP:

Capital assets, net	4,423,306
Pension deferred outflow	101,108
Pension liability	(281,392)
Pension deferred inflow	(18,886)
OPEB deferred outflow	928
OPEB liability	(10,768)
OPEB deferred inflow	(4,120)
	<u>\$ 4,325,915</u>

Detail of Fund Balance:

Cash and investments	\$ 104,020
Restricted cash	59,047
Accounts receivable	48,902
Customer deposits	(59,047)
Unearned revenue	(7,902)
Accounts payable	(23,757)
Accrued payroll	(5,524)
	<u>\$ 115,739</u>

CITY OF IRRIGON, OREGON

SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

WATER RESERVE FUND - 062

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Charges for services	\$ 9,730	\$ 9,730	\$ 5,838	\$ (3,892)
Investment income	10,000	10,000	7,975	(2,025)
Total revenues	19,730	19,730	13,813	(5,917)
EXPENSES				
Materials and services	68,100	68,100	36,395	31,705
Capital Outlay	505,430	505,430	11,490	493,940
Total expenses	573,530	573,530	47,885	525,645
Excess of revenues over (under) expenditures	(553,800)	(553,800)	(34,072)	519,728
OTHER FINANCING SOURCES (USES)				
Interfund loan repayment	18,800	18,800	18,664	(136)
Transfers in	64,400	64,400	64,400	-
Total other financing sources (uses)	83,200	83,200	83,064	(136)
Change in fund balance	(470,600)	(470,600)	48,992	519,592
Total fund balance - beginning, as previously stated	470,600	470,600	559,196	88,596
Prior period adjustment	-	-	(74,595)	(74,595)
Total fund balance - beginning, as restated	470,600	470,600	484,601	14,001
Total fund balance - ending	\$ -	\$ -	\$ 533,593	\$ 533,593

Reconciliation to GAAP:

Due from other funds	18,641
Advances to other funds	37,375
	<u>\$ 589,609</u>

Detail of Fund Balance:

Cash and investments	\$ 553,266
Accounts payable	(19,673)
	<u>\$ 533,593</u>

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

WATER DEBT SERVICE FUND - 068

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 78,000	\$ 78,000	\$ 78,027	\$ 27
Investment income	994	994	1,017	23
Total revenues	<u>78,994</u>	<u>78,994</u>	<u>79,044</u>	<u>50</u>
EXPENSES				
Debt service	<u>70,000</u>	<u>70,000</u>	<u>67,315</u>	<u>2,685</u>
Excess of revenues over (under) expenditures	8,994	8,994	11,729	2,735
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(6,000)</u>	<u>(6,000)</u>	<u>(5,008)</u>	<u>992</u>
Net change in fund balance	2,994	2,994	6,721	3,727
Total fund balance - beginning	<u>83,906</u>	<u>83,906</u>	<u>78,439</u>	<u>(5,467)</u>
Total fund balance - ending	<u>\$ 86,900</u>	<u>\$ 86,900</u>	\$ 85,160	<u>\$ (1,740)</u>

Adjustments to GAAP:

Bonds payable	(589,890)
Bond premium, net	<u>(46,804)</u>
	<u>\$ (551,534)</u>

Detail of Fund Balance:

Cash and investments	\$ 73,492
Accounts receivable	12,221
Accrued interest payable	<u>(553)</u>
	<u>\$ 85,160</u>

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

WATER DEBT SERVICE FOR GENERAL OBLIGATION BONDS FUND - 069

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Property taxes	\$ 85,000	\$ 85,000	\$ 86,401	\$ 1,401
Investment income	540	540	395	(145)
Total revenues	<u>85,540</u>	<u>85,540</u>	<u>86,796</u>	<u>1,256</u>
EXPENSES				
Debt service	<u>91,200</u>	<u>91,200</u>	<u>90,986</u>	<u>214</u>
Excess of revenues over (under) expenditures	(5,660)	(5,660)	(4,190)	1,470
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,200</u>	<u>5,200</u>	<u>5,008</u>	<u>(192)</u>
Net change in fund balance	(460)	(460)	818	1,278
Total fund balance - beginning	<u>16,653</u>	<u>16,653</u>	<u>19,415</u>	<u>2,762</u>
Total fund balance - ending	<u>\$ 16,193</u>	<u>\$ 16,193</u>	\$ 20,233	<u>\$ 4,040</u>
Adjustments to GAAP:				
Bonds payable			(1,308,731)	
Bond premium, net			<u>(86,677)</u>	
			<u>\$ (1,375,175)</u>	
Detail of Fund Balance:				
Cash and investments			\$ 17,776	
Taxes receivable			3,972	
Accrued interest payable			<u>(1,515)</u>	
			<u>\$ 20,233</u>	

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF NET POSITION

SEWER FUNDS

June 30, 2020

	70 Sewer Operation & Development Fund	72 Sewer Reserve Fund	78 Sewer Debt Service Fund	79 Sewer Bond Debt Service Fund	Totals
ASSETS					
Current assets:					
Cash and investments	\$ 126,608	\$ 368,474	\$ 40,251	\$ 172,580	\$ 707,913
Accounts receivable	54,162	-	27,772	-	81,934
Property taxes receivable	-	-	-	6,243	6,243
Grant receivable	139,300	-	-	-	139,300
Total current assets	<u>320,070</u>	<u>368,474</u>	<u>68,023</u>	<u>178,823</u>	<u>935,390</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	10,940,883	-	-	-	10,940,883
Restricted cash	-	7,694	85,302	-	92,996
Total noncurrent assets	<u>10,940,883</u>	<u>7,694</u>	<u>85,302</u>	<u>-</u>	<u>11,033,879</u>
Total assets	<u>11,260,953</u>	<u>376,168</u>	<u>153,325</u>	<u>178,823</u>	<u>11,969,269</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferred outflows of resources	124,589	-	-	-	124,589
OPEB deferred outflows of resources	1,216	-	-	-	1,216
Total deferred outflows of resources	<u>125,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,805</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	226,637	-	-	-	226,637
Accrued payroll	5,691	-	-	-	5,691
Accrued interest payable	-	-	12,007	2,498	14,505
Due to other funds	-	-	18,641	-	18,641
Bond premium, net	-	-	10,589	16,731	27,320
Bonds, notes and leases payable	-	-	97,069	74,676	171,745
Total current liabilities	<u>232,328</u>	<u>-</u>	<u>138,306</u>	<u>93,905</u>	<u>464,539</u>
Noncurrent liabilities:					
Interfund loan payable	-	-	37,375	-	37,375
Bond premium, net	-	-	47,737	126,036	173,773
Bonds, notes and leases payable	-	-	2,348,393	2,081,594	4,429,987
Pension liability	369,072	-	-	-	369,072
OPEB liability	14,123	-	-	-	14,123
Total noncurrent liabilities	<u>383,195</u>	<u>-</u>	<u>2,433,505</u>	<u>2,207,630</u>	<u>5,024,330</u>
Total liabilities	<u>615,523</u>	<u>-</u>	<u>2,571,811</u>	<u>2,301,535</u>	<u>5,488,869</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferred inflows of resources	22,650	-	-	-	22,650
OPEB deferred inflows of resources	5,403	-	-	-	5,403
Total deferred inflows of resources	<u>28,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,053</u>
NET POSITION					
Invested in capital assets, net of related debt	10,940,883	-	(2,503,788)	(2,299,037)	6,138,058
Restricted for debt service	-	7,694	85,302	-	92,996
Unrestricted	(197,701)	368,474	-	176,325	347,098
Total net position	<u>\$ 10,743,182</u>	<u>\$ 376,168</u>	<u>\$ (2,418,486)</u>	<u>\$ (2,122,712)</u>	<u>\$ 6,578,152</u>

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

SEWER FUNDS

For the Year Ended June 30, 2020

	70 Sewer Operation & Development Fund	72 Sewer Reserve Fund	78 Sewer Debt Service Fund	79 Sewer Bond Debt Service Fund	Totals
Operating revenues:					
Charges for services	\$ 513,277	\$ 7,878	\$ 216,861	\$ -	\$ 738,016
Other operating income	1,695	-	-	-	1,695
Total operating revenues	<u>514,972</u>	<u>7,878</u>	<u>216,861</u>	<u>-</u>	<u>739,711</u>
Operating expenses:					
Personal services	391,007	-	-	-	391,007
Utilities	17,725	-	-	-	17,725
Engineering & Testing	13,169	-	-	-	13,169
Supplies & Repairs	58,026	-	-	-	58,026
Administrative	36,962	-	-	-	36,962
Depreciation	242,855	-	-	-	242,855
Total operating expenses	<u>759,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>759,744</u>
Operating income (loss)	<u>(244,772)</u>	<u>7,878</u>	<u>216,861</u>	<u>-</u>	<u>(20,033)</u>
Nonoperating revenues (expenses):					
Property taxes	-	-	-	132,157	132,157
Grant revenue	1,392,944	-	-	-	1,392,944
Investment income	737	5,498	1,607	2,808	10,650
Interest expense	-	-	(47,453)	(60,318)	(107,771)
Total nonoperating revenues (expenses)	<u>1,393,681</u>	<u>5,498</u>	<u>(45,846)</u>	<u>74,647</u>	<u>1,427,980</u>
Income (loss) before transfers	1,148,909	13,376	171,015	74,647	1,407,947
Capital contributions	28,559	-	-	-	28,559
Transfers in	-	37,300	(15,537)	15,537	37,300
Transfers out	(41,300)	-	-	-	(41,300)
Equity transfers in (out)	<u>651,533</u>	<u>-</u>	<u>(651,533)</u>	<u>-</u>	<u>-</u>
Change in net position	1,787,701	50,676	(496,055)	90,184	1,432,506
Total net position - beginning	<u>8,955,481</u>	<u>325,492</u>	<u>(1,922,431)</u>	<u>(2,212,896)</u>	<u>5,145,646</u>
Total net position - ending	<u>\$ 10,743,182</u>	<u>\$ 376,168</u>	<u>\$ (2,418,486)</u>	<u>\$ (2,122,712)</u>	<u>\$ 6,578,152</u>

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF CASH FLOWS

SEWER FUNDS

For the Year Ended June 30, 2020

	70 Sewer Operation & Development Fund	72 Sewer Reserve Fund	78 Sewer Debt Service Fund	79 Sewer Bond Debt Service Fund	Totals
Cash Flows from Operating Activities:					
Receipts from customers	\$ 541,354	\$ 7,878	\$ 217,853	\$ -	\$ 767,085
Other miscellaneous receipts	1,695	-	-	-	1,695
Payments to suppliers	70,490	-	-	-	70,490
Payments to employees	(339,135)	-	-	-	(339,135)
Net cash provided (used) by operating activities	<u>274,404</u>	<u>7,878</u>	<u>217,853</u>	<u>-</u>	<u>500,135</u>
Cash Flows from Noncapital Financing Activities:					
Property taxes	-	-	-	131,595	131,595
Transfers in (out)	(41,300)	37,300	(15,537)	15,537	(4,000)
Net cash provided (used) by noncapital financing activities	<u>(41,300)</u>	<u>37,300</u>	<u>(15,537)</u>	<u>147,132</u>	<u>127,595</u>
Cash Flows from Capital and Related Financing Activities:					
Interfund loans	-	-	(18,579)	-	(18,579)
Receipts from grantors	1,253,644	-	-	-	1,253,644
Acquisition of capital assets	(2,103,537)	-	-	-	(2,103,537)
Proceeds from capital debt	651,533	-	-	-	651,533
Payments on capital debt	-	-	(151,271)	(149,942)	(301,213)
Net cash provided (used) by capital and related financing activities	<u>(198,360)</u>	<u>-</u>	<u>(169,850)</u>	<u>(149,942)</u>	<u>(518,152)</u>
Cash Flows from Investing Activities:					
Interest and dividends	<u>737</u>	<u>5,498</u>	<u>1,607</u>	<u>2,808</u>	<u>10,650</u>
Net increase (decrease) in cash and investments	35,481	50,676	34,073	(2)	120,228
Beginning cash and investments	<u>91,127</u>	<u>325,492</u>	<u>91,480</u>	<u>172,582</u>	<u>680,681</u>
Ending cash and investments	<u>\$ 126,608</u>	<u>\$ 376,168</u>	<u>\$ 125,553</u>	<u>\$ 172,580</u>	<u>\$ 800,909</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (244,772)	\$ 7,878	\$ 216,861	\$ -	\$ (20,033)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	242,855	-	-	-	242,855
(Increase) decrease in accounts receivable	28,077	-	992	-	29,069
Increase (decrease) in accounts payable	196,372	-	-	-	196,372
Increase (decrease) in accrued payroll	(314)	-	-	-	(314)
Increase (decrease) in pension liability	67,491	-	-	-	67,491
(Increase) decrease in deferred outflows	(7,841)	-	-	-	(7,841)
Increase (decrease) in deferred inflows	(7,464)	-	-	-	(7,464)
Net cash provided (used) by operating activities	<u>\$ 274,404</u>	<u>\$ 7,878</u>	<u>\$ 217,853</u>	<u>\$ -</u>	<u>\$ 500,135</u>

Noncash capital and financing activities:

The Sewer Operation & Development Fund received capital assets with a net book value of \$28,559 from the Governmental Activities

The Sewer Operation & Development Fund received loan funds which will be repaid from the Sewer Debt Service Fund. A noncash transfer has been made to transfer the liability between the funds in the amount of \$651,533.

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SEWER OPERATIONS AND DEVELOPMENT FUND - 070

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Intergovernmental revenue	\$ 2,500,000	\$ 2,500,000	\$ 1,392,944	\$ (1,107,056)
Charges for services	527,000	527,000	513,277	(13,723)
Investment income	1,600	1,600	737	(863)
Miscellaneous revenue	1,200	1,200	1,695	495
Total revenues	<u>3,029,800</u>	<u>3,029,800</u>	<u>1,908,653</u>	<u>(1,121,147)</u>
EXPENDITURES				
Personal services	365,500	365,500	338,821	26,679
Materials and services	181,000	181,000	125,883	55,117
Capital Outlay	4,895,000	4,895,000	2,103,536	2,791,464
Total expenditures	<u>5,441,500</u>	<u>5,441,500</u>	<u>2,568,240</u>	<u>2,873,260</u>
Income (loss) before transfers	<u>(2,411,700)</u>	<u>(2,411,700)</u>	<u>(659,587)</u>	<u>1,752,113</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	2,385,000	2,385,000	651,533	(1,733,467)
Transfers out	(41,300)	(41,300)	(41,300)	-
Total other financing sources (uses)	<u>2,343,700</u>	<u>2,343,700</u>	<u>610,233</u>	<u>(1,733,467)</u>
Change in fund balance	(68,000)	(68,000)	(49,354)	18,646
Total fund balance - beginning	<u>138,000</u>	<u>138,000</u>	<u>137,096</u>	<u>(904)</u>
Total fund balance - ending	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 87,742</u>	<u>\$ 17,742</u>

Reconciliation to GAAP:

Capital assets, net	10,940,883
Pension liability	(369,072)
Pension deferred outflow	124,589
Pension deferred inflow	(22,650)
OPEB liability	(14,123)
OPEB deferred outflow	1,216
OPEB deferred inflow	(5,403)
	<u>\$ 10,743,182</u>

Detail of Fund Balance:

Cash in investments	\$ 126,609
Accounts receivable	54,162
Grants receivable	139,300
Accounts payable	(226,637)
Accrued payroll	(5,691)
	<u>\$ 87,743</u>

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SEWER RESERVE FUND - 072

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Charges for services	\$ 13,100	\$ 13,100	\$ 7,878	\$ (5,222)
Investment income	6,600	6,600	5,498	(1,102)
Total revenues	<u>19,700</u>	<u>19,700</u>	<u>13,376</u>	<u>(6,324)</u>
EXPENDITURES				
Materials and services	45,600	45,600	-	45,600
Capital Outlay	<u>328,900</u>	<u>328,900</u>	<u>-</u>	<u>328,900</u>
Total expenditures	<u>374,500</u>	<u>374,500</u>	<u>-</u>	<u>374,500</u>
Excess of revenues over (under) expenditures	(354,800)	(354,800)	13,376	368,176
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>37,300</u>	<u>37,300</u>	<u>37,300</u>	<u>-</u>
Change in fund balance	(317,500)	(317,500)	50,676	368,176
Total fund balance - beginning	<u>317,500</u>	<u>317,500</u>	<u>325,492</u>	<u>7,992</u>
Total fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,168</u>	<u>\$ 376,168</u>

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SEWER DEBT SERVICE FUND - 078

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Charges for services	\$ 218,000	\$ 218,000	\$ 216,861	\$ (1,139)
Investment income	1,645	1,645	1,607	(38)
Total revenues	<u>219,645</u>	<u>219,645</u>	<u>218,468</u>	<u>(1,177)</u>
EXPENSES				
Debt service	<u>191,200</u>	<u>191,200</u>	<u>170,961</u>	<u>20,239</u>
Excess of revenues over (under) expe	28,445	28,445	47,507	19,062
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(15,800)</u>	<u>(15,800)</u>	<u>(15,537)</u>	<u>263</u>
Net change in fund balance	12,645	12,645	31,970	19,325
Total fund balance - beginning	<u>89,055</u>	<u>89,055</u>	<u>109,348</u>	<u>20,293</u>
Total fund balance - ending	<u>\$ 101,700</u>	<u>\$ 101,700</u>	\$ 141,318	<u>\$ 39,618</u>

Reconciliation to GAAP:

Bonds and notes payable	(2,445,462)
Bond premium, net	(58,326)
Due to other funds	(18,641)
Advances from other funds	<u>(37,375)</u>
	<u>\$ (2,418,486)</u>

Detail of Fund Balance:

Cash and investments	\$ 40,251
Restricted cash	85,302
Accounts receivable	27,772
Accrued interest payable	<u>(12,007)</u>
	<u>\$ 141,318</u>

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SEWER DEBT SERVICE FOR GENERAL OBLIGATION BONDS FUND - 079

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Property taxes	\$ 130,000	\$ 130,000	\$ 132,157	\$ 2,157
Investment income	4,037	4,037	2,808	(1,229)
Total revenues	<u>134,037</u>	<u>134,037</u>	<u>134,965</u>	<u>928</u>
EXPENDITURES				
Debt service	<u>150,100</u>	<u>150,100</u>	<u>149,908</u>	<u>192</u>
Excess of revenues over (under) expe	(16,063)	(16,063)	(14,943)	1,120
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>15,800</u>	<u>15,800</u>	<u>15,537</u>	<u>(263)</u>
Net change in fund balance	(263)	(263)	594	857
Total fund balance - beginning	<u>150,463</u>	<u>150,463</u>	<u>175,731</u>	<u>25,268</u>
Total fund balance - ending	<u>\$ 150,200</u>	<u>\$ 150,200</u>	\$ 176,325	<u>\$ 26,125</u>

Adjustments to GAAP:

Bonds and notes payable	(2,156,270)
Bond premium, net	<u>(142,767)</u>
	<u>\$ (2,122,712)</u>

Detail of Fund Balance

Cash and investments	\$ 172,580
Taxes receivable	6,243
Accrued interest payable	<u>(2,498)</u>
	<u>\$ 176,325</u>

CITY OF IRRIGON, OREGON

COMPARATIVE STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2020

	Water System		Sewer System	
	2020	2019	2020	2019
ASSETS				
Current assets:				
Cash and investments	\$ 751,254	\$ 701,410	\$ 707,913	\$ 662,399
Accounts receivable	61,123	64,158	81,934	111,003
Property taxes receivable	3,972	3,553	6,243	5,681
Grants receivable	-	-	139,300	-
Prepaid expense	-	3,000	-	-
Due from other funds	18,641	18,602	-	-
Total current assets	<u>834,990</u>	<u>790,723</u>	<u>935,390</u>	<u>779,083</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	4,423,306	4,533,290	10,940,883	9,051,642
Restricted cash	56,347	52,497	92,996	18,282
Advances to other funds	37,375	55,993	-	-
Total noncurrent assets	<u>4,517,028</u>	<u>4,641,780</u>	<u>11,033,879</u>	<u>9,069,924</u>
Total assets	<u>5,352,018</u>	<u>5,432,503</u>	<u>11,969,269</u>	<u>9,849,007</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows of resources	101,108	89,016	124,589	116,758
OPEB deferred outflows of resources	928	920	1,216	1,206
Total deferred outflows of resources	<u>102,036</u>	<u>89,936</u>	<u>125,805</u>	<u>117,964</u>
LIABILITIES				
Current liabilities:				
Accounts payable	43,430	14,094	226,637	30,265
Accrued payroll	5,524	4,848	5,691	6,005
Customer deposits	59,047	52,497	-	-
Unavailable revenue	7,902	5,369	-	-
Due to other funds	-	-	18,641	18,602
Accrued interest payable	2,068	2,111	14,505	13,420
Bond premium, net	19,057	20,219	27,320	29,585
Bonds, notes and leases payable	92,070	87,955	171,745	164,944
Total current liabilities	<u>229,098</u>	<u>187,093</u>	<u>464,539</u>	<u>262,821</u>
Noncurrent liabilities:				
Advances from other funds	-	-	37,375	55,993
Bond premium, net	114,424	133,481	173,773	201,093
Bonds, notes and leases payable	1,806,551	1,898,621	4,429,987	3,950,197
Net pension liability	281,392	229,927	369,072	301,581
Net OPEB liability	10,768	10,768	14,123	14,123
Total noncurrent liabilities	<u>2,213,135</u>	<u>2,272,797</u>	<u>5,024,330</u>	<u>4,522,987</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows of resources	18,886	22,634	22,650	29,689
OPEB deferred inflows of resources	4,120	4,444	5,403	5,828
Total deferred inflows of resources	<u>23,006</u>	<u>27,078</u>	<u>28,053</u>	<u>35,517</u>
NET POSITION				
Net investment in capital assets	2,391,204	2,393,014	6,138,058	4,705,823
Restricted for debt service	-	-	92,996	18,282
Unrestricted	597,611	642,457	347,098	421,541
Total net position	<u>\$ 2,988,815</u>	<u>\$ 3,035,471</u>	<u>\$ 6,578,152</u>	<u>\$ 5,145,646</u>

CITY OF IRRIGON, OREGON

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Water System		Sewer System	
	2020	2019	2020	2019
Operating revenues:				
Charges for services	\$ 506,727	\$ 540,533	\$ 738,016	\$ 724,196
Other operating income	1,690	2,536	1,695	1,646
Total operating revenues	<u>508,417</u>	<u>543,069</u>	<u>739,711</u>	<u>725,842</u>
Operating expenses:				
Personal services	333,596	276,615	391,007	358,305
Utilities	18,868	18,727	17,725	17,722
Engineering & testing	2,182	5,432	13,169	20,126
Supplies & repairs	93,692	36,322	58,026	45,037
Administrative	29,551	36,206	36,962	33,472
Depreciation	121,473	116,905	242,855	242,855
Total operating expenses	<u>599,362</u>	<u>490,207</u>	<u>759,744</u>	<u>717,517</u>
Operating income (loss)	<u>(90,945)</u>	<u>52,862</u>	<u>(20,033)</u>	<u>8,325</u>
Nonoperating revenues (expenses):				
Property taxes	86,401	86,764	132,157	137,800
Grant revenue	-	-	1,392,944	293,509
Investment income	12,015	16,114	10,650	13,757
Interest expense	(50,127)	(51,084)	(107,771)	(109,262)
Total nonoperating revenues (expenses)	<u>48,289</u>	<u>51,794</u>	<u>1,427,980</u>	<u>335,804</u>
Income (loss) before transfers	(42,656)	104,656	1,407,947	344,129
Capital contributions	-	-	28,559	-
Transfers in	69,408	69,498	37,300	51,700
Transfers out	<u>(73,408)</u>	<u>(72,498)</u>	<u>(41,300)</u>	<u>(54,700)</u>
Change in net position	(46,656)	101,656	1,432,506	341,129
Total net position - beginning	<u>3,035,471</u>	<u>2,933,815</u>	<u>5,145,646</u>	<u>4,804,517</u>
Total net position - ending	<u>\$ 2,988,815</u>	<u>\$ 3,035,471</u>	<u>\$ 6,578,152</u>	<u>\$ 5,145,646</u>

COMPLIANCE SECTION



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**REPORT OF INDEPENDENT AUDITOR REQUIRED BY MINIMUM STANDARDS FOR
AUDITS OF OREGON MUNICIPAL CORPORATIONS**

Mayor and City Council
City of Irrigon
Irrigon, Oregon

I have audited the basic financial statements of City of Irrigon, Oregon, as of and for the year ended June 30, 2020, and have issued my report thereon dated January 28, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

Except as disclosed in note 2 of the financial statements, nothing came to my attention that caused me to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

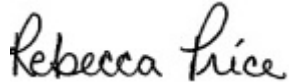
OAR 162-10-0230 Internal Control

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

To the Mayor and City Council of the
City of Irrigon
Page 24 of 3

The purpose of this report is solely to describe the scope of my testing of internal control and compliance with certain provisions of laws, regulations, contracts, grants, and the results of that testing based on provision of the Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320, and not to provide an opinion on the effectiveness of the City's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

REBECCA PRICE, CPA

A handwritten signature in cursive script that reads "Rebecca Price".

San Jose, California
January 28, 2021



Rebecca Price, CPA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council
City of Irrigon
Irrigon, Oregon

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Irrigon, Oregon (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 28, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

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 a 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

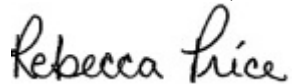
Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*

To the Mayor and City Council of the
City of Irrigon
Page 26 of 3

in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

REBECCA PRICE, CPA

A handwritten signature in cursive script that reads "Rebecca Price".

San Jose, California
January 28, 2021



Rebecca Price, CPA

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and City Council
City of Irrigon
Irrigon, Oregon

Report on Compliance for each Major Federal Program

I have audited the City of Irrigon, Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Irrigon's major federal programs for the year ended June 30, 2020. The City of Irrigon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Irrigon's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Irrigon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City of Irrigon's compliance.

Opinion on Major Federal Program

In my opinion, the City of Irrigon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

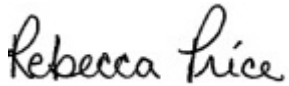
Management of the City of Irrigon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City of Irrigon's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Irrigon's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

REBECCA PRICE, CPA

A handwritten signature in cursive script that reads "Rebecca Price".

San Jose, California
January 28, 2021

CITY OF IRRIGON, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Passthrough Entity Identifying Number	Expenditures During Period
U.S. Department of Housing and Urban Development			
Passed through Oregon Business Development Department:			
Community Development Block Grant	14.228	(FAIN):B-17-DC-41-0001/ (OBDD):P17005	\$ 1,375,853
U.S. Department of the Treasury			
Passed through Oregon Department of Administrative Services:			
Coronavirus Relief Fund	21.019	(DAS): 1673	<u>1,486</u>
Total Expenditures of Federal Awards			<u>\$ 2,028,872</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Irrigon, Oregon under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Irrigon, Oregon, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Irrigon, Oregon.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

The City of Irrigon has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF IRRIGON, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2020

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report of independent auditor issued: unmodified
Internal control over financial reporting:
 Material weakness(es) identified? no
 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? no

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? no
 Significant deficiency(ies) identified that are
 Not considered to be material weaknesses? None reported

Type of report of independent auditor issued on compliance
for major programs: unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	COMMUNITY DEVELOPMENT BLOCK GRANT/ STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs relating to federal awards.

CITY OF IRRIGON, OREGON
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2020

Finding 2019-1:

Condition

The Financial Officer has the ability to prepare all the individual fund financial statements including the Budgetary Comparison Schedules. However, the City does rely on us as the auditor to assist them in drafting the Government-Wide Financial Statements. In addition, we verify that the financial statements, including note disclosures, contain all of the elements required to comply with the accounting principles generally accepted in the United States of America. We do believe the City has staff with the ability to understand, review, and take responsibility for the financial statements which is required to comply with independence standards outlined under both *Government Auditing Standards* and *AICPA 101-3*. However, our assistance in drafting the financial statements described above does produce a material weakness in the City's internal control system as defined by AU-C 265.

Criteria

The Financial Officer has the ability to prepare all the individual fund financial statements including the Budgetary Comparison Schedules. However, the City does rely on us as the auditor to assist them in drafting the Government-Wide Financial Statements. In addition, we verify that the financial statements, including note disclosures, contain all of the elements required to comply with the accounting principles generally accepted in the United States of America. We do believe the City has staff with the ability to understand, review, and take responsibility for the financial statements which is required to comply with independence standards outlined under both *Government Auditing Standards* and *AICPA 101-3*. However, our assistance in drafting the financial statements described above does produce a material weakness in the City's internal control system as defined by AU-C 265.

Effect

Since the financial statements and related note disclosures are prepared by independent auditors annually there is no effect caused by this condition.

Views of Responsible Officials and Recommendations

We do not recommend any change in the preparation of the financial statements, but the City Council should be aware of this control deficiency and stress the importance of thorough review of the financial statements prior to approval of the audit. The City officials are in agreement with the condition and recommendation stated above.

Action Taken

As recommended above, the City has not made any change in the preparation of the financial statements. The City does not feel it is cost effective to hire additional staff or an independent contractor to prepare the financial statements.

Status of Finding

The finding has been closed.