

CITY OF UMATILLA, OREGON

**Financial Statements and
Independent Auditors' Report**

June 30, 2023

CITY OF UMATILLA, OREGON

City Hall
Umatilla, Oregon

Mayor and City Council
June 30, 2023

Name

Term Expires

Mayor:

Caden Sipe

December 31, 2026

Council Members:

Corinne Funderburk

December 31, 2026

Daren Dufloth

December 31, 2024

Katie McMillan

December 31, 2026

Ashley Wheeler

December 31, 2024

Dennis McMillan

December 31, 2026

Roak TenEyck

December 31, 2024

Appointed Official:

David Stockdale, City Manager

Address:

P. O. Box 130

Umatilla, OR 97882

Telephone: (541) 922-3226

CITY OF UMATILLA, OREGON

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Certified Public Accountants

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DENNIS L. BARNETT, C.P.A.

PAUL A. BARNETT, C.P.A.

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DAVID J. BARNETT, C.P.A.

INDEPENDENT AUDITORS' REPORT

Mayor and Council Members
City of Umatilla, Oregon

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Umatilla, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Umatilla, Oregon, as of June 30, 2023, and the respective changes in modified cash basis financial position, the respective budgetary comparison for the General fund, State Street Tax fund, Refuse Collection fund and the Building Department fund, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent from the City of Umatilla, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Umatilla, Oregon's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Governmental Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and government auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Umatilla, Oregon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Umatilla, Oregon's ability to continue as a going concern for a reasonable period of time.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements collectively comprise the City of Umatilla, Oregon's basic financial statements. The supplementary information, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The management's discussion and analysis on Pages 49-59 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The supplementary information on Pages 60-77 and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards on Pages 80-81 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated on December 12, 2023, on our consideration of the City of Umatilla, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Umatilla, Oregon'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 City of Umatilla, Oregon's internal control over financial reporting and compliance.

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

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated on December 12, 2023, on our consideration of the City of Umatilla, Oregon's compliance with certain provision of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Barnett & Moro, P.C.

By: 
Dennis L. Barnett, Shareholder
Hermiston, Oregon
December 12, 2023

CITY OF UMATILLA, OREGON

Statement of Net Position - Modified Cash Basis

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 26,983,234	\$ 8,790,164	\$ 35,773,398
Capital assets:			
Non-depreciable	3,448,130	-	3,448,130
Depreciable, net of depreciation	<u>12,293,909</u>	<u>13,242,970</u>	<u>25,536,879</u>
 Total assets	 <u>42,725,273</u>	 <u>22,033,134</u>	 <u>64,758,407</u>
<u>LIABILITIES</u>			
Notes payable:			
Due within one year	101,770	168,655	270,425
Due in more than one year	<u>1,542,487</u>	<u>3,116,136</u>	<u>4,658,623</u>
 Total liabilities	 <u>1,644,257</u>	 <u>3,284,791</u>	 <u>4,929,048</u>
<u>NET POSITION</u>			
Net investment in capital assets	14,097,782	9,958,179	24,055,961
Restricted for:			
Highways and streets	330,408	-	330,408
Debt service	4,225	-	4,225
Unrestricted	<u>26,648,601</u>	<u>8,790,164</u>	<u>35,438,765</u>
 Total net position	 <u>\$ 41,081,016</u>	 <u>\$ 18,748,343</u>	 <u>\$ 59,829,359</u>

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

CITY OF UMATILLA, OREGON

Statement of Activities - Modified Cash Basis
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,480,651	\$ 3,818,274	\$ -	\$ 1,834,372	\$ 2,171,995	\$ -	\$ 2,171,995
Public safety	3,041,348	514,519	2,500	24,237	(2,500,092)	-	(2,500,092)
Highways and streets	688,663	-	-	1,081,242	392,579	-	392,579
Library	276,864	-	1,640	-	(275,224)	-	(275,224)
Cultural and recreation	3,765,351	1,175,136	-	-	(2,590,215)	-	(2,590,215)
Sanitation	962,649	1,011,194	-	-	48,545	-	48,545
Interest on long-term debt	56,893	-	-	-	(56,893)	-	(56,893)
Total governmental activities	<u>12,272,419</u>	<u>6,519,123</u>	<u>4,140</u>	<u>2,939,851</u>	<u>(2,809,305)</u>	<u>-</u>	<u>(2,809,305)</u>
Business-type activities:							
Water	2,091,042	2,084,178	-	260,391	-	253,527	253,527
Sewer	1,810,479	2,530,277	-	598,636	-	1,318,434	1,318,434
Interest on long-term debt	139,878	-	-	-	-	(139,878)	(139,878)
Total business-type activities	<u>4,041,399</u>	<u>4,614,455</u>	<u>-</u>	<u>859,027</u>	<u>-</u>	<u>1,432,083</u>	<u>1,432,083</u>
Total government	<u>\$ 16,313,818</u>	<u>\$ 11,133,578</u>	<u>\$ 4,140</u>	<u>\$ 3,798,878</u>	<u>(2,809,305)</u>	<u>1,432,083</u>	<u>(1,377,222)</u>
General revenues:							
Taxes							
					2,679,141	-	2,679,141
					17	-	17
					5,776,296	-	5,776,296
					1,525,288	-	1,525,288
					589,703	-	589,703
					317,301	-	317,301
					128,850	-	128,850
					268,224	-	268,224
					525,782	136,917	662,699
					1,511,875	2,187,559	3,699,434
					(1,215,060)	1,215,060	-
					<u>12,107,417</u>	<u>3,539,536</u>	<u>15,646,953</u>
					9,298,112	4,971,619	14,269,731
					31,782,904	13,776,724	45,559,628
					<u>\$ 41,081,016</u>	<u>\$ 18,748,343</u>	<u>\$ 59,829,359</u>

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

CITY OF UMATILLA, OREGON

Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2023

	<u>General</u>	<u>State Tax Street</u>	<u>Refuse Collection</u>	<u>Capital Reserve</u>	<u>Building Department</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
<u>ASSETS:</u>								
Cash and cash equivalents	<u>\$ 7,602,013</u>	<u>\$ 330,408</u>	<u>\$ 143,078</u>	<u>\$12,540,181</u>	<u>\$6,074,227</u>	<u>\$ 4,225</u>	<u>\$ 289,102</u>	<u>\$26,983,234</u>
<u>LIABILITIES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCES:</u>								
Restricted	-	330,408	-	-	-	4,225	-	334,633
Committed	-	-	143,078	12,540,181	6,074,227	-	289,102	19,046,588
Unassigned	<u>7,602,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,602,013</u>
Total fund balances	<u>7,602,013</u>	<u>330,408</u>	<u>143,078</u>	<u>12,540,181</u>	<u>6,074,227</u>	<u>4,225</u>	<u>289,102</u>	<u>26,983,234</u>
Total liabilities and fund balances	<u>\$ 7,602,013</u>	<u>\$ 330,408</u>	<u>\$ 143,078</u>	<u>\$12,540,181</u>	<u>\$6,074,227</u>	<u>\$ 4,225</u>	<u>\$ 289,102</u>	<u>\$26,983,234</u>

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

CITY OF UMATILLA, OREGON

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position-Modified Cash Basis
June 30, 2023**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 26,983,234

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

Acquisition cost	\$ 20,543,909	
Accumulated depreciation	<u>(4,801,870)</u>	
		<u>15,742,039</u>

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

(1,644,257)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 41,081,016

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

CITY OF UMATILLA, OREGON

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

Governmental Funds

Year Ended June 30, 2023

	General	State Tax Street	Refuse Collection	Capital Reserve	Building Department	Debt Service	Other Governmental	Total
<u>REVENUES:</u>								
Property taxes	\$ 2,679,141	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ -	\$ 2,679,158
Franchise fees	1,525,288	-	-	-	-	-	-	1,525,288
Intergovernmental	6,093,597	589,703	-	-	-	-	268,224	6,951,524
Fees, licenses, and permits	154,132	-	-	-	3,664,142	-	128,850	3,947,124
Fines and forfeitures	514,519	-	-	-	-	-	-	514,519
Charges for services	1,175,136	-	1,011,194	-	-	-	-	2,186,330
Investment interest	126,739	6,606	-	274,032	100,220	92	18,093	525,782
Grant revenue	1,836,872	1,081,242	-	24,237	-	-	1,640	2,943,991
Miscellaneous	445,238	129,351	-	886,807	110,520	-	169,178	1,741,094
Total revenues	<u>14,550,662</u>	<u>1,806,902</u>	<u>1,011,194</u>	<u>1,185,076</u>	<u>3,874,882</u>	<u>109</u>	<u>585,985</u>	<u>23,014,810</u>
<u>EXPENDITURES:</u>								
Current:								
General government	2,187,144	-	-	81,144	1,371,164	-	-	3,639,452
Public safety	2,954,364	-	-	40,803	-	-	-	2,995,167
Highways and streets	-	453,017	-	5,103	-	-	-	458,120
Library	-	-	-	-	-	-	262,323	262,323
Cultural and Recreation	2,417,377	-	-	354,791	-	-	777,640	3,549,808
Sanitation	-	-	962,649	-	-	-	-	962,649
Debt service:								
Principal	-	-	-	145,130	-	-	284,503	429,633
Interest	-	-	-	43,533	-	-	13,360	56,893
Capital outlay	-	1,836,483	-	1,477,664	-	-	-	3,314,147
Total Expenditures	<u>7,558,885</u>	<u>2,289,500</u>	<u>962,649</u>	<u>2,148,168</u>	<u>1,371,164</u>	<u>-</u>	<u>1,337,826</u>	<u>15,668,192</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>6,991,777</u>	<u>(482,598)</u>	<u>48,545</u>	<u>(963,092)</u>	<u>2,503,718</u>	<u>109</u>	<u>(751,841)</u>	<u>7,346,618</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Transfers in	81,280	12,525	-	2,899,189	-	-	246,000	3,238,994
Transfers out	(4,244,964)	(166,250)	-	-	(32,840)	-	(10,000)	(4,454,054)
Total other financing sources (uses)	<u>(4,163,684)</u>	<u>(153,725)</u>	<u>-</u>	<u>2,899,189</u>	<u>(32,840)</u>	<u>-</u>	<u>236,000</u>	<u>(1,215,060)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>2,828,093</u>	<u>(636,323)</u>	<u>48,545</u>	<u>1,936,097</u>	<u>2,470,878</u>	<u>109</u>	<u>(515,841)</u>	<u>6,131,558</u>
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>4,773,920</u>	<u>966,731</u>	<u>94,533</u>	<u>10,604,084</u>	<u>3,603,349</u>	<u>4,116</u>	<u>804,943</u>	<u>20,851,676</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 7,602,013</u>	<u>\$ 330,408</u>	<u>\$ 143,078</u>	<u>\$ 12,540,181</u>	<u>\$ 6,074,227</u>	<u>\$ 4,225</u>	<u>\$ 289,102</u>	<u>\$ 26,983,234</u>

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

CITY OF UMATILLA, OREGON

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended June 30, 2023**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 6,131,558

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

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

Expenditures for capital assets	\$3,614,687	
Less current year depreciation	<u>(648,547)</u>	
		2,966,140

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

Gain on the sale of capital assets	24,006	
Less proceeds from the sale of capital assets	<u>(253,225)</u>	
		(229,219)

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

429,633

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 9,298,112**

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

CITY OF UMATILLA, OREGON

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Property taxes:				
Current levy	\$ 3,014,884	\$ 3,014,884	\$ 2,645,292	\$ (369,592)
Previously levied	45,758	45,758	33,849	(11,909)
Franchise fees	1,294,650	1,294,650	1,525,288	230,638
Intergovernmental	2,930,247	5,430,247	6,093,597	663,350
Fees, licenses, and permits	142,255	142,255	154,132	11,877
Fines and forfeitures	610,000	610,000	514,519	(95,481)
Charges for services	992,450	1,057,450	1,175,136	117,686
Miscellaneous:				
Interest on investments	25,000	25,000	126,739	101,739
Other	2,275,895	2,275,895	2,282,110	6,215
	<u>11,331,139</u>	<u>13,896,139</u>	<u>14,550,662</u>	<u>654,523</u>
<u>OTHER FINANCING SOURCES:</u>				
Operating transfers in	<u>81,280</u>	<u>81,280</u>	<u>81,280</u>	<u>-</u>
Total revenues and transfers	11,412,419	13,977,419	14,631,942	654,523
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>4,295,281</u>	<u>4,770,281</u>	<u>4,773,920</u>	<u>3,639</u>
	<u>\$ 15,707,700</u>	<u>\$ 18,747,700</u>	<u>\$ 19,405,862</u>	<u>\$ 658,162</u>

(continued on next page)

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

CITY OF UMATILLA, OREGON

(continued)

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>EXPENDITURES:</u>				
Current:				
General government:				
Administration:				
Personnel services	\$ 486,979	\$ 494,979	\$ 488,383	\$ 6,596
Material and services	912,055	912,055	769,154	142,901
Community development:				
Personnel services	253,334	255,834	249,455	6,379
Material and services	1,362,300	1,362,300	677,466	684,834
Transportation:				
Material and services	5,250	5,250	2,686	2,564
	<u>3,019,918</u>	<u>3,030,418</u>	<u>2,187,144</u>	<u>843,274</u>
Public safety:				
Police:				
Personnel services	2,105,934	2,105,934	1,939,865	166,069
Materials and services	793,060	793,060	450,237	342,823
Capital Outlay	50,000	50,000	24,551	25,449
Code enforcement:				
Personnel services	134,805	136,805	132,263	4,542
Materials and services	41,950	41,950	3,937	38,013
Municipal court:				
Personnel services	117,145	117,145	111,921	5,224
Materials and services	361,450	361,450	291,590	69,860
	<u>3,604,344</u>	<u>3,606,344</u>	<u>2,954,364</u>	<u>651,980</u>
Recreation:				
Parks and recreation:				
Personnel services	731,038	748,538	743,262	5,276
Materials and services	419,500	454,500	334,991	119,509
Marina and RV park:				
Personnel services	249,150	249,150	168,404	80,746
Materials and services	706,250	761,250	349,138	412,112
Golf course:				
Personnel services	514,601	514,601	498,955	15,646
Materials and services	430,925	430,925	322,627	108,298
	<u>3,051,464</u>	<u>3,158,964</u>	<u>2,417,377</u>	<u>741,587</u>
Contingency	<u>1,000,000</u>	<u>2,270,000</u>	<u>-</u>	<u>2,270,000</u>
	<u>10,675,726</u>	<u>12,065,726</u>	<u>7,558,885</u>	<u>4,506,841</u>
<u>OTHER FINANCING USES:</u>				
Operating transfers out	<u>3,094,964</u>	<u>4,744,964</u>	<u>4,244,964</u>	<u>500,000</u>
Total expenditures and transfers	<u>13,770,690</u>	<u>16,810,690</u>	<u>11,803,849</u>	<u>\$ 5,006,841</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>1,937,010</u>	<u>1,937,010</u>	<u>7,602,013</u>	
	<u>\$15,707,700</u>	<u>\$18,747,700</u>	<u>\$19,405,862</u>	

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

CITY OF UMATILLA, OREGON

State Tax Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
State gasoline tax	\$ 771,152	\$ 771,152	\$ 589,703	\$ (181,449)
Interest income	1,200	1,200	6,606	5,406
Miscellaneous	5,449,386	5,449,386	1,210,593	(4,238,793)
Total revenues	<u>6,221,738</u>	<u>6,221,738</u>	<u>1,806,902</u>	<u>(4,414,836)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From General Fund	<u>12,525</u>	<u>12,525</u>	<u>12,525</u>	<u>-</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>870,307</u>	<u>870,307</u>	<u>966,731</u>	<u>96,424</u>
	<u>\$7,104,570</u>	<u>\$7,104,570</u>	<u>\$2,786,158</u>	<u>\$(4,318,412)</u>
<u>EXPENDITURES:</u>				
Current:				
Highways and streets:				
Personnel services	\$ 271,404	\$ 271,404	\$ 265,831	\$ 5,573
Materials and services	210,325	210,325	187,186	23,139
Capital outlay	5,730,112	5,730,112	1,836,483	3,893,629
Operating contingency	462,200	462,200	-	462,200
	<u>6,674,041</u>	<u>6,674,041</u>	<u>2,289,500</u>	<u>4,384,541</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To General Fund	12,000	12,000	12,000	-
To Capital Reserve Fund	154,250	154,250	154,250	-
	<u>166,250</u>	<u>166,250</u>	<u>166,250</u>	<u>-</u>
Total expenditures and transfers	<u>6,840,291</u>	<u>6,840,291</u>	<u>2,455,750</u>	<u>\$ 4,384,541</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>264,279</u>	<u>264,279</u>	<u>330,408</u>	
	<u>\$7,104,570</u>	<u>\$7,104,570</u>	<u>\$2,786,158</u>	

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

CITY OF UMATILLA, OREGON

Refuse Collection Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Refuse collections	\$ 993,000	\$ 993,000	\$ 1,011,194	\$ 18,194
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>	123,203	123,203	94,533	(28,670)
	<u>\$ 1,116,203</u>	<u>\$ 1,116,203</u>	<u>\$ 1,105,727</u>	<u>\$ (10,476)</u>
<u>EXPENDITURES:</u>				
Current:				
Sanitation:				
Materials and services	\$ 835,320	\$ 835,320	\$ 801,676	\$ 33,644
Contingency	50,000	42,500	-	42,500
	<u>885,320</u>	<u>877,820</u>	<u>801,676</u>	<u>76,144</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
Franchise fees to General Fund	158,880	166,380	160,973	5,407
Total expenditures and transfers	1,044,200	1,044,200	962,649	<u>\$ 81,551</u>
<u>UNAPPROPRIATED BALANCE</u>	72,003	72,003	143,078	
	<u>\$ 1,116,203</u>	<u>\$ 1,116,203</u>	<u>\$ 1,105,727</u>	

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

CITY OF UMATILLA, OREGON

Building Department Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Fees and charges	\$2,833,000	\$3,183,000	\$3,664,142	\$ 481,142
Interest income	12,000	12,000	100,220	88,220
Miscellaneous	55,000	90,000	110,520	20,520
Total revenues	<u>2,900,000</u>	<u>3,285,000</u>	<u>3,874,882</u>	<u>589,882</u>
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>	<u>3,099,975</u>	<u>3,099,975</u>	<u>3,603,349</u>	<u>503,374</u>
	<u>\$5,999,975</u>	<u>\$6,384,975</u>	<u>\$7,478,231</u>	<u>\$1,093,256</u>
<u>EXPENDITURES:</u>				
Current:				
Building department:				
Personnel services	\$ 544,657	\$ 544,657	\$ 480,976	\$ 63,681
Materials and services	572,500	957,500	890,188	67,312
Operating contingency	800,000	800,000	-	800,000
Total expenditures	<u>1,917,157</u>	<u>2,302,157</u>	<u>1,371,164</u>	<u>930,993</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
Operating transfers out	32,840	32,840	32,840	-
Total expenditures and transfers	1,949,997	2,334,997	1,404,004	<u>\$ 930,993</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>4,049,978</u>	<u>4,049,978</u>	<u>6,074,227</u>	
	<u>\$5,999,975</u>	<u>\$6,384,975</u>	<u>\$7,478,231</u>	

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

CITY OF UMATILLA, OREGON

Statement of Net Position - Modified Cash Basis

Proprietary Funds

June 30, 2023

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash and investments	\$ 1,290,597	\$ 834,507	\$ 1,719,234	\$ 4,945,826	\$ 8,790,164
<u>CAPITAL ASSETS:</u>					
Capital assets, net	4,625,463	8,617,507	-	-	13,242,970
Total assets	<u>5,916,060</u>	<u>9,452,014</u>	<u>1,719,234</u>	<u>4,945,826</u>	<u>22,033,134</u>
<u>LIABILITIES</u>					
<u>CURRENT LIABILITIES:</u>					
Notes payable, current portion	12,132	156,523	-	-	168,655
	<u>12,132</u>	<u>156,523</u>	<u>-</u>	<u>-</u>	<u>168,655</u>
<u>LONG TERM LIABILITIES:</u>					
Notes payable, long-term portion	510,096	2,606,040	-	-	3,116,136
	<u>510,096</u>	<u>2,606,040</u>	<u>-</u>	<u>-</u>	<u>3,116,136</u>
Total liabilities	<u>522,228</u>	<u>2,762,563</u>	<u>-</u>	<u>-</u>	<u>3,284,791</u>
<u>NET POSITION</u>					
Net investment in capital assets	4,103,235	5,854,944	-	-	9,958,179
Unrestricted	<u>1,290,597</u>	<u>834,507</u>	<u>1,719,234</u>	<u>4,945,826</u>	<u>8,790,164</u>
Total net position	<u>\$ 5,393,832</u>	<u>\$ 6,689,451</u>	<u>\$ 1,719,234</u>	<u>\$ 4,945,826</u>	<u>\$ 18,748,343</u>

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

CITY OF UMATILLA, OREGON

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

Proprietary Funds

Year Ended June 30, 2023

Business-Type Activities - Proprietary Funds

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>					
Charges for sales and services:					
Water	\$1,930,451	\$ -	\$ 153,727	\$ -	\$ 2,084,178
Sewer	-	2,343,051	-	187,226	2,530,277
Miscellaneous revenues	128,760	549,272	1,267,468	1,101,086	3,046,586
Total operating revenue	<u>2,059,211</u>	<u>2,892,323</u>	<u>1,421,195</u>	<u>1,288,312</u>	<u>7,661,041</u>
<u>OPERATING EXPENSES:</u>					
Cost of sales and services	1,829,746	1,222,943	9,531	194,192	3,256,412
Depreciation and amortization	251,765	393,344	-	-	645,109
Total operating expenses	<u>2,081,511</u>	<u>1,616,287</u>	<u>9,531</u>	<u>194,192</u>	<u>3,901,521</u>
<u>OPERATING INCOME</u>	<u>(22,300)</u>	<u>1,276,036</u>	<u>1,411,664</u>	<u>1,094,120</u>	<u>3,759,520</u>
<u>NONOPERATING REVENUES</u>					
<u>(EXPENSES):</u>					
Interest on investments	10,807	14,626	22,339	89,145	136,917
Interest expense	(23,468)	(116,410)	-	-	(139,878)
Total nonoperating revenue (expenses)	<u>(12,661)</u>	<u>(101,784)</u>	<u>22,339</u>	<u>89,145</u>	<u>(2,961)</u>
<u>INCOME BEFORE</u>					
<u>TRANSFERS</u>					
	<u>(34,961)</u>	<u>1,174,252</u>	<u>1,434,003</u>	<u>1,183,265</u>	<u>3,756,559</u>
Transfers in	2,871,397	103,282	340,000	665,800	3,980,479
Transfers out	(487,470)	(803,270)	(1,371,397)	(103,282)	(2,765,419)
<u>CHANGE IN NET POSITION</u>	<u>2,348,966</u>	<u>474,264</u>	<u>402,606</u>	<u>1,745,783</u>	<u>4,971,619</u>
<u>TOTAL NET POSITION -</u>					
<u>BEGINNING</u>					
	<u>3,044,866</u>	<u>6,215,187</u>	<u>1,316,628</u>	<u>3,200,043</u>	<u>13,776,724</u>
<u>TOTAL NET POSITION -</u>					
<u>ENDING</u>					
	<u>\$5,393,832</u>	<u>\$6,689,451</u>	<u>\$1,719,234</u>	<u>\$4,945,826</u>	<u>\$18,748,343</u>

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

CITY OF UMATILLA, OREGON

Statement of Cash Flows - Modified Cash Basis

Proprietary Funds

Year Ended June 30, 2023

	Business-Type Activities - Proprietary Funds				Total
	Water Utility	Sewer Utility	Water Reserve	Sewer Reserve	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Cash receipts from customers	\$2,059,211	\$ 2,892,323	\$ 1,421,195	\$ 1,288,312	\$ 7,661,041
Cash payments to suppliers	(1,255,442)	(580,112)	(9,531)	(194,192)	(2,039,277)
Cash payments to employees	(574,304)	(642,831)	-	-	(1,217,135)
Net cash provided by operating activities	<u>229,465</u>	<u>1,669,380</u>	<u>1,411,664</u>	<u>1,094,120</u>	<u>4,404,629</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfer from other funds	2,871,397	103,282	340,000	665,800	3,980,479
Transfer to other funds	(487,470)	(803,270)	(1,371,397)	(103,282)	(2,765,419)
Net cash provided by (used in) noncapital financing activities	<u>2,383,927</u>	<u>(699,988)</u>	<u>(1,031,397)</u>	<u>562,518</u>	<u>1,215,060</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Acquisition and construction of capital assets	(1,371,397)	(103,282)	-	-	(1,474,679)
Interest paid on bonds and notes	(23,468)	(116,410)	-	-	(139,878)
Proceeds from long-term debt	-	82,743	-	-	82,743
Principal paid on bonds and notes	(12,031)	(844,891)	-	-	(856,922)
Net cash used in capital and related financing activities	<u>(1,406,896)</u>	<u>(981,840)</u>	<u>-</u>	<u>-</u>	<u>(2,388,736)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest received	10,807	14,626	22,339	89,145	136,917
Net cash provided by investing activities	<u>10,807</u>	<u>14,626</u>	<u>22,339</u>	<u>89,145</u>	<u>136,917</u>
<u>NET INCREASE IN CASH</u>	<u>1,217,303</u>	<u>2,178</u>	<u>402,606</u>	<u>1,745,783</u>	<u>3,367,870</u>
<u>CASH AND INVESTMENTS, JULY 1</u>	<u>73,294</u>	<u>832,329</u>	<u>1,316,628</u>	<u>3,200,043</u>	<u>5,422,294</u>
<u>CASH AND INVESTMENTS, JUNE 30</u>	<u>\$1,290,597</u>	<u>\$ 834,507</u>	<u>\$ 1,719,234</u>	<u>\$ 4,945,826</u>	<u>\$ 8,790,164</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>					
Operating income (loss)	\$ (22,300)	\$ 1,276,036	\$ 1,411,664	\$ 1,094,120	\$ 3,759,520
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>					
Depreciation and amortization	251,765	393,344	-	-	645,109
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 229,465</u>	<u>\$ 1,669,380</u>	<u>\$ 1,411,664</u>	<u>\$ 1,094,120</u>	<u>\$ 4,404,629</u>

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Scope of reporting entity:

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

Government-wide and fund financial statements:

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

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

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

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

Measurement focus, basis of accounting and financial statement presentation:

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

Major Governmental Funds

General Fund

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

State Tax Street Fund

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

Debt Service Fund

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

Refuse Collection Fund

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

Building Department Fund

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

Capital Reserve Fund

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

Major Proprietary Funds

Water Utility Fund

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

Sewer Utility Fund

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

Water Reserve Fund

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

Sewer Reserve Fund

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

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

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

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

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

Cash and cash equivalents:

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

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

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

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

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

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

Capital assets and long-term liabilities:

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

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

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

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

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

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

Restricted net position:

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

Inventories:

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

Accounting estimates:

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

Accrued vacations:

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

Interfund transactions:

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

Property taxes:

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

The 2022-23 tax levy was adopted June 7, 2022. The levy is within the available tax base, including debt service levy.

Income taxes:

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

Post-employment health care benefits:

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

Credit risk:

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

Fund balance:

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

Fund balance (continued):

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

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

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

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

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

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

	General	State Street Tax	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Fund balances:</u>					
Restricted:					
Debt service	\$ -	\$ -	\$ 4,225	\$ -	\$ 4,225
Highways and streets	-	330,408	-	-	330,408
Total restricted	<u>-</u>	<u>330,408</u>	<u>4,225</u>	<u>-</u>	<u>334,633</u>
Committed:					
Culture and recreation	-	-	-	268,494	268,494
Capital projects	-	-	-	12,560,789	12,560,789
Refuse Collection	-	-	-	143,078	143,078
Building department	-	-	-	6,074,227	6,074,227
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,046,588</u>	<u>19,046,588</u>
Unassigned	7,602,013	-	-	-	7,602,013
Ending net assets	<u>\$ 7,602,013</u>	<u>\$ 330,408</u>	<u>\$ 4,225</u>	<u>\$19,046,588</u>	<u>\$ 26,983,234</u>

\$330,408 is restricted for highways and streets by enabling legislation.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 2 -- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budget procedures:

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

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

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

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

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

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

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

Two supplemental budgets were adopted during the year ended June 30, 2023; resources increased in the general, water utility, sewer utility, capital reserve, transient room tax, sewer reserve, building department and refuse collection funds. The supplemental budgets increased appropriations as follows: to the general fund: materials and services \$90,000, personnel services \$30,000, operating contingency \$1,270,000 and transfers \$1,650,000, water utility fund: materials and services \$1,600,000, capital reserve fund: capital outlay \$120,000 and principal payments \$50, sewer utility fund: materials and services \$100,000, transient room tax: transfers \$150,000, building department fund: materials and services \$385,000, sewer reserve fund: capital outlay \$500,000, and refuse collection fund: transfers \$7,500.

All funds included in these financial statements legally adopt annual budgets.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

Budget procedures (continued):

Expenditures may not legally exceed budget appropriations at the following legal level of control for each fund: Personnel services, Materials and services, Capital outlay, and Debt service.

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

\$500,000 of principal was forgiven by DEQ during the current fiscal year, the amount is included as a capital grant in the government-wide and fund financial statements. The principal forgiveness is excluded from the budgetary comparison schedule as there was no disbursement resulting from the transaction.

NOTE 3 -- CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consisted of the following:

Cash on hand	\$ 930
Bank checking accounts	10,864,526
Local government investment pool	24,907,942
Total cash and cash equivalents	<u>\$ 35,773,398</u>

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. ORS 295 requires the depository institution to pledge collateral against any public funds deposits in excess of deposit insurance amounts. As of June 30, 2023, the total bank balance was \$10,864,526. Of these deposits, \$250,000 was covered by federal depository insurance. The City maintains its funds at a financial institution deemed to be a qualified depository by the Office of the State Treasurer. The City's remaining deposits in excess of federal deposit insurance are considered by management to be fully collateralized. The City has not adopted a formal investment policy addressing this risk.

Credit Risk – Investments

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

Custodial Credit Risk – Investments

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

Fair Value Measurements

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

NOTE 4 -- CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,658,899	\$ 18,450	\$ (229,219)	\$ 3,448,130
Total assets not being depreciated	<u>3,658,899</u>	<u>18,450</u>	<u>(229,219)</u>	<u>3,448,130</u>
Capital assets being depreciated:				
Buildings and improvements	3,749,402	490,077	-	4,239,479
Equipment	2,143,357	479,690	(33,423)	2,589,624
Vehicles	996,238	400,077	(365,780)	1,030,535
Infrastructure	7,009,748	2,226,393	-	9,236,141
Total capital assets being depreciated	<u>13,898,745</u>	<u>3,596,237</u>	<u>(399,203)</u>	<u>17,095,779</u>
Less: Accumulated depreciation:				
Buildings and improvements	(1,392,084)	(120,768)	-	(1,512,852)
Equipment	(987,538)	(182,962)	33,423	(1,137,077)
Vehicles	(815,035)	(117,146)	365,780	(566,401)
Infrastructure	(1,357,869)	(227,671)	-	(1,585,540)
Total accumulated depreciation	<u>(4,552,526)</u>	<u>(648,547)</u>	<u>399,203</u>	<u>(4,801,870)</u>
Total capital assets being depreciated, net	<u>9,346,219</u>	<u>2,947,690</u>	<u>-</u>	<u>12,293,909</u>
Governmental activities capital assets, net	<u>\$ 13,005,118</u>	<u>\$ 2,966,140</u>	<u>\$ (229,219)</u>	<u>\$ 15,742,039</u>
<u>Business-type activities:</u>				
Capital assets being depreciated:				
Sewer utility system and equipment	\$ 16,891,424	\$ 103,282	\$ (15,900)	\$ 16,978,806
Water utility system and equipment	8,234,461	1,371,397	(17,816)	9,588,042
Total capital assets being depreciated	<u>25,125,885</u>	<u>1,474,679</u>	<u>(33,716)</u>	<u>26,566,848</u>
Less: Accumulated depreciation:				
Sewer utility system and equipment	(7,983,855)	(393,344)	15,900	(8,361,299)
Water utility system and equipment	(4,728,630)	(251,765)	17,816	(4,962,579)
Total accumulated depreciation	<u>(12,712,485)</u>	<u>(645,109)</u>	<u>33,716</u>	<u>(13,323,878)</u>
Total capital assets being depreciated, net	<u>12,413,400</u>	<u>829,570</u>	<u>-</u>	<u>13,242,970</u>
Business-type activities capital assets, net	<u>\$ 12,413,400</u>	<u>\$ 829,570</u>	<u>\$ -</u>	<u>\$ 13,242,970</u>

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 4 -- CAPITAL ASSETS (continued):

Depreciation was charged to functions and programs as follows:

Governmental activities:		Business-type activities:	
General government	\$ 117,189	Water	\$ 251,765
Public safety	70,732	Sewer	393,344
Highways and streets	230,543	Total depreciation expense	<u>645,109</u>
Library	14,541	business-type activities	<u>\$ 645,109</u>
Recreation	<u>215,542</u>		
Total depreciation expense			
governmental activities	<u>\$ 648,547</u>		

NOTE 5 -- LONG-TERM DEBT:

Bonds Payable:

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

Series 2014 Sewer Revenue Refunding Bonds:

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

Notes payable:

Banner Bank:

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

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

IFA:

The City received fund advances from Oregon Infrastructure Finance Authority (IFA) on several dates during the current and prior fiscal years. The total loan amount of \$444,815 was closed out during the fiscal year ended June 30, 2020. Repayment commenced on December 1, 2019. The loan is due in seven payments and will carry interest at 1.42% from the date of disbursement.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 5 -- LONG-TERM DEBT (continued):

Notes payable (continued):

IFA:

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

Department of Environmental Quality:

The City received fund advances from the State of Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Loan Fund totaling \$2,838,214 during the current and previous fiscal years. The draw down period has ended. The loan will be due in sixty semi annual payments of \$49,598 and will carry an interest rate of 1.56%. The contract also carries an annual service fee of .5% due each August. Payments have commenced on August 1, 2022. \$500,000 of loan principal was forgiven by DEQ during the current fiscal year, the amount is included as a capital grant in the government-wide and fund financial statements.

The City received fund advances from DEQ totaling \$260,500 during the current and previous fiscal years. The draw down period has ended. The loan will be due in 10 semi annual payments, the first payment of \$1,397 and the remaining nine payments of \$29,337 and will carry interest at .54%. Payments will commence on August 1, 2023.

Individuals:

The City purchased a manufactured home from individuals on May 24, 2022 for \$85,000. The City entered a payment contract for \$42,500 of this purchase. This note is recorded as a debt of the governmental funds. This note was paid off during the current fiscal year. This note carries no interest.

Charitable foundation:

The City purchased a building from a charitable foundation on June 10, 2022 for \$125,000. The City entered a payment contract for \$93,750 of this purchase. This note is recorded as a debt of the governmental funds. This note is being repaid over three years, commencing on August 1, 2022. This note carries no interest.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 5 -- LONG-TERM DEBT (continued):

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities:		
Banner Bank-golf course	2.79%	1,581,757
Charitable Foundation-museum building	0.00%	62,500
		<u>\$1,644,257</u>
Business-type activities:		
DEQ-Industrial wastewater reuse	1.56%	\$2,306,854
DEQ-Wastewater facility planning update	0.54%	260,500
IFA-Recycled industrial water pipeline design	1.42%	195,209
IFA-Sixth street waterline improvements	2.49%	522,228
		<u>\$3,284,791</u>

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

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 101,770	\$ 44,383	\$ 168,655	\$ 74,855
2025	104,497	41,656	199,535	71,095
2026	75,305	39,598	201,047	67,911
2027	77,420	37,483	137,075	64,695
2028	79,595	35,308	143,551	62,382
2029-2033	432,804	141,711	443,859	275,988
2034-2038	497,114	77,401	501,600	212,798
2039-2043	275,752	11,651	557,699	140,759
2044-2048	-	-	548,527	70,789
2049-2053	-	-	383,243	17,448
	<u>\$1,644,257</u>	<u>\$ 429,191</u>	<u>\$3,284,791</u>	<u>\$1,058,720</u>

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 5 -- LONG-TERM DEBT (continued):

Changes in long-term debt

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amount due</u> <u>within</u> <u>one year</u>
Governmental activities:					
Notes Payable:					
Banner Bank	\$ 284,503	\$ -	\$ 284,503	\$ -	\$ -
Banner Bank	1,653,137	-	71,380	1,581,757	-
Individuals	42,500	-	42,500	-	-
Charitable foundation	93,750	-	31,250	62,500	-
Total Governmental activities	<u>\$ 2,073,890</u>	<u>\$ -</u>	<u>\$ 429,633</u>	<u>\$ 1,644,257</u>	<u>\$ -</u>
Business-Type Activities:					
Bonds payable:					
US Bank	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -
Notes payable:					
DEQ	\$ 2,838,214	\$ -	\$ 531,360	\$ 2,306,854	\$ -
DEQ	177,757	82,743	-	260,500	-
IFA	258,740	-	63,531	195,209	-
IFA	534,259	-	12,031	522,228	-
Total notes payable	<u>3,808,970</u>	<u>82,743</u>	<u>606,922</u>	<u>3,284,791</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 4,058,970</u>	<u>\$ 82,743</u>	<u>\$ 856,922</u>	<u>\$ 3,284,791</u>	<u>\$ -</u>

NOTE 6 -- RELATED PARTY:

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

NOTE 7 -- CONTINGENT LIABILITIES:

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 8 -- INTERFUND TRANSACTIONS:

Transfer Out:	Transfer In:								
	General	State Street tax	Capital Reserve	Water Utility	Sewer Utility	Water Reserve	Sewer Reserve	Nonmajor Governmental	Total Transfers Out
General	\$ -	\$ 12,525	\$ 2,486,439	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 246,000	\$ 4,244,964
Water utility	19,220	-	128,250	-	-	340,000	-	-	487,470
Sewer utility	19,220	-	118,250	-	-	-	665,800	-	803,270
Water reserve	-	-	-	1,371,397	-	-	-	-	1,371,397
Sewer reserve	-	-	-	-	103,282	-	-	-	103,282
State street tax	12,000	-	154,250	-	-	-	-	-	166,250
Building Dept.	20,840	-	12,000	-	-	-	-	-	32,840
Nonmajor governmental	10,000	-	-	-	-	-	-	-	10,000
Total transfers in	\$ 81,280	\$ 12,525	\$ 2,899,189	\$ 2,871,397	\$ 103,282	\$ 340,000	\$ 665,800	\$ 246,000	\$ 7,219,473

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

Net transfer from business-type activities:

Transfers out:

Water utility fund	\$ (487,470)
Sewer utility fund	(803,270)
Water reserve fund	(1,371,397)
Sewer reserve fund	(103,282)

Transfers in:

Water utility fund	2,871,397
Sewer utility fund	103,282
Water reserve fund	340,000
Sewer reserve fund	665,800
	<u>\$1,215,060</u>

Net transfers to governmental activities:

Transfers out:

General fund	\$ (4,244,964)
State street tax fund	(166,250)
Building department fund	(32,840)
Non-major governmental funds	(10,000)

Transfers in:

General fund	81,280
State street tax fund	12,525
Capital reserve fund	2,899,189
Non-major governmental funds	246,000
	<u>\$ (1,215,060)</u>

The City makes routine transfers between funds as follows:

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

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

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 8 -- INTERFUND TRANSACTIONS (continued):

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

NOTE 9 -- DEFINED BENEFIT PENSION PLAN:

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

The Oregon Public Employees Retirement System consists of a single cost-sharing multiple employer defined benefit pension plan.

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

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

Pension Benefits:

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

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

Death Benefits:

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

Disability Benefits:

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLAN (continued):

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

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment accounts after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. Under current law, the COLA is capped at 2.0 percent.

OPSRP Defined Benefit Pension Program (ORS Chapter 238A):

Pension Benefits:

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

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

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

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

Death Benefits:

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

Disability Benefits:

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

Benefit Changes After Retirement:

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary: 1.25 percent for beneficiaries receiving yearly benefits below \$60,000 or \$750 plus 0.15 percent for beneficiaries receiving yearly benefits above \$60,000.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLAN (continued):

OPSRP Individual Account Program (OPSRP IAP):

Pension Benefits:

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

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

Death Benefits:

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

Recordkeeping:

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions:

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation. Covered employees are required to contribute 6.00% of wages and the City is required to contribute 20.63% of Tier 1/Tier 2 wages, 13.86% of OPSRP General service wages, and 18.22% of OPSRP Police and Fire wages. Employer Contributions for the year ended June 30, 2023 were \$580,443. The City has opted to pick-up the contributions on behalf of employee; contributions were \$213,802 for the year ended June 30, 2023.

The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 9 -- DEFINED BENEFIT PENSION PLAN (continued):

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

At June 30, 2023, the City reported a liability of \$3,627,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as December 31, 2020 rolled forward to June 30, 2022. At June 30, 2023, the City's proportionate share was 0.02369221%, compared to its proportion of 0.02128494% measured as of June 30, 2022.

For the year ended June 30, 2023, the City recognized pension expense of \$575,401, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 176,098	\$ 22,623
Changes in assumptions	569,214	5,200
Net differences between projected and actual earnings on investments	-	648,572
Changes in proportionate share	685,752	116,717
Differences between employer contributions and proportionate share of contributions	-	498,348
Contributions subsequent to measurement date	<u>580,443</u>	<u>-</u>
	<u>\$2,011,507</u>	<u>\$1,291,460</u>
Net deferred Outflows/(Inflows) of resources		<u>\$ 720,047</u>

Changes in Plan Provisions:

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

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 10 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN:

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

Retirement Health Insurance Account (RHIA):

Plan description:

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

Contributions:

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

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

At June 30, 2023, the City reported an asset of \$55,048 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 and rolled forward to the measurement date of June 30, 2022.

The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actuarial contributions in the fiscal year of all employers. At June 30, 2023 the City's proportion was 0.01549181% compared to its proportion of 0.01429933% measured as of June 30, 2022.

For the year ended June 30, 2023, the City recognized OPEB income of \$6,331.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 10 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN (CONTINUED):

Retirement Health Insurance Account (RHIA) (continued):

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,492
Changes in assumptions	431	1,835
Net differences between projected and actual earnings on investments	-	4,198
Changes in proportionate share	2,160	1,817
Contributions subsequent to the measurement date	27	-
	<u>\$ 2,618</u>	<u>\$ 9,342</u>
Net deferred Outflows/ (Inflows) of resources		<u>\$ (6,724)</u>

Implied Subsidy:

Plan description:

The City operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and prescription coverage benefits to eligible employees and their eligible dependents. The General Fund has typically been used to liquidate this benefit obligation. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

The City offers post-employment health care benefits for certain employees who have completed a specified number of years of continuous service, are eligible for PERS benefits, and have not reached the age of 65 or are eligible for Medicare. The City has discontinued this benefit, and it is not available for employees hired after June 30, 2003. At June 30, 2023, there were no retired participants included in the City post employment benefit program.

The plan provides pre-Medicare health care insurance coverage to retirees based on the gross premium rates charged to active employees. Health care premiums, priced only for retirees who on average incur higher health care claims costs than younger active employees, would be more expensive than health care premiums that are priced to cover the average costs of both actives and retirees combined. The resulting additional cost, or implicit subsidy, must be included in the liabilities and costs reported on the entity's financial statements.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 10 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN (CONTINUED):

Implied Subsidy (continued):

Benefits provided

Retirees under 65 and their spouses are eligible to receive the same health care coverage as active employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The City-paid premium is capped based upon date of retirement, and ranges between \$1,600 per month for employees retiring before July 1, 2011 and reducing to \$700 per month for employees retiring after July 1, 2022. Classified employee's City-paid premium caps are lower than other employees, and will be approximately 88% of other employees retiring after July 1, 2022. The retiree is responsible for any portion of the premiums not paid by the Employer. The retiree is responsible for the dental and vision premiums.

Employees covered by benefit terms

At July 1, 2022, the following employees were covered by the benefit terms:

Active Employees	51
Eligible Retirees	-
Spouses of Ineligible Retirees	-
	<u>51</u>

Total OPEB Liability

The District's total OPEB liability of \$161,899 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial assumptions and other inputs

Inflation rate	2.40%
Salary increases	3.40%
Discount rate	3.54%

Health Care Cost Trend		Pre-65		Pre-65	
		Year	Trend	Year	Trend
Medical	2022		4.25%	2030	4.50%
	2023		6.75%	2031-2065	4.25%
	2024		6.50%	2066-2071	4.00%
	2025		6.00%	2072+	3.75%
	2026		5.25%		
	2027		5.00%		
	2028-2029		4.75%		
	Dental and Vision		4.00% per year		

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 10 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN (CONTINUED):

Implied Subsidy (continued):

Actuarial assumptions and other inputs (continued)

Mortality Pub-2010 General Employee and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

Future mortality improvement: Generational Unisex Social Security Data Scale.

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

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2022	\$ 170,692
Changes for the year:	
Service cost	23,368
Interest on total OPEB liability	4,161
Effect of economic/demographic gains or losses	2,407
Effect of assumptions changes or inputs	(35,839)
Benefit payments	(2,890)
Balance as of June 30, 2023	<u>\$ 161,899</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2022 to 3.54% in 2023.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Implied Subsidy Liability	<u>\$ 177,692</u>	<u>\$ 161,899</u>	<u>\$ 147,444</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Implied Subsidy Liability	<u>\$ 139,546</u>	<u>\$ 161,899</u>	<u>\$ 189,059</u>

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 10 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN (CONTINUED):

Implied Subsidy (continued):

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$15,925. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (49,299)	\$ 2,176
Changes of assumptions or inputs	(44,245)	5,635
Benefit Payments	-	1,775
	<u>\$ (93,544)</u>	<u>\$ 9,586</u>
Net deferred Outflow / (Inflow) of resources		<u>\$ (83,958)</u>

Deferred outflows and inflows of resources will be recognized in OPEB expense (income) as follows:

	Year	Amount
	2024	\$ (11,604)
	2025	(11,604)
	2026	(11,604)
	2027	(11,604)
	2028	(10,687)
	Thereafter	(28,630)
		<u>(85,733)</u>
	Benefit Payments	1,775
Net deferred Outflow / (Inflow) of resources		<u>\$ (83,958)</u>

Changes in Plan Provisions:

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

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 11 -- RISK MANAGEMENT:

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

NOTE 12 -- GARBAGE DISPOSAL CONTRACT:

The City contracts for garbage disposal with a third party. Under terms of the agreement the City remits eighty-four percent of collected sanitation fees to the contracting party, with the General Fund retaining eleven percent of the fees for administration services and five percent for franchise fees.

NOTE 13 -- TAX ABATEMENTS:

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

City property tax revenues were reduced as follows:

Enterprise zones	\$ 282,740
Strategic investment programs	<u>6,020,580</u>
	<u><u>\$ 6,303,320</u></u>

The City received \$6,340,953 related to these agreements.

NOTE 14 -- SUBSEQUENT EVENTS:

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

The Power City and Brownell area water and sewer service extension project is underway. The City estimates the water service portion of this project to cost \$8.1 million. The City has incurred cost of \$593,000 for the water service portion of this project through the fiscal year ended June 30, 2023. The City estimates the sewer service portion of this project to cost \$11.3 million. The City has included \$372,500 for the sewer service portion of this project through the fiscal year ended June 30, 2023. The City anticipates funding the remaining project costs through a mix of grant funds and debt acquisition. The total anticipated debt acquisition is \$14 million.

The Business Center will house the Community Development Department and include a multi-purpose room and full service kitchen in addition to professional office space. The estimated project cost is \$8.4 million, which includes the building, parking and street improvements. The City anticipates funding this entire project from reserves and grant funding. The City anticipates the construction bid to be awarded in early 2024.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2023

NOTE 14 -- SUBSEQUENT EVENTS (continued):

The City will reconstruct the Nugent Park boat ramp to replace the ramp that was damaged by the 2020 floods. This project will be expanded to improve the boat dock, non-motorized ramp, launch staging area, parking area, lighting, utilities, addition of a lift station, restroom, and fish cleaning station. Total project cost are estimated to be \$3.5 million. The City will receive FEMA funds of \$.7 million and expected grant of \$2.1 million. Construction to begin in the spring of 2024.

The City will replace the playground, the pavilion and add additional amenities to Nugent park. The total cost of the project is expected to be \$576,000.

The City will complete the Master Trails Project Plan 2 which will construct a path from South Hill to the pedestrian bridge and ultimately to downtown. The total cost of the project is expected to be \$440,900.

MANAGEMENT DISCUSSION
AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Umatilla’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the City’s financial statements, which precede this section.

Financial Planning Process

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

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

Financial Highlights

- The net position of the City of Umatilla exceeded its liabilities at the close of the most recent fiscal year by \$59,829,359. Of this amount, \$35,438,765 may be used to meet the government’s ongoing obligations to citizens and creditors. This is an increase from last fiscal year of \$10,135,642 to meet ongoing obligations.
- The government’s total net position increased by \$14,269,731.
- As of the close of the current fiscal year, the City of Umatilla’s governmental funds reported combined ending fund balances of \$26,983,234. Only 28.2% of this total amount, \$7,602,013, is available for spending at the government’s discretion. The remainder is reserved for streets, debt service, culture and recreation and capital projects.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,602,013, or 100.6% of total General Fund expenditures. This is an increase from last year of \$2,828,093.
- The City of Umatilla’s total secured debt decreased by \$1,203,812 (19.6%) during the current fiscal year.

Overview of the Financial Statements

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

- Government-wide financial statements
- Fund Financial statements
- Notes to the basic financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The statement of net position presents information on all of the City’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported according to the timing of related cash flows. Thus, revenues and expenses are reported in this statement for those items that resulted in cash flows in this fiscal period.

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

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

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

The government-wide financial statements can be found on pages 9-10 of the basic financial statements.

Fund Financial Statements

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide

financial statements, governmental fund financial statements focus on the acquisition and use of current expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government activities. The reconciliations can be found on pages 12 and 14 in the basic financial statements.

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

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the major special revenue funds as required supplementary information on pages 15-19. Budgetary comparisons for all other governmental funds have been provided elsewhere in this report.

The governmental fund financial statements can be found on pages 11 and 13 in the basic financial statements.

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

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund (and Sewer Reserve) and the Water Fund (and Water Reserve), all of these are considered to be major funds of the City.

The proprietary fund financial statements can be found on pages 20-22 in the basic financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-47 of this report.

Other supplementary information. The combining statements referred to earlier in connection with non-major governmental funds, the schedule of property tax transactions, the schedule of bonded debt transactions and future requirements for bonded debt and four schedules required to demonstrate compliance with bond indenture requirements are included in this report and can be found on pages 59-77.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$59,829,359 at the close of the most recent fiscal year.

A large portion of the City's net position, \$24,055,961, or 40.2% reflects its investment in capital assets (e.g., land and right-of-way, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation) less any debt related to the acquisition of those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Umatilla's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 20,851,676	\$ 26,983,234	\$ 5,422,294	\$ 8,790,164	\$ 26,273,970	\$ 35,773,398
Fixed assets, net, where applicable, of accumulated depreciation	13,005,118	15,742,039	12,413,400	13,242,970	25,418,518	28,985,009
Total assets	33,856,794	42,725,273	17,835,694	22,033,134	51,692,488	64,758,407
Non-current liabilities	1,826,441	1,542,487	3,176,328	3,116,136	5,002,769	4,658,623
Other liabilities	247,449	101,770	882,642	168,655	1,130,091	270,425
Total liabilities	2,073,890	1,644,257	4,058,970	3,284,791	6,132,860	4,929,048
Net position:						
Net investment in capital assets	10,931,228	14,097,782	8,354,430	9,958,179	19,285,658	24,055,961
Restricted	970,847	334,633	-	-	970,847	334,633
Unrestricted	19,880,829	26,648,601	5,422,294	8,790,164	25,303,123	35,438,765
Total net position	<u>\$ 31,782,904</u>	<u>\$ 41,081,016</u>	<u>\$ 13,776,724</u>	<u>\$ 18,748,343</u>	<u>\$ 45,559,628</u>	<u>\$ 59,829,359</u>

A portion of the City's net position, \$334,633, represents resources that are subject to external restrictions on how they may be used. These include debt service and street taxes. The remaining balance of unrestricted net position, \$35,438,765, or 59.2% may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase from last year of \$10,135,642.

City of Umatilla's Change in Net Position

Governmental Activities. Governmental activities increased the City's net position by \$9,298,112.

Business-type activities. Business-type activities increased the City's net position by \$4,971,619.

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Program revenues:						
Charges for services	\$ 4,799,152	\$ 6,519,123	\$ 4,173,533	\$ 4,614,455	\$ 8,972,685	\$ 11,133,578
Contributions and grants	3,130,991	2,943,991	510,375	859,027	3,641,366	3,803,018
General revenues:						
Taxes (all sources)	2,643,100	2,808,008	-	-	2,643,100	2,808,008
Shared revenue	1,142,999	1,175,228	-	-	1,142,999	1,175,228
Use of money and property	68,713	525,782	23,200	136,917	91,913	662,699
Transfers	263,089	(1,215,060)	(263,089)	1,215,060	-	-
Miscellaneous receipts	9,573,856	8,813,459	146,604	2,187,559	9,720,460	11,001,018
Total Revenues	21,621,900	21,570,531	4,590,623	9,013,018	26,212,523	30,583,549
Expenses:						
General government	2,851,791	3,537,544	-	-	2,851,791	3,537,544
Sanitation	940,561	962,649	-	-	940,561	962,649
Streets	738,682	688,663	-	-	738,682	688,663
Library	247,515	276,864	-	-	247,515	276,864
Police	2,803,831	3,041,348	-	-	2,803,831	3,041,348
Recreation	2,259,764	3,765,351	-	-	2,259,764	3,765,351
Sewer and water	-	-	3,150,549	4,041,399	3,150,549	4,041,399
Total expenses	9,842,144	12,272,419	3,150,549	4,041,399	12,992,693	16,313,818
Net position - beginning, as adjusted	20,003,148	31,782,904	12,336,650	13,776,724	32,339,798	45,559,628
Change in net position	11,779,756	9,298,112	1,440,074	4,971,619	13,219,830	14,269,731
Net position, end of year	\$ 31,782,904	\$ 41,081,016	\$ 13,776,724	\$ 18,748,343	\$ 45,559,628	\$ 59,829,359

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,983,234. Approximately 28.2% of this total amount, \$7,602,013, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted or*

committed to indicate that it is not available for new spending because it has already been designated for a variety of purposes.

The General Fund is the chief operating fund of the City of Umatilla. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$7,602,013. As a measure of the General Fund's liquidity it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 100.6% of total General Fund expenditures of \$7,558,885. This ratio has increased from 75.2% in the prior year.

The fund balance of the City's General Fund increased by \$2,828,093 during the fiscal year. The fund experienced notable increases in property tax revenue, intergovernmental revenue from payments in lieu of tax and grant revenue. There was a slight decrease in court collections and franchise fees. Expenditures were up across each department.

The Street Fund has a total fund ending balance of \$330,408, a decrease of \$636,323 from the prior year. The Wanapa Road improvement project concluded, resulting in additional private contribution revenue and corresponding capital outlay and the city finished design and began construction on the Umatilla Pedestrian Bridge Project which resulted in reimbursements from FEMA and Business Oregon. At the end of the fiscal year, there was still one FEMA reimbursement that had not been processed, which made the ending fund balance decrease. That amount will be replenished in the following fiscal year.

The Capital Reserve Fund increased by \$1,936,097 during the fiscal year. The City has been successful in transferring money into the fund for major equipment and other capital purchases. A large portion of the fund balance growth is attributed to planned land acquisition, construction of the Umatilla Business Center and future construction of Umatilla Falls.

The fund balance of the Building Department Fund increased by \$2,470,878 during the fiscal year. A large volume of industrial and residential building activity has allowed this fund to grow each year.

Other governmental funds remained relatively stable during the year.

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

Unrestricted net position of the Sewer Fund, both operating and reserve, at the end of the year amounted to \$5,780,333. The Water Fund, both operating and reserve, had unrestricted net position of \$3,009,831.

General Fund Budgetary Highlights

For the year ended June 30, 2023, there was a very slight variation between the budgeted revenue and the actual revenues received in the General Fund. Collections for franchise fees, charges for services, interest and intergovernmental revenues were slightly above projections, which offset the shortfall in property tax receipts and court collections. Expenditures were under budget in all operating departments.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2023, amounted to \$28,985,009 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment and roads.

City of Umatilla's Capital Assets (net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2023	2022	2023	2022	2023
Land	\$ 3,658,899	\$ 3,448,130	\$ -	\$ -	\$ 3,658,899	\$ 3,448,130
Buildings	2,357,318	2,726,627	-	-	2,357,318	2,726,627
Infrastructure	5,651,879	7,650,601	-	-	5,651,879	7,650,601
Sewer	-	-	8,907,569	8,617,507	8,907,569	8,617,507
Water	-	-	3,505,831	4,625,463	3,505,831	4,625,463
Machinery and						
Equipment	1,155,819	1,452,547	-	-	1,155,819	1,452,547
Vehicles	181,203	464,134	-	-	181,203	464,134
Total	\$ 13,005,118	\$ 15,742,039	\$ 12,413,400	\$ 13,242,970	\$ 25,418,518	\$ 28,985,009

Additional information on the City's capital assets can be found in note 4 in the Notes to the Basic Financial Statement section of this report.

Long-term debt. At the end of the current fiscal year, the City had zero bonded debt outstanding. This debt represents bonds secured solely by specified revenue sources.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2023	2022	2023	2022	2023
Special Assessment debt with governmental Commitment	\$ 2,073,890	\$ 1,644,257	\$ -	\$ -	\$ 2,073,890	\$ 1,644,257
Special Assessment debt with enterprise fund Commitment	\$ -	\$ -	\$ 3,808,970	\$ 3,284,791	\$ 3,808,970	\$ 3,284,791
Revenue Bonds	-	-	250,000	-	250,000	-
Total	\$ 2,073,890	\$ 1,644,257	\$ 4,058,970	\$ 3,284,791	\$ 6,132,860	\$ 4,929,048

The City's total debt decreased by \$1,203,812 (19.6%) during the current fiscal year. Additional information on the City's outstanding debt can be found in note 5 in Notes to the Basic Financial Statement section of this report.

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY2024 budget:

- Assessed values, the basis of property tax revenues, will grow by 3%. In the previous fiscal year, the City saw a 6% increase in value due to the consumable property at the data centers that have passed the three-year abatement. The City anticipates another 7% increase in property tax receipts in the next fiscal year.
- To date, the City has received nearly \$2.7 million in Community Service Fee (CSF) revenue related to the enterprise zone agreements on the first four buildings of PDX2, which includes \$435,000 from FY2023. The City anticipates the FY2024 payment to be significantly less at \$107,000.
- In FY2023, the City received the fourth set of payments resulting from the SIP agreement on the fifth building of PDX2 and the PDX63 campus. The first category of payments is ad valorem taxes in which the first \$25 million in real market value shall be taxable at its assessed value. The City received the full \$73,000 in additional annual property tax revenue for FY2023. This payment will remain the same moving forward. The second category is the Community Service Fee (CSF) in an amount equal to 25% of the property taxes that would be due on the exempt property, not exceeding \$500,000 in any year for 15 years. An agreement was made in July 2018 to distribute the \$500,000 among the City and the special taxing districts. The City's maximum annual distribution will be \$91,197 and the full amount was received in this fiscal year. This payment will remain the same for the full 15-year period. The third category is the Additional Annual Improvement Payment. This payment is to be split between the City and Umatilla County for 15 years. Both entities initially received \$2 million annually, but in FY2023, our distribution increased to \$2.75 million due to the addition of two buildings at the Westland Road campus.
- The City Council approved a 7% water and sewer rate increase effective July 1, 2023 based upon a comprehensive rate study completed by FCS Group in 2020 and current economic conditions. They also approved a 13.04% refuse rate increase upon request of Sanitary Disposal.
- The City's electrical franchise agreement cap with UEC was re-negotiated in March 2020. The previous cap was \$500,000 annually. The new agreement contains an increased cap of \$1 million in 2020-2024 and \$1.5 million in 2025-2029. It is anticipated the full \$1 million will be collected in FY2024. The City also projects revenue of \$210,000 from Pacific Power.
- Insurance costs will be higher for the FY2024 budget. Property and auto rates are increasing by 23% and liability rates are increasing by 9%. The City estimates an overall premium increase of \$26,300.
- Council approved a cost-of-living-adjustment (COLA) of 5% for all non-union employees effective July 1, 2023.
- The City and the Umatilla Police Officers Association are nearing the end of the second year of the current police collective bargaining agreement that is in effect through June 30, 2024. The agreement grants a salary increase of 3.5% per year.
- The City and Teamsters Local No. 670 are nearing the end of the first year of the current public works collective bargaining agreement that is in effect through June 30, 2025. The agreement grants a salary increase of 1.75% for the upcoming year, and 2% for the final year.

- Our current PERS rates are effective until June 30, 2023. For the next biennium our rates will increase from 20.63% to 25.30% for Tier 1 and Tier 2, from 13.86% to 17.29% for OPSRP General Schedule and from 18.22% to 22.08% for OPSRP Police. In addition to the employer's portion, the City pays the employee's 6% required match.
- Medical insurance costs will increase by 5% for the next budget cycle. Delta Dental plans will remain flat and Willamette Dental plan premiums will increase by 6% and vision premiums will increase by 9%. The lower cost items such as life insurance and accidental death and disability will remain flat.
- The FY2024 budget continues to demonstrate an increased emphasis on technology upgrades and staff training among all departments.
- The FY2024 budget incorporates the addition of a Senior Accountant, a Deputy City Recorder, three additional Maintenance Worker I positions, an additional Patrol Officer, the conversion of a part-time administrative assistant to full-time at the police department, and the conversion of a part-time recreation aid into a full-time recreation coordinator. Personnel costs will increase accordingly.
- The City was successful at securing an Oregon Parks and Recreational Regional Trails Program grant for completion of the Master Trails Plan Project 2 which will include design and construction of a section of path that will connect the South Hill region to the west side of the pedestrian bridge, and ultimately to the downtown area. The new ADA-compliant paved path will be approximately 1,000 feet in length running from Powerline Road to Stephens Avenue to connect to the reconstructed footbridge over the Umatilla River. The project will also include demolishing and removing the existing substandard asphalt path. The total project budget is \$440,900 which is made up of City cash match of \$276,900 and a grant of \$164,000.
- City staff has been working with Seder Architecture & Urban Design on a renovation and expansion project of the old post office building into the new City of Umatilla Business Center. This Business Center will house the Community Development Department and a multi-use room and kitchen for events and meetings in the existing building and will have a two-story expansion that will serve as a business incubator for new business owners on the lower level, while providing long term rental space on the second floor. The City estimates this project will cost \$8.4 million, which includes the building, parking and street improvements. City staff has secured \$1.8 million in legislative funding, a \$1 million contribution from Umatilla County, a \$1.4 million grant from EDA and will fund the remainder from the City's ARPA allocation and capital reserves. The City anticipates the project to bid early 2024 with an 18-month construction period.
- This budget includes funds to reconstruct an all-new pedestrian bridge over the Umatilla River to replace the bridge that was damaged by flooding in 2019 and 2020. This project also includes replacing the 18" waterline that was damaged by the flooding. The City anticipates the total project cost at \$7.2 million. The City will receive FEMA funds of \$5,450,000, Special Public Works Grant Funds of \$750,000 and will take out a loan for the remaining \$1 million. Construction is currently underway and expected to conclude during FY2024.
- The City was recently awarded a grant to the Oregon Parks and Recreation Land and Water Conservation Fund (LCWF) for the rehabilitation of Nugent Park. The scope of work includes replacement of playground equipment, replacement of the pavilion and sidewalk and parking lot improvements. The project is estimated at \$576,000 with a 50%, or \$288,000, matching requirement. This project is included in the current budget and will roll forward to the next fiscal year.
- The FY2024 budget includes \$1.6 million to update Umatilla Falls at the intersection of US-730 and Highway 395. This will be a great artistic and beautiful gateway project for the City. The new project will feature

ornamental hardscapes and landscapes that put our local arid beauty on display, water features that will enhance the design and represent our historical two rivers, artist created pieces that highlight our rivers and our history, and light features to create a beautiful and urban evening display. This project will primarily be funded from capital reserve funds.

- City staff has been working with the surrounding cities and Umatilla County on a regional homeless solution, which the City is referring to as Project PATH (Practical Assistance through Transitional Housing). The project was recently awarded a \$1 million grant to develop a strategic plan for a regional homeless facility that will carry into FY2024. Umatilla is the fiscal agent on this project.
- The Power City and Brownell area water and sewer service extension construction projects will commence in FY2024. The City estimates the water service portion of the project to cost \$8.1 million and will fund the water project through a mixture of grant and loan funds. The City estimates the sewer service portion of this project to cost \$11.3 million and will fund the entirety of the sewer project with a loan.
- The city is currently working on an engineering and permitting project to enlarge and upgrade the surface water diversion and related pipeline transmission facilities located on the south bank of the Columbia River, which is owned by the CTUIR. This system will allow the city to supply the data centers with raw water to meet their cooling needs, increase the flexibility of our potable water system by adding the ability to divert water at a second site and allow CTUIR's water to be discharged to maintain the Wanaket Wildlife Refuge and Wetlands. The design portion of this project is anticipated at \$2.5 million and the city's portion of the construction is estimated at \$25.2 million. For design, the city is taking out a loan for 40%, or approximately \$1 million from Business Oregon. The remainder will be funded with an upfront capital reimbursement from an industrial developer. For construction, the city anticipates obtaining a \$10 million loan from Business Oregon and funding the remainder of the project with an upfront capital reimbursement from an industrial developer.
- The FY2024 budget continues to incorporate many design projects. The Umatilla Marina has reached the end of its useful life and needs a full replacement. The budget includes \$487,300 to complete phase I design on an all-new state-of-the-art marina. The budget also includes \$900,000 towards the design of a new Police Department facility to replace the existing building. Lastly, the budget includes \$500,000 for the design of Hash Park improvements.

Request for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

SUPPLEMENTARY INFORMATION

CITY OF UMATILLA, OREGON

Non-major Governmental Funds

June 30, 2023

SPECIAL REVENUE FUNDS:

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

Library Fund

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

Transient Room Tax Fund

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

CAPITAL PROJECT FUNDS:

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

Building Reserve Fund

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

CITY OF UMATILLA, OREGON

Non-major Governmental Funds
Combining Balance Sheet - Modified Cash Basis
June 30, 2023

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total Non-major Governmental Funds</u>
	<u>Library</u>	<u>Transient Room Tax</u>	<u>Building Reserve</u>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 221,607	\$ 46,887	\$ 20,608	\$ 289,102
<u>LIABILITIES</u>	\$ -	\$ -	\$ -	\$ -
<u>FUND BALANCES:</u>				
Committed	221,607	46,887	20,608	289,102
Total liabilities and fund balances	\$ 221,607	\$ 46,887	\$ 20,608	\$ 289,102

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Non-major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

Modified Cash Basis

Year Ended June 30, 2023

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total Non-major Governmental Funds</u>
	<u>Library</u>	<u>Transient Room Tax</u>	<u>Building Reserve</u>	
<u>REVENUES:</u>				
Intergovernmental	\$ 268,224	\$ -	\$ -	\$ 268,224
Fees, licenses, and permits	-	128,850	-	128,850
Investment interest	5,235	5,667	7,191	18,093
Grant revenues	1,640	-	-	1,640
Miscellaneous	688	35,568	132,922	169,178
Total revenues	<u>275,787</u>	<u>170,085</u>	<u>140,113</u>	<u>585,985</u>
<u>EXPENDITURES:</u>				
Current:				
Library	262,323	-	-	262,323
Cultural and recreation	-	777,640	-	777,640
Debt service:				
Principal	-	-	284,503	284,503
Interest	-	-	13,360	13,360
Total expenditures	<u>262,323</u>	<u>777,640</u>	<u>297,863</u>	<u>1,337,826</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>13,464</u>	<u>(607,555)</u>	<u>(157,750)</u>	<u>(751,841)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in	20,000	226,000	-	246,000
Operating transfers out	(10,000)	-	-	(10,000)
Total other financing sources	<u>10,000</u>	<u>226,000</u>	<u>-</u>	<u>236,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>23,464</u>	<u>(381,555)</u>	<u>(157,750)</u>	<u>(515,841)</u>
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>198,143</u>	<u>428,442</u>	<u>178,358</u>	<u>804,943</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 221,607</u>	<u>\$ 46,887</u>	<u>\$ 20,608</u>	<u>\$ 289,102</u>

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Library Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Library district	\$ 265,934	\$ 265,934	\$ 268,224	\$ 2,290
Grants	2,500	2,500	1,640	(860)
Interest income	1,000	1,000	5,235	4,235
Other	1,250	1,250	688	(562)
Total revenues	<u>270,684</u>	<u>270,684</u>	<u>275,787</u>	<u>5,103</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the General Fund	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>188,353</u>	<u>188,353</u>	<u>198,143</u>	<u>9,790</u>
	<u>\$ 479,037</u>	<u>\$ 479,037</u>	<u>\$ 493,930</u>	<u>\$ 14,893</u>
<u>EXPENDITURES:</u>				
Current:				
Library:				
Personnel services	\$ 219,814	\$ 219,814	\$ 207,439	\$ 12,375
Materials and services	65,740	65,740	54,884	10,856
Capital outlay	5,000	5,000	-	5,000
Operating contingency	15,000	15,000	-	15,000
Total expenditures	<u>305,554</u>	<u>305,554</u>	<u>262,323</u>	<u>43,231</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To the General Fund	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures and transfers	<u>315,554</u>	<u>315,554</u>	<u>272,323</u>	<u>\$ 43,231</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>163,483</u>	<u>163,483</u>	<u>221,607</u>	
	<u>\$ 479,037</u>	<u>\$ 479,037</u>	<u>\$ 493,930</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Transient Room Tax Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Motel tax	\$ 74,000	\$ 74,000	\$ 78,447	\$ 4,447
Tourism promotion assessment	54,000	54,000	50,403	(3,597)
Interest income	1,300	1,300	5,667	4,367
Miscellaneous	215,000	215,000	35,568	(179,432)
Total revenues	<u>344,300</u>	<u>344,300</u>	<u>170,085</u>	<u>(174,215)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the General Fund	<u>76,000</u>	<u>226,000</u>	<u>226,000</u>	<u>-</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>428,437</u>	<u>428,437</u>	<u>428,442</u>	<u>5</u>
	<u>\$ 848,737</u>	<u>\$ 998,737</u>	<u>\$ 824,527</u>	<u>\$ (174,210)</u>
<u>EXPENDITURES:</u>				
Current:				
Personnel services	\$ 7,071	\$ 7,071	\$ 6,815	\$ 256
Culture and recreation:				
Materials and services	708,174	858,174	770,825	87,349
Capital outlay	106,275	106,275	-	106,275
Total expenditures	<u>821,520</u>	<u>971,520</u>	<u>777,640</u>	<u>\$ 193,880</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>27,217</u>	<u>27,217</u>	<u>46,887</u>	
	<u>\$ 848,737</u>	<u>\$ 998,737</u>	<u>\$ 824,527</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Capital Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest income	\$ 17,000	\$ 17,000	\$ 274,032	\$ 257,032
Grants	3,521,722	3,521,722	24,237	(3,497,485)
Miscellaneous income	1,671,652	1,707,652	886,807	(820,845)
	<u>5,210,374</u>	<u>5,246,374</u>	<u>1,185,076</u>	<u>(4,061,298)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the Sewer Fund	118,250	118,250	118,250	-
From the Water Fund	128,250	128,250	128,250	-
From the General Fund	2,986,439	2,986,439	2,486,439	(500,000)
From the State Tax Street Fund	154,250	154,250	154,250	-
From the Building Department Fund	12,000	12,000	12,000	-
	<u>3,399,189</u>	<u>3,399,189</u>	<u>2,899,189</u>	<u>(500,000)</u>
Total revenues and transfers	8,609,563	8,645,563	4,084,265	(4,561,298)
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	10,386,293	10,470,343	10,604,084	133,741
	<u>\$18,995,856</u>	<u>\$ 19,115,906</u>	<u>\$14,688,349</u>	<u>\$ (4,427,557)</u>
<u>EXPENDITURES:</u>				
Current:				
General government:				
Debt service	\$ 146,154	\$ 146,204	\$ 146,163	\$ 41
Capital outlay	17,237,843	17,357,843	2,002,005	15,355,838
	<u>17,383,997</u>	<u>17,504,047</u>	<u>2,148,168</u>	<u>\$15,355,879</u>
<u>UNAPPROPRIATED BALANCE</u>	1,611,859	1,611,859	12,540,181	
	<u>\$18,995,856</u>	<u>\$ 19,115,906</u>	<u>\$14,688,349</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Building Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest	\$ 1,000	\$ 1,000	\$ 7,191	\$ 6,191
Calpine co-gen plant	132,922	132,922	132,922	-
	<u>133,922</u>	<u>133,922</u>	<u>140,113</u>	<u>6,191</u>
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>178,157</u>	<u>178,157</u>	<u>178,358</u>	<u>201</u>
	<u>\$ 312,079</u>	<u>\$ 312,079</u>	<u>\$ 318,471</u>	<u>\$ 6,392</u>
<u>EXPENDITURES:</u>				
Debt service	\$ 312,079	\$ 312,079	\$ 297,863	\$ 14,216
<u>UNAPPROPRIATED BALANCE</u>				
	<u>-</u>	<u>-</u>	<u>20,608</u>	
	<u>\$ 312,079</u>	<u>\$ 312,079</u>	<u>\$ 318,471</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Debt Service Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes:				
Prior	\$ 175	\$ 175	\$ 17	\$ (158)
Interest income	15	15	92	77
	<u>190</u>	<u>190</u>	<u>109</u>	<u>(81)</u>
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>4,090</u>	<u>4,090</u>	<u>4,116</u>	<u>26</u>
	<u>\$ 4,280</u>	<u>\$ 4,280</u>	<u>\$ 4,225</u>	<u>\$ (55)</u>
<u>EXPENDITURES:</u>				
	\$ -	\$ -	\$ -	<u>\$ -</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>4,280</u>	<u>4,280</u>	<u>4,225</u>	
	<u>\$ 4,280</u>	<u>\$ 4,280</u>	<u>\$ 4,225</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Water Utility Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Water service	\$ 1,712,000	\$ 1,712,000	\$ 1,930,451	\$ 218,451
Interest and other	155,200	155,200	139,567	(15,633)
Total revenues	<u>1,867,200</u>	<u>1,867,200</u>	<u>2,070,018</u>	<u>202,818</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the General Fund	-	1,500,000	1,500,000	-
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>123,603</u>	<u>123,603</u>	<u>73,294</u>	<u>(50,309)</u>
	<u>\$ 1,990,803</u>	<u>\$ 3,490,803</u>	<u>\$ 3,643,312</u>	<u>\$ 152,509</u>
<u>EXPENDITURES:</u>				
Personnel services	\$ 672,843	\$ 672,843	\$ 574,304	\$ 98,539
Materials and services	590,800	2,190,800	1,255,442	935,358
Debt service	35,499	35,499	35,499	-
Contingency	100,000	-	-	-
	<u>1,399,142</u>	<u>2,899,142</u>	<u>1,865,245</u>	<u>1,033,897</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To the Capital Reserve Fund	128,250	128,250	128,250	-
To the General Fund	19,220	19,220	19,220	-
To the Water Reserve Fund	340,000	340,000	340,000	-
	<u>487,470</u>	<u>487,470</u>	<u>487,470</u>	<u>-</u>
Total expenditures and transfers	1,886,612	3,386,612	2,352,715	<u>\$ 1,033,897</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>104,191</u>	<u>104,191</u>	<u>1,290,597</u>	
	<u>\$ 1,990,803</u>	<u>\$ 3,490,803</u>	<u>\$ 3,643,312</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Sewer Utility Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Sewer service	\$ 2,312,190	\$ 2,312,190	\$ 2,343,051	\$ 30,861
Interest income	2,600	2,600	14,626	12,026
Other income	112,500	112,500	132,015	19,515
Total revenues	<u>2,427,290</u>	<u>2,427,290</u>	<u>2,489,692</u>	<u>62,402</u>
<u>BEGINNING FUND BALANCE</u>				
<u>AVAILABLE FOR APPROPRIATION</u>	<u>928,133</u>	<u>928,133</u>	<u>832,329</u>	<u>(95,804)</u>
	<u>\$ 3,355,423</u>	<u>\$ 3,355,423</u>	<u>\$ 3,322,021</u>	<u>\$ (33,402)</u>
<u>EXPENDITURES:</u>				
Personnel services	\$ 757,357	\$ 757,357	\$ 642,831	\$ 114,526
Materials and service	511,575	611,575	580,112	31,463
Debt service	461,303	461,303	461,301	2
Contingency	150,000	50,000	-	50,000
	<u>1,880,235</u>	<u>1,880,235</u>	<u>1,684,244</u>	<u>195,991</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To the Sewer Reserve Fund	665,800	665,800	665,800	-
To the General Fund	19,220	19,220	19,220	-
To the Capital Reserve Fund	118,250	118,250	118,250	-
	<u>803,270</u>	<u>803,270</u>	<u>803,270</u>	<u>-</u>
Total expenditures and transfers	<u>2,683,505</u>	<u>2,683,505</u>	<u>2,487,514</u>	<u>\$ 195,991</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>671,918</u>	<u>671,918</u>	<u>834,507</u>	
	<u>\$ 3,355,423</u>	<u>\$ 3,355,423</u>	<u>\$ 3,322,021</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Water Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
SDC for water system improvement	\$ 360,000	\$ 360,000	\$ 153,727	\$ (206,273)
Grant revenue and other	4,156,700	4,156,700	1,267,468	(2,889,232)
Interest income	6,000	6,000	22,339	16,339
	<u>4,522,700</u>	<u>4,522,700</u>	<u>1,443,534</u>	<u>(3,079,166)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the Water Fund	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>	<u>-</u>
Total revenues and transfers	4,862,700	4,862,700	1,783,534	(3,079,166)
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>1,633,817</u>	<u>1,633,817</u>	<u>1,316,628</u>	<u>(317,189)</u>
	<u><u>\$ 6,496,517</u></u>	<u><u>\$ 6,496,517</u></u>	<u><u>\$ 3,100,162</u></u>	<u><u>\$ (3,396,355)</u></u>
<u>EXPENDITURES:</u>				
Materials and services	\$ 367,850	\$ 367,850	\$ 162,659	\$ 205,191
Capital outlay	5,135,711	5,135,711	1,218,269	3,917,442
Contingency	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total expenditures	5,803,561	5,803,561	1,380,928	<u><u>\$ 4,422,633</u></u>
<u>UNAPPROPRIATED BALANCE</u>	<u>692,956</u>	<u>692,956</u>	<u>1,719,234</u>	
	<u><u>\$ 6,496,517</u></u>	<u><u>\$ 6,496,517</u></u>	<u><u>\$ 3,100,162</u></u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Sewer Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
SDC for sewer system improvement	\$ 435,000	\$ 435,000	\$ 187,226	\$ (247,774)
Interest	12,000	12,000	89,145	77,145
Other income	200,000	700,000	1,101,086	401,086
	<u>647,000</u>	<u>1,147,000</u>	<u>1,377,457</u>	<u>230,457</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the Sewer Fund	<u>665,800</u>	<u>665,800</u>	<u>665,800</u>	<u>-</u>
Total revenues and transfers	1,312,800	1,812,800	2,043,257	230,457
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>3,095,048</u>	<u>3,095,048</u>	<u>3,200,043</u>	<u>104,995</u>
	<u>\$ 4,407,848</u>	<u>\$ 4,907,848</u>	<u>\$ 5,243,300</u>	<u>\$ 335,452</u>
<u>EXPENDITURES:</u>				
Materials and services	\$ 225,000	\$ 225,000	\$ 103,282	\$ 121,718
Capital outlay	930,860	1,430,860	194,192	1,236,668
Contingency	400,000	400,000	-	400,000
Total expenditures	1,555,860	2,055,860	297,474	<u>\$ 1,758,386</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>2,851,988</u>	<u>2,851,988</u>	<u>4,945,826</u>	
	<u>\$ 4,407,848</u>	<u>\$ 4,907,848</u>	<u>\$ 5,243,300</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

All Enterprise Funds
Reconciliation of Revenues and Expenditures (Budgetary Basis)
to Statement of Revenues, Expenses, and Changes in Fund Net Position
(Modified Cash Basis)
Year Ended June 30, 2023

	<u>Water</u> <u>Utility</u>	<u>Sewer</u> <u>Utility</u>	<u>Water</u> <u>Reserve</u>	<u>Sewer</u> <u>Reserve</u>	<u>Total</u>
<u>REVENUES</u>	\$2,070,018	\$2,489,692	\$ 1,443,534	\$ 1,377,457	\$7,380,701
<u>EXPENDITURES</u>	<u>(1,865,245)</u>	<u>(1,684,244)</u>	<u>(1,380,928)</u>	<u>(297,474)</u>	<u>(5,227,891)</u>
<u>REVENUES OVER</u>					
<u>EXPENDITURES-- BUDGETARY</u>					
<u>BASIS</u>	<u>204,773</u>	<u>805,448</u>	<u>62,606</u>	<u>1,079,983</u>	<u>2,152,810</u>
<u>TRANSFERS (MODIFIED CASH</u>					
<u>BASIS):</u>					
Operating transfers in	2,871,397	103,282	340,000	665,800	3,980,479
Operating transfers out	<u>(487,470)</u>	<u>(803,270)</u>	<u>(1,371,397)</u>	<u>(103,282)</u>	<u>(2,765,419)</u>
	<u>2,383,927</u>	<u>(699,988)</u>	<u>(1,031,397)</u>	<u>562,518</u>	<u>1,215,060</u>
<u>ADJUSTMENTS:</u>					
Principal payments on debt	12,031	844,891	-	-	856,922
Capital outlay transfers	(1,371,397)	(103,282)	1,371,397	103,282	-
Loan proceeds	-	(82,743)	-	-	(82,743)
Depreciation and amortization	(251,765)	(393,344)	-	-	(645,109)
Capital asset purchases	<u>1,371,397</u>	<u>103,282</u>	<u>-</u>	<u>-</u>	<u>1,474,679</u>
	<u>(239,734)</u>	<u>368,804</u>	<u>1,371,397</u>	<u>103,282</u>	<u>1,603,749</u>
<u>CHANGE IN NET POSITION PER</u>					
<u>STATEMENT OF REVENUES,</u>					
<u>EXPENSES, AND CHANGES IN</u>					
<u>FUND NET POSITION -</u>					
<u>MODIFIED CASH BASIS</u>	<u>\$2,348,966</u>	<u>\$ 474,264</u>	<u>\$ 402,606</u>	<u>\$ 1,745,783</u>	<u>\$4,971,619</u>

CITY OF UMATILLA, OREGON

All Enterprise Funds
Reconciliation of Fund Balance (Budgetary Basis)
to Net Position -- Proprietary Funds Statement of Net Position
(Modified Cash Basis)
June 30, 2023

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<u>FUND BALANCE</u> <u>(Budgetary Basis)</u>	\$ 1,290,597	\$ 834,507	\$ 1,719,234	\$ 4,945,826	\$ 8,790,164
<u>ADD (DEDUCT):</u>					
Fixed assets	4,625,463	8,617,507	-	-	13,242,970
Notes payable to bank	<u>(522,228)</u>	<u>(2,762,563)</u>	<u>-</u>	<u>-</u>	<u>(3,284,791)</u>
<u>NET POSITION</u>	<u>\$ 5,393,832</u>	<u>\$ 6,689,451</u>	<u>\$ 1,719,234</u>	<u>\$ 4,945,826</u>	<u>\$ 18,748,343</u>

CITY OF UMATILLA, OREGON

Statement of Net Position - Modified Cash Basis
Proprietary Funds
June 30, 2023
(with comparative totals for June 30, 2022)

	<u>Water Utility</u>		<u>Sewer Utility</u>		<u>Water Reserve</u>		<u>Sewer Reserve</u>		<u>Totals June 30,</u>	
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS:</u>										
Cash and cash equivalents	\$ 1,290,597	\$ 73,294	\$ 834,507	\$ 832,329	\$ 1,719,234	\$ 1,316,628	\$ 4,945,826	\$ 3,200,043	\$ 8,790,164	\$ 5,422,294
Capital assets, less accumulated depreciation	4,625,463	3,505,831	8,617,507	8,907,569	-	-	-	-	13,242,970	12,413,400
	<u>5,916,060</u>	<u>3,579,125</u>	<u>9,452,014</u>	<u>9,739,898</u>	<u>1,719,234</u>	<u>1,316,628</u>	<u>4,945,826</u>	<u>3,200,043</u>	<u>22,033,134</u>	<u>17,835,694</u>
<u>LIABILITIES:</u>										
Note payable	522,228	534,259	2,762,563	3,274,711	-	-	-	-	3,284,791	3,808,970
Bonds payable	-	-	-	250,000	-	-	-	-	-	250,000
Total liabilities	<u>522,228</u>	<u>534,259</u>	<u>2,762,563</u>	<u>3,524,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,284,791</u>	<u>4,058,970</u>
<u>NET POSITION:</u>										
Net investment in capital assets	4,103,235	2,971,572	5,854,944	5,382,858	-	-	-	-	9,958,179	8,354,430
Unrestricted	1,290,597	73,294	834,507	832,329	1,719,234	1,316,628	4,945,826	3,200,043	8,790,164	5,422,294
Total net position	<u>\$ 5,393,832</u>	<u>\$ 3,044,866</u>	<u>\$ 6,689,451</u>	<u>\$ 6,215,187</u>	<u>\$ 1,719,234</u>	<u>\$ 1,316,628</u>	<u>\$ 4,945,826</u>	<u>\$ 3,200,043</u>	<u>\$ 18,748,343</u>	<u>\$ 13,776,724</u>

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Statement of Revenues, Expenses, and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds
June 30, 2023
(with comparative totals for June 30, 2022)

	Water Utility		Sewer Utility		Water Reserve		Sewer Reserve		Totals June 30,	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022	2023	2022
<u>OPERATING REVENUES:</u>										
Charges for sales and services:										
Water	\$ 1,930,451	\$ 1,532,402	\$ -	\$ -	\$ 153,727	\$ 256,288	\$ -	\$ -	\$ 2,084,178	\$ 1,788,690
Sewer	-	-	2,343,051	2,078,502	-	-	187,226	306,341	2,530,277	2,384,843
Miscellaneous revenues	128,760	114,203	549,272	52,401	1,267,468	273,905	1,101,086	216,470	3,046,586	656,979
Total operating revenue	<u>2,059,211</u>	<u>1,646,605</u>	<u>2,892,323</u>	<u>2,130,903</u>	<u>1,421,195</u>	<u>530,193</u>	<u>1,288,312</u>	<u>522,811</u>	<u>7,661,041</u>	<u>4,830,512</u>
<u>OPERATING EXPENSES:</u>										
Cost of sales and services	1,829,746	1,364,886	1,222,943	1,076,780	9,531	11,679	194,192	27,306	3,256,412	2,480,651
Depreciation and amortization	251,765	246,546	393,344	390,427	-	-	-	-	645,109	636,973
Total operating expenses	<u>2,081,511</u>	<u>1,611,432</u>	<u>1,616,287</u>	<u>1,467,207</u>	<u>9,531</u>	<u>11,679</u>	<u>194,192</u>	<u>27,306</u>	<u>3,901,521</u>	<u>3,117,624</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(22,300)</u>	<u>35,173</u>	<u>1,276,036</u>	<u>663,696</u>	<u>1,411,664</u>	<u>518,514</u>	<u>1,094,120</u>	<u>495,505</u>	<u>3,759,520</u>	<u>1,712,888</u>
<u>NONOPERATING REVENUES</u>										
<u>(EXPENSES):</u>										
Interest on investments	10,807	958	14,626	3,175	22,339	6,252	89,145	12,815	136,917	23,200
Interest expense	(23,468)	(16,963)	(116,410)	(15,962)	-	-	-	-	(139,878)	(32,925)
Total nonoperating revenue (expenses)	<u>(12,661)</u>	<u>(16,005)</u>	<u>(101,784)</u>	<u>(12,787)</u>	<u>22,339</u>	<u>6,252</u>	<u>89,145</u>	<u>12,815</u>	<u>(2,961)</u>	<u>(9,725)</u>
<u>INCOME (LOSS) BEFORE</u>										
<u>TRANSFERS</u>	(34,961)	19,168	1,174,252	650,909	1,434,003	524,766	1,183,265	508,320	3,756,559	1,703,163
Transfers in (out)	<u>2,383,927</u>	<u>204,108</u>	<u>(699,988)</u>	<u>(478,040)</u>	<u>(1,031,397)</u>	<u>(315,654)</u>	<u>562,518</u>	<u>326,497</u>	<u>1,215,060</u>	<u>(263,089)</u>
<u>CHANGE IN NET POSITION</u>	<u>2,348,966</u>	<u>223,276</u>	<u>474,264</u>	<u>172,869</u>	<u>402,606</u>	<u>209,112</u>	<u>1,745,783</u>	<u>834,817</u>	<u>4,971,619</u>	<u>1,440,074</u>
<u>TOTAL NET POSITION -</u>										
<u>BEGINNING</u>	<u>3,044,866</u>	<u>2,821,590</u>	<u>6,215,187</u>	<u>6,042,318</u>	<u>1,316,628</u>	<u>1,107,516</u>	<u>3,200,043</u>	<u>2,365,226</u>	<u>13,776,724</u>	<u>12,336,650</u>
<u>TOTAL NET POSITION -</u>										
<u>ENDING</u>	<u>\$ 5,393,832</u>	<u>\$ 3,044,866</u>	<u>\$ 6,689,451</u>	<u>\$ 6,215,187</u>	<u>\$ 1,719,234</u>	<u>\$ 1,316,628</u>	<u>\$ 4,945,826</u>	<u>\$ 3,200,043</u>	<u>\$ 18,748,343</u>	<u>\$ 13,776,724</u>

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

**Schedule of Future Debt Service Requirements
of Long-Term Debt
June 30, 2023**

Maturing During Year Ending June 30,	Banner Bank December 18, 2020		IFA February 18, 2021		IFA December 1, 2019		DEQ Clean Water Loan February 4, 2022		DEQ WW facility plan February 1, 2023	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 70,520	\$ 44,383	12,132	22,867	\$ 64,433	\$ 2,772	\$ 63,456	\$ 47,116	\$ 28,634
2025	73,247	41,656	12,239	22,260	65,348	1,857	64,449	45,803	57,499	1,175
2026	75,305	39,598	12,351	21,648	65,428	929	65,458	44,470	57,810	864
2027	77,420	37,483	12,468	21,030	-	-	66,484	43,114	58,123	551
2028	79,595	35,308	17,592	20,407	-	-	67,525	41,738	58,434	237
2029-2033	432,804	141,711	90,037	88,707	-	-	353,822	187,281	-	-
2034-2038	497,114	77,401	119,191	63,302	-	-	382,409	149,496	-	-
2039-2043	275,752	11,651	144,391	32,103	-	-	413,308	108,656	-	-
2044-2048	-	-	101,827	6,270	-	-	446,700	64,519	-	-
2049-2053	-	-	-	-	-	-	383,243	17,448	-	-
	<u>\$1,581,757</u>	<u>\$ 429,191</u>	<u>\$ 522,228</u>	<u>\$ 298,594</u>	<u>\$ 195,209</u>	<u>\$ 5,558</u>	<u>\$2,306,854</u>	<u>\$ 749,641</u>	<u>\$ 260,500</u>	<u>\$ 4,927</u>

Maturing During Year Ending June 30,	Charitable foundation June 10, 2022		Total	
	Principal	Interest	Principal	Interest
	2024	\$ 31,250	\$ -	\$ 270,425
2025	31,250	-	304,032	112,751
2026	-	-	276,352	107,509
2027	-	-	214,495	102,178
2028	-	-	223,146	97,690
2029-2033	-	-	876,663	417,699
2034-2038	-	-	998,714	290,199
2039-2043	-	-	833,451	152,410
2044-2048	-	-	548,527	70,789
2049-2053	-	-	383,243	17,448
	<u>\$ 62,500</u>	<u>\$ -</u>	<u>\$ 4,929,048</u>	<u>\$1,487,911</u>

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Schedule of Long-Term Debt Transactions
Year Ended June 30, 2023

	Interest Rate	Amount of Original Issue	DEBT PRINCIPAL				INTEREST			
			Outstanding July 1, 2022	Debt Issued During Year	Matured and Paid During Year	Outstanding June 30, 2023	Outstanding July 1, 2022	Matured During Year	Paid During Year	Matured and Outstanding June 30, 2023
Banner Bank April 13, 2009	4.9 %	\$1,500,000	\$ 284,503	\$ -	\$ 284,503	\$ -	\$ -	\$ 13,360	\$ 13,360	\$ -
Banner Bank December 18, 2020	2.8 %	\$1,700,000	1,653,137	-	71,380	1,581,757	-	43,523	43,523	-
IFA Loan December 1, 2019	1.4 %	\$ 444,815	258,740	-	63,531	195,209	-	3,674	3,674	-
DEQ clean water loan February 4, 2022	1.6 %	\$2,838,214	2,838,214	-	531,360	2,306,854	-	108,986	108,986	-
IFA Loan February 18, 2021	2.5 %	\$ 667,378	534,259	-	12,031	522,228	-	23,468	23,468	-
DEQ To be determined	0.5 %	\$ 260,500	177,757	82,743	-	260,500	-	-	-	-
Individuals May 24, 2022	0 %	\$ 42,500	42,500	-	42,500	-	-	-	-	-
Charitable foundation June 10, 2022	0 %	\$ 93,750	93,750	-	31,250	62,500	-	10	10	-
US Bank sewer refunding bonds March 11, 2014	2.0 %	\$2,160,000	250,000	-	250,000	-	-	3,750	3,750	-
Totals			<u>\$6,132,860</u>	<u>\$ 82,743</u>	<u>\$ 1,286,555</u>	<u>\$ 4,929,048</u>	<u>\$ -</u>	<u>\$ 196,771</u>	<u>\$ 196,771</u>	<u>\$ -</u>

See accompanying independent auditors' report.

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT **REQUIRED BY OREGON STATE REGULATIONS**

Mayor and City Council
City of Umatilla, Oregon

We have audited the basic financial statements of the City of Umatilla, Oregon as of and for the year ended June 30, 2023, and have issued our report thereon dated December 12, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

Mayor and City Council
City of Umatilla
Page two

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

OAR 162-10-0230 Internal Control

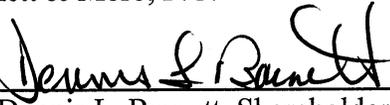
In planning and performing our audit of the financial statements, we considered City of Umatilla, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing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

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

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

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

Barnett & Moro, P.C.

By: 
Dennis L. Barnett, Shareholder
Hermiston, Oregon
December 12, 2023

CITY OF UMATILLA, OREGON

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/Program Name</u>	<u>Passed Through</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Grant Number</u>	<u>Amount</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>					
Federal Emergency Management Agency Grant	Oregon Dept. of Emergency Management and Military Department	97.036	x	4452-DR-OR	\$1,385,254
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>					
Community Development Block Grant	Business Oregon	14.228		B-20-DC-41-0001	\$ 225,089
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>					
Pipeline and Hazardous Materials Safety Administration	Not Applicable	20.710		693JK32240011PTAG	<u>21,320</u>
Total Federal Expenditures					<u><u>\$1,631,663</u></u>

CITY OF UMATILLA, OREGON

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Umatilla, Oregon and is presented on the modified cash basis of accounting as described in note 1 to the basic financial statements. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. City of Umatilla, Oregon uses the 10% de minimis cost rate as explained in the Uniform Guidance.

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**INDEPENDENT AUDITORS' 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**

Mayor and City Council
City of Umatilla, Oregon

We 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, each major fund, and the aggregate remaining fund information of City of Umatilla, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Umatilla, Oregon's basic financial statements and have issued our report thereon dated December 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

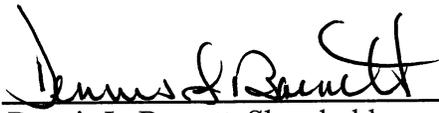
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Umatilla, Oregon’s financial statements are free from material misstatement, we 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barnett & Moro, P.C.

By: 
Dennis L. Barnett, Shareholder
December 12, 2023

Barnett & Moro, P.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Mayor and City Council
City of Umatilla, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Umatilla, Oregon's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of City of Umatilla, Oregon's major federal programs for the year ended June 30, 2023. City of Umatilla, Oregon's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Umatilla, Oregon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Umatilla, Oregon and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Umatilla, Oregon's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Umatilla, Oregon's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Umatilla, Oregon's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about City of Umatilla, Oregon's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standard, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Umatilla, Oregon's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Umatilla, Oregon's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Umatilla, Oregon's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our 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.

Barnett & Moro, P.C.



Dennis L. Barnett, Shareholder
December 12, 2023

CITY OF UMATILLA, OREGON

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X no

Type of auditor's report issued on compliance for major program: unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of Title 2 CFR Part 200? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	Federal Emergency Management Agency Grant

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

Auditee qualified as low-risk auditee? _____ yes X no

Section II-Financial Statement Findings

There are no financial statement award findings for the year ended June 30, 2023.

Section III-Federal Award Findings and Questioned Costs

There are no financial statement award findings for the year ended June, 30 2023.

CITY OF UMATILLA, OREGON

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

Year Ended June 30, 2023

QUESTIONED COSTS:

There were no questioned costs for the year ended June 30, 2022.

FINDINGS:

There were no findings relative to federal awards for the year ended June 30, 2022.