

CITY OF UMATILLA, OREGON

**Financial Statements and
Independent Auditors' Report**

June 30, 2022

CITY OF UMATILLA, OREGON

City Hall
Umatilla, Oregon

Mayor and City Council
June 30, 2022

Name

Term Expires

Mayor:

Mary Dedrick

December 31, 2022

Council Members:

Corinne Funderburk

December 31, 2022

Daren Dufloth

December 31, 2024

Leslie Smith

December 31, 2022

Ashley Wheeler

December 31, 2024

Josy Chavez

December 31, 2022

Roak TenEyck

December 31, 2024

Appointed Official:

David Stockdale, City Manager

Address:

P. O. Box 130

Umatilla, OR 97882

Telephone: (541) 922-3226

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Barnett & Moro, P.C.

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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, 2022, 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, 2022, 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. 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 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.

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 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, 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.

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


The management's discussion and analysis on Pages 44-53 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 55-66 and other financial schedules on Pages 67-72 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated on December 15, 2022, on our consideration of the City of Umatilla, Oregon's compliance with certain provision of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Barnett & Moro, P.C.

By: 

Kristie L. Shasteen, Shareholder
Hermiston, Oregon
December 15, 2022

CITY OF UMATILLA, OREGON

Statement of Net Position - Modified Cash Basis
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 20,851,676	\$ 5,422,294	\$ 26,273,970
Capital assets:			
Non-depreciable	3,658,899	-	3,658,899
Depreciable, net of depreciation	9,346,219	12,413,400	21,759,619
	<u>33,856,794</u>	<u>17,835,694</u>	<u>51,692,488</u>
Total assets			
<u>LIABILITIES</u>			
Notes payable:			
Due within one year	247,449	632,642	880,091
Due in more than one year	1,826,441	3,176,328	5,002,769
Bonds payable:			
Due within one year	-	250,000	250,000
	<u>2,073,890</u>	<u>4,058,970</u>	<u>6,132,860</u>
Total liabilities			
<u>NET POSITION</u>			
Net investment in capital assets	10,931,228	8,354,430	19,285,658
Restricted for:			
Highways and streets	966,731	-	966,731
Debt service	4,116	-	4,116
Unrestricted	19,880,829	5,422,294	25,303,123
	<u>\$ 31,782,904</u>	<u>\$ 13,776,724</u>	<u>\$ 45,559,628</u>
Total net position			

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

CITY OF UMATILLA, OREGON

**Statement of Activities - Modified Cash Basis
Year Ended June 30, 2022**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,764,837	\$ 2,298,681	\$ 3,900	\$ 2,613,052	\$ 2,150,796	\$ -	\$ 2,150,796
Public safety	2,803,831	576,503	5,000	-	(2,222,328)	-	(2,222,328)
Highways and streets	738,682	-	112,065	288,240	(338,377)	-	(338,377)
Library	247,515	-	5,734	3,000	(238,781)	-	(238,781)
Cultural and recreation	2,259,764	994,027	-	100,000	(1,165,737)	-	(1,165,737)
Sanitation	940,561	929,941	-	-	(10,620)	-	(10,620)
Interest on long-term debt	86,954	-	-	-	(86,954)	-	(86,954)
Total governmental activities	9,842,144	4,799,152	126,699	3,004,292	(1,912,001)	-	(1,912,001)
Business-type activities:							
Water	1,623,111	1,788,690	-	273,905	-	439,484	439,484
Sewer	1,494,513	2,384,843	20,000	216,470	-	1,126,800	1,126,800
Interest on long-term debt	32,925	-	-	-	-	(32,925)	(32,925)
Total business-type activities	3,150,549	4,173,533	20,000	490,375	-	1,533,359	1,533,359
Total government	\$ 12,992,693	\$ 8,972,685	\$ 146,699	\$ 3,494,667	\$ (1,912,001)	\$ 1,533,359	\$ (378,642)

General revenues:

Taxes							
Property taxes, levied for general purposes					2,512,394	-	2,512,394
Property taxes, levied for debt service					222	-	222
County shared taxes					2,676,720	-	2,676,720
Franchise and public service taxes					1,643,168	-	1,643,168
Motor fuel taxes					603,697	-	603,697
State shared taxes					306,180	-	306,180
Hotel/motel taxes					130,484	-	130,484
Library district shared taxes					233,122	-	233,122
Interest and investment earnings					68,713	23,200	91,913
Other revenues					5,253,968	146,604	5,400,572
Transfers, net					263,089	(263,089)	-
Total general revenues					13,691,757	(93,285)	13,598,472
Change in net assets					11,779,756	1,440,074	13,219,830
Net position--beginning					20,003,148	12,336,650	32,339,798
Net position--ending					\$ 31,782,904	\$ 13,776,724	\$ 45,559,628

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, 2022

	General	State Tax Street	Refuse Collection	Capital Reserve	Building Department	Debt Service	Other Governmental	Total
<u>ASSETS:</u>								
Cash and cash equivalents	\$ 4,773,920	\$ 966,731	\$ 94,533	\$ 10,604,084	\$ 3,603,349	\$ 4,116	\$ 804,943	\$ 20,851,676
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>LIABILITIES</u>								
<u>FUND BALANCES:</u>								
Restricted	-	966,731	-	-	-	4,116	-	970,847
Committed	-	-	94,533	10,604,084	3,603,349	-	804,943	15,106,909
Unassigned	4,773,920	-	-	-	-	-	-	4,773,920
Total fund balances	4,773,920	966,731	94,533	10,604,084	3,603,349	4,116	804,943	20,851,676
Total liabilities and fund balances	\$ 4,773,920	\$ 966,731	\$ 94,533	\$ 10,604,084	\$ 3,603,349	\$ 4,116	\$ 804,943	\$ 20,851,676

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, 2022**

<u>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</u>		\$ 20,851,676
Capital assets used in governmental activities are not financial resources, therefore, are not reported on the governmental funds balance sheet.		
Acquisition cost	\$ 17,557,644	
Accumulated depreciation	<u>(4,552,526)</u>	
		<u>13,005,118</u>
Long-term liabilities, including capital lease obligations, are not due in the current period and, therefore, are not reported on the governmental funds balance sheet.		
		<u>(2,073,890)</u>
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>		<u>\$ 31,782,904</u>

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, 2022

	General	State Tax Street	Refuse Collection	Capital Reserve	Building Department	Debt Service	Other Governmental	Total
REVENUES:								
Property taxes	\$ 2,512,394	\$ -	\$ -	\$ -	\$ -	\$ 222	\$ -	\$ 2,512,616
Franchise fees	1,643,168	-	-	-	-	-	-	1,643,168
Intergovernmental	2,982,900	603,697	-	-	-	-	233,122	3,819,719
Fees, licenses, and permits	133,018	-	-	-	2,165,663	-	130,484	2,429,165
Fines and forfeitures	576,503	-	-	-	-	-	-	576,503
Charges for services	994,027	-	929,941	-	-	-	-	1,923,968
Investment interest	29,290	500	-	21,417	13,757	20	3,729	68,713
Grant revenue	821,952	400,305	-	1,900,000	-	-	8,794	3,130,991
Miscellaneous	174,231	2,049,886	-	5,263,427	74,894	-	149,185	7,711,623
Total revenues	9,867,483	3,054,388	929,941	7,184,844	2,254,314	242	525,254	23,816,466
EXPENDITURES:								
Current:								
General government	1,786,875	-	-	204,574	679,707	-	-	2,671,156
Public safety	2,724,754	-	-	14,721	-	-	-	2,739,475
Highways and streets	-	553,250	-	19,486	-	-	-	572,736
Library	-	-	-	-	-	-	232,975	232,975
Cultural and Recreation	1,835,196	-	-	148,683	-	-	143,737	2,127,616
Sanitation	-	-	940,561	-	-	-	-	940,561
Debt service:								
Principal	-	-	-	46,863	-	-	98,307	145,170
Interest	-	-	-	68,040	-	-	18,914	86,954
Capital outlay	-	2,240,722	-	4,297,250	-	-	-	6,537,972
Total Expenditures	6,346,825	2,793,972	940,561	4,799,617	679,707	-	493,933	16,054,615
	3,520,658	260,416	(10,620)	2,385,227	1,574,607	242	31,321	7,761,851
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES								
OTHER FINANCING SOURCES (USES):								
Loan proceeds	-	-	-	136,250	-	-	-	136,250
Transfers in	88,480	12,525	-	4,373,310	-	-	238,500	4,712,815
Transfers out	(3,702,794)	(136,900)	-	(42,751)	(557,281)	-	(10,000)	(4,449,726)
Total other financing sources (uses)	(3,614,314)	(124,375)	-	4,466,809	(557,281)	-	228,500	399,339
NET CHANGE IN FUND BALANCES	(93,656)	136,041	(10,620)	6,852,036	1,017,326	242	259,821	8,161,190
FUND BALANCES, BEGINNING OF YEAR	4,867,576	830,690	105,153	3,752,048	2,586,023	3,874	545,122	12,690,486
FUND BALANCES, END OF YEAR	\$ 4,773,920	\$ 966,731	\$ 94,533	\$ 10,604,084	\$ 3,603,349	\$ 4,116	\$ 804,943	\$ 20,851,676

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, 2022**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 8,161,190

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	\$6,537,972	
Less current year depreciation	<u>(470,671)</u>	
		6,067,301

Proceeds from long-term debt issuances provide current financial resources and are reported as other financing resources in the governmental funds. Debt proceeds are not included as revenues for the statement of net activities but are included on as liabilities on the statement of net position. (136,250)

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. (2,457,655)

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. 145,170

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$11,779,756

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, 2022

	<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	\$ 2,744,100	\$ 2,744,100	\$ 2,476,451	\$ (267,649)
Previously levied	42,000	42,000	35,943	(6,057)
Franchise fees	1,337,950	1,337,950	1,643,168	305,218
Intergovernmental	2,822,977	2,937,152	2,982,900	45,748
Fees, licenses, and permits	109,975	109,975	133,018	23,043
Fines and forfeitures	637,500	637,500	576,503	(60,997)
Charges for services	848,200	848,200	994,027	145,827
Miscellaneous:				
Interest on investments	35,000	35,000	29,290	(5,710)
Other	902,900	1,778,089	996,183	(781,906)
	<u>9,480,602</u>	<u>10,469,966</u>	<u>9,867,483</u>	<u>(602,483)</u>
<u>OTHER FINANCING SOURCES:</u>				
Operating transfers in	<u>88,480</u>	<u>88,480</u>	<u>88,480</u>	<u>-</u>
Total revenues and transfers	<u>9,569,082</u>	<u>10,558,446</u>	<u>9,955,963</u>	<u>(602,483)</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>5,234,889</u>	<u>4,866,700</u>	<u>4,867,576</u>	<u>876</u>
	<u><u>\$14,803,971</u></u>	<u><u>\$15,425,146</u></u>	<u><u>\$14,823,539</u></u>	<u><u>\$ (601,607)</u></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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES:</u>				
Current:				
General government:				
Administration:				
Personnel services	\$ 464,687	\$ 468,687	\$ 407,088	\$ 61,599
Material and services	1,941,210	2,166,399	804,646	1,361,753
Community development:				
Personnel services	211,911	211,911	196,075	15,836
Material and services	873,500	873,500	374,901	498,599
Transportation:				
Material and services	2,760	5,260	4,165	1,095
	<u>3,494,068</u>	<u>3,725,757</u>	<u>1,786,875</u>	<u>1,938,882</u>
Public safety:				
Police:				
Personnel services	1,960,740	1,960,740	1,816,530	144,210
Materials and services	603,775	613,775	331,402	282,373
Capital Outlay	33,500	33,500	4,721	28,779
Code enforcement:				
Personnel services	126,976	126,976	123,255	3,721
Materials and services	90,800	90,800	6,840	83,960
Municipal court:				
Personnel services	109,247	109,247	98,159	11,088
Materials and services	423,650	438,150	342,935	95,215
911 System:				
Materials and services	1,250	1,250	912	338
	<u>3,349,938</u>	<u>3,374,438</u>	<u>2,724,754</u>	<u>649,684</u>
Recreation:				
Parks and recreation:				
Personnel services	466,367	496,367	486,345	10,022
Materials and services	279,250	294,250	212,899	81,351
Capital Outlay	40,000	40,000	5,811	34,189
Marina and RV park:				
Personnel services	217,647	217,647	191,541	26,106
Materials and services	533,925	533,925	288,349	245,576
Capital Outlay	10,000	10,000	9,150	850
Golf course:				
Personnel services	443,710	443,710	383,176	60,534
Materials and services	326,250	326,250	257,925	68,325
	<u>2,317,149</u>	<u>2,362,149</u>	<u>1,835,196</u>	<u>526,953</u>
Contingency	1,000,000	877,517	-	877,517
	<u>10,161,155</u>	<u>10,339,861</u>	<u>6,346,825</u>	<u>3,993,036</u>
<u>OTHER FINANCING USES:</u>				
Operating transfers out	3,260,325	3,702,794	3,702,794	-
Total expenditures and transfers	<u>13,421,480</u>	<u>14,042,655</u>	<u>10,049,619</u>	<u>\$ 3,993,036</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>1,382,491</u>	<u>1,382,491</u>	<u>4,773,920</u>	
	<u>\$14,803,971</u>	<u>\$15,425,146</u>	<u>\$14,823,539</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
State gasoline tax	\$ 674,136	\$ 674,136	\$ 603,697	\$ (70,439)
Interest income	3,750	3,750	500	(3,250)
Miscellaneous	7,700,348	7,700,348	2,450,191	(5,250,157)
Total revenues	<u>8,378,234</u>	<u>8,378,234</u>	<u>3,054,388</u>	<u>(5,323,846)</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>903,804</u>	<u>903,804</u>	<u>830,690</u>	<u>(73,114)</u>
	<u>\$9,294,563</u>	<u>\$9,294,563</u>	<u>\$3,897,603</u>	<u>\$ (5,396,960)</u>
<u>EXPENDITURES:</u>				
Current:				
Highways and streets:				
Personnel services	\$ 374,903	\$ 377,403	\$ 325,072	\$ 52,331
Materials and services	294,000	294,000	228,178	65,822
Capital outlay	7,884,857	7,884,857	2,240,722	5,644,135
Operating contingency	350,000	347,500	-	347,500
	<u>8,903,760</u>	<u>8,903,760</u>	<u>2,793,972</u>	<u>6,109,788</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To General Fund	12,000	12,000	12,000	-
To Capital Reserve Fund	124,900	124,900	124,900	-
	<u>136,900</u>	<u>136,900</u>	<u>136,900</u>	<u>-</u>
Total expenditures and transfers	<u>9,040,660</u>	<u>9,040,660</u>	<u>2,930,872</u>	<u>\$ 6,109,788</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>253,903</u>	<u>253,903</u>	<u>966,731</u>	
	<u>\$9,294,563</u>	<u>\$9,294,563</u>	<u>\$3,897,603</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Refuse collections	<u>\$ 855,000</u>	<u>\$ 935,000</u>	<u>\$ 929,941</u>	<u>\$ (5,059)</u>
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>	<u>50,322</u>	<u>50,322</u>	<u>105,153</u>	<u>54,831</u>
	<u><u>\$ 905,322</u></u>	<u><u>\$ 985,322</u></u>	<u><u>\$ 1,035,094</u></u>	<u><u>\$ 49,772</u></u>
<u>EXPENDITURES:</u>				
Current:				
Sanitation:				
Materials and services	<u>\$ 719,400</u>	<u>\$ 799,400</u>	<u>\$ 792,981</u>	<u>\$ 6,419</u>
Contingency	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>744,400</u>	<u>799,400</u>	<u>792,981</u>	<u>6,419</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
Franchise fees to General Fund	<u>136,800</u>	<u>161,800</u>	<u>147,580</u>	<u>14,220</u>
Total expenditures and transfers	<u>881,200</u>	<u>961,200</u>	<u>940,561</u>	<u><u>\$ 20,639</u></u>
<u>UNAPPROPRIATED BALANCE</u>	<u>24,122</u>	<u>24,122</u>	<u>94,533</u>	
	<u><u>\$ 905,322</u></u>	<u><u>\$ 985,322</u></u>	<u><u>\$ 1,035,094</u></u>	

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

CITY OF UMATILLA, OREGON

Building Department Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual (Modified-Cash)
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Fees and charges	\$1,088,540	\$1,088,540	\$2,165,663	\$1,077,123
Interest income	20,000	20,000	13,757	(6,243)
Miscellaneous	15,000	15,000	74,894	59,894
Total revenues	<u>1,123,540</u>	<u>1,123,540</u>	<u>2,254,314</u>	<u>1,130,774</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>2,459,488</u>	<u>2,459,488</u>	<u>2,586,023</u>	<u>126,535</u>
	<u>\$3,583,028</u>	<u>\$3,583,028</u>	<u>\$4,840,337</u>	<u>\$1,257,309</u>
<u>EXPENDITURES:</u>				
Current:				
Building department:				
Personnel services	\$ 427,001	\$ 442,001	\$ 375,760	\$ 66,241
Materials and services	374,100	374,100	303,947	70,153
Operating contingency	500,000	357,759	-	357,759
Total expenditures	<u>1,301,101</u>	<u>1,173,860</u>	<u>679,707</u>	<u>494,153</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
Operating transfers out	<u>430,040</u>	<u>557,281</u>	<u>557,281</u>	<u>-</u>
Total expenditures and transfers	<u>1,731,141</u>	<u>1,731,141</u>	<u>1,236,988</u>	<u>\$ 494,153</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>1,851,887</u>	<u>1,851,887</u>	<u>3,603,349</u>	
	<u>\$3,583,028</u>	<u>\$3,583,028</u>	<u>\$4,840,337</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, 2022

	<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	\$ 73,294	\$ 832,329	\$ 1,316,628	\$ 3,200,043	\$ 5,422,294
<u>CAPITAL ASSETS:</u>					
Capital assets, net	3,505,831	8,907,569	-	-	12,413,400
Total assets	<u>3,579,125</u>	<u>9,739,898</u>	<u>1,316,628</u>	<u>3,200,043</u>	<u>17,835,694</u>
<u>LIABILITIES</u>					
<u>CURRENT LIABILITIES:</u>					
Bonds payable, current portion	-	250,000	-	-	250,000
Notes payable, current portion	12,031	620,611	-	-	632,642
	<u>12,031</u>	<u>870,611</u>	<u>-</u>	<u>-</u>	<u>882,642</u>
<u>LONG TERM LIABILITIES:</u>					
Notes payable, long-term portion	522,228	2,654,100	-	-	3,176,328
	<u>522,228</u>	<u>2,654,100</u>	<u>-</u>	<u>-</u>	<u>3,176,328</u>
Total liabilities	<u>534,259</u>	<u>3,524,711</u>	<u>-</u>	<u>-</u>	<u>4,058,970</u>
<u>NET POSITION</u>					
Net investment in capital assets	2,971,572	5,382,858	-	-	8,354,430
Unrestricted	73,294	832,329	1,316,628	3,200,043	5,422,294
Total net position	<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>

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, 2022

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	\$1,532,402	\$ -	\$ 256,288	\$ -	\$ 1,788,690
Sewer	-	2,078,502	-	306,341	2,384,843
Miscellaneous revenues	114,203	52,401	273,905	216,470	656,979
Total operating revenue	<u>1,646,605</u>	<u>2,130,903</u>	<u>530,193</u>	<u>522,811</u>	<u>4,830,512</u>
<u>OPERATING EXPENSES:</u>					
Cost of sales and services	1,364,886	1,076,780	11,679	27,306	2,480,651
Depreciation and amortization	246,546	390,427	-	-	636,973
Total operating expenses	<u>1,611,432</u>	<u>1,467,207</u>	<u>11,679</u>	<u>27,306</u>	<u>3,117,624</u>
<u>OPERATING INCOME</u>	<u>35,173</u>	<u>663,696</u>	<u>518,514</u>	<u>495,505</u>	<u>1,712,888</u>
<u>NONOPERATING REVENUES</u>					
<u>(EXPENSES):</u>					
Interest on investments	958	3,175	6,252	12,815	23,200
Interest expense	(16,963)	(15,962)	-	-	(32,925)
Total nonoperating revenue (expenses)	<u>(16,005)</u>	<u>(12,787)</u>	<u>6,252</u>	<u>12,815</u>	<u>(9,725)</u>
<u>INCOME BEFORE</u>					
<u>TRANSFERS</u>					
	19,168	650,909	524,766	508,320	1,703,163
Transfers in	567,028	316,811	230,000	621,931	1,735,770
Transfers out	(362,920)	(794,851)	(545,654)	(295,434)	(1,998,859)
<u>CHANGE IN NET POSITION</u>	<u>223,276</u>	<u>172,869</u>	<u>209,112</u>	<u>834,817</u>	<u>1,440,074</u>
<u>TOTAL NET POSITION -</u>					
<u>BEGINNING</u>					
	<u>2,821,590</u>	<u>6,042,318</u>	<u>1,107,516</u>	<u>2,365,226</u>	<u>12,336,650</u>
<u>TOTAL NET POSITION -</u>					
<u>ENDING</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>

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, 2022

	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	\$ 1,646,605	\$ 2,130,903	\$ 530,193	\$ 522,811	\$ 4,830,512
Cash payments to suppliers	(825,682)	(556,089)	(11,679)	(27,306)	(1,420,756)
Cash payments to employees	(539,204)	(520,691)	-	-	(1,059,895)
Net cash provided by operating activities	<u>281,719</u>	<u>1,054,123</u>	<u>518,514</u>	<u>495,505</u>	<u>2,349,861</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfer from other funds	567,028	316,811	230,000	621,931	1,735,770
Transfer to other funds	(362,920)	(794,851)	(545,654)	(295,434)	(1,998,859)
Net cash provided by (used in) noncapital financing activities	<u>204,108</u>	<u>(478,040)</u>	<u>(315,654)</u>	<u>326,497</u>	<u>(263,089)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Acquisition and construction of capital assets	(567,028)	(316,811)	-	-	(883,839)
Interest paid on bonds and notes	(16,963)	(15,962)	-	-	(32,925)
Proceeds from long-term debt	-	209,688	-	-	209,688
Principal paid on bonds and notes	(11,934)	(322,642)	-	-	(334,576)
Net cash used in capital and related financing activities	<u>(595,925)</u>	<u>(445,727)</u>	<u>-</u>	<u>-</u>	<u>(1,041,652)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest received	958	3,175	6,252	12,815	23,200
Net cash provided by investing activities	<u>958</u>	<u>3,175</u>	<u>6,252</u>	<u>12,815</u>	<u>23,200</u>
<u>NET INCREASE IN CASH</u>	<u>(109,140)</u>	<u>133,531</u>	<u>209,112</u>	<u>834,817</u>	<u>1,068,320</u>
<u>CASH AND INVESTMENTS, JULY 1</u>	<u>182,434</u>	<u>698,798</u>	<u>1,107,516</u>	<u>2,365,226</u>	<u>4,353,974</u>
<u>CASH AND INVESTMENTS, JUNE 30</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>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>					
Operating income	\$ 35,173	\$ 663,696	\$ 518,514	\$ 495,505	\$ 1,712,888
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>					
Depreciation and amortization	246,546	390,427	-	-	636,973
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 281,719</u>	<u>\$ 1,054,123</u>	<u>\$ 518,514</u>	<u>\$ 495,505</u>	<u>\$ 2,349,861</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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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 2021-22 tax levy was adopted June 1, 2021. 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, 2022

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

Fund balance (continued):

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

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

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

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

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

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

	<u>General</u>	<u>State Street Tax</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Fund balances:</u>					
Restricted:					
Debt service	\$ -	\$ -	\$ 4,116	\$ -	\$ 4,116
Highways and streets	-	966,731	-	-	966,731
Total restricted	<u>-</u>	<u>966,731</u>	<u>4,116</u>	<u>-</u>	<u>970,847</u>
Committed:					
Culture and recreation	-	-	-	626,585	626,585
Capital projects	-	-	-	10,782,442	10,782,442
Refuse Collection	-	-	-	94,533	94,533
Building department	-	-	-	3,603,349	3,603,349
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,106,909</u>	<u>15,106,909</u>
Unassigned	4,773,920	-	-	-	4,773,920
Ending net assets	<u>\$ 4,773,920</u>	<u>\$ 966,731</u>	<u>\$ 4,116</u>	<u>\$ 15,106,909</u>	<u>\$ 20,851,676</u>

\$966,731 is restricted for highways and streets by enabling legislation.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2022

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, 2022; resources increased in the general, capital reserve, sewer utility, transient room tax and refuse collection funds. The supplemental budgets increased appropriations as follows: to the general fund: materials and services \$264,689, personnel services \$24,000, and transfers \$332,486, capital reserve fund: capital outlay \$569,710, sewer utility fund: transfers \$56,200, transient room tax: personnel services \$2,500 and refuse collection fund: materials and services \$80,000.

The following funds legally adopt annual budgets:

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements
June 30, 2022

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	Capital outlay
Materials and services	Debt service

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

NOTE 3 -- CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consisted of the following:

Cash on hand	\$ 930
Bank checking accounts	11,124,839
Local government investment pool	15,148,201
Total cash and cash equivalents	<u>\$ 26,273,970</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, 2022, the total bank balance was \$11,124,839. Of these deposits, \$500,000 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.

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.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements
June 30, 2022

NOTE 4 -- CAPITAL ASSETS:

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

	<u>Balance</u> <u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,471,914	\$ 2,644,640	\$ (2,457,655)	\$ 3,658,899
Total assets not being depreciated	<u>3,471,914</u>	<u>2,644,640</u>	<u>(2,457,655)</u>	<u>3,658,899</u>
Capital assets being depreciated:				
Buildings and improvements	3,238,259	511,143	-	3,749,402
Equipment	1,314,649	828,708	-	2,143,357
Vehicles	937,538	58,700	-	996,238
Infrastructure	4,514,967	2,494,781	-	7,009,748
Total capital assets being depreciated	<u>10,005,413</u>	<u>3,893,332</u>	<u>-</u>	<u>13,898,745</u>
Less: Accumulated depreciation:				
Buildings and improvements	(1,297,919)	(94,165)	-	(1,392,084)
Equipment	(843,510)	(144,028)	-	(987,538)
Vehicles	(749,160)	(65,875)	-	(815,035)
Infrastructure	(1,191,266)	(166,603)	-	(1,357,869)
Total accumulated depreciation	<u>(4,081,855)</u>	<u>(470,671)</u>	<u>-</u>	<u>(4,552,526)</u>
Total capital assets being depreciated, net	<u>5,923,558</u>	<u>3,422,661</u>	<u>-</u>	<u>9,346,219</u>
Governmental activities capital assets, net	<u>\$ 9,395,472</u>	<u>\$ 6,067,301</u>	<u>\$ (2,457,655)</u>	<u>\$ 13,005,118</u>
<u>Business-type activities:</u>				
Capital assets being depreciated:				
Sewer utility system and equipment	\$ 16,574,613	\$ 316,811	\$ -	\$ 16,891,424
Water utility system and equipment	7,667,433	567,028	-	8,234,461
Total capital assets being depreciated	<u>24,242,046</u>	<u>883,839</u>	<u>-</u>	<u>25,125,885</u>
Less: Accumulated depreciation:				
Sewer utility system and equipment	(7,593,428)	(390,427)	-	(7,983,855)
Water utility system and equipment	(4,482,084)	(246,546)	-	(4,728,630)
Total accumulated depreciation	<u>(12,075,512)</u>	<u>(636,973)</u>	<u>-</u>	<u>(12,712,485)</u>
Total capital assets being depreciated, net	<u>12,166,534</u>	<u>246,866</u>	<u>-</u>	<u>12,413,400</u>
Business-type activities capital assets, net	<u>\$ 12,166,534</u>	<u>\$ 246,866</u>	<u>\$ -</u>	<u>\$ 12,413,400</u>
Depreciation was charged to functions and programs as follows:				
Governmental activities:				
General government			\$ 93,681	
Public safety			64,356	
Highways and streets			165,946	
Recreation			146,688	
Total depreciation expense governmental activities			<u>\$ 470,671</u>	
Business-type activities:				
Water			\$ 246,546	
Sewer			390,427	
Total depreciation expense business-type activities			<u>\$ 636,973</u>	

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2022

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.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Business-type activities:		
2014 Sewer Refunding Bond	2.0%	<u>\$ 250,000</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	<u>\$ 250,000</u>	<u>\$ 3,750</u>

Notes payable:

Banner Bank:

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

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, 2022

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 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 will commence on August 1, 2022.

The City received fund advances from Oregon Infrastructure Finance Authority (IFA) totaling \$177,757 during the fiscal year ended June 30, 2022 and was still in the draw down period. During the draw down period the loan balance of \$177,757 is amortized over 5 years and carries an interest rate of .54%. The draw down period will close during the fiscal year ending June 30, 2023. At that time the final interest rate and amortization schedule will be determined.

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 will be repaid on August 2, 2022. 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 will be 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, 2022

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities:		
Banner Bank-City Hall	4.90%	\$ 284,503
Banner Bank-golf course	2.79%	1,653,137
Individuals-manufactured home	0.00%	42,500
Charitable Foundation-museum building	0.00%	93,750
		<u>\$2,073,890</u>
Business-type activities:		
DEQ-Industrial wastewater reuse	1.56%	\$2,838,214
DEQ-Wastewater facility planning update	0.54%	177,757
IFA-Recycled industrial water pipeline design	1.42%	258,740
IFA-Sixth street waterline improvements	2.49%	534,259
		<u>\$3,808,970</u>

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

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 247,449	\$ 58,426	\$ 882,642	\$ 153,771
2024	210,676	52,698	191,670	73,810
2025	177,811	45,297	193,964	70,696
2026	75,306	39,597	191,697	67,542
2027	77,421	37,482	78,952	64,144
2028-2032	420,983	153,532	437,686	287,665
2033-2037	483,536	90,979	489,791	226,256
2038-2042	380,708	21,542	545,262	155,495
2043-2047	-	-	571,925	83,856
2048-2052	-	-	475,381	26,653
	<u>\$2,073,890</u>	<u>\$ 499,553</u>	<u>\$4,058,970</u>	<u>\$ 1,209,888</u>

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

Changes in long-term debt

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amount due within one year
Governmental activities:					
Notes Payable:					
Banner Bank	\$ 382,810	\$ -	\$ 98,307	\$ 284,503	\$ 103,010
Banner Bank	1,700,000	-	46,863	1,653,137	70,689
Individuals	-	42,500	-	42,500	42,500
Charitable foundation	-	93,750	-	93,750	31,250
Total Governmental activities	\$ 2,082,810	\$ 136,250	\$ 145,170	\$ 2,073,890	\$ 247,449
Business-Type Activities:					
Bonds payable:					
US Bank	\$ 510,000	\$ -	\$ 260,000	\$ 250,000	\$ 250,000
Notes payable:					
DEQ	\$ 2,806,283	\$ 31,931	\$ -	\$ 2,838,214	\$ 531,360
DEQ	-	177,757	-	177,757	25,720
IFA	546,193	-	11,934	534,259	12,031
IFA	321,382	-	62,642	258,740	63,531
Total notes payable	3,673,858	209,688	74,576	3,808,970	632,642
Total Business-Type Activities	\$ 4,183,858	\$ 209,688	\$ 334,576	\$ 4,058,970	\$ 882,642

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, 2022

NOTE 8 -- INTERFUND TRANSACTIONS:

Transfer Out:	Transfer In:								Total Transfers Out
	General	State Street tax	Capital Reserve	Water Utility	Sewer Utility	Water Reserve	Sewer Reserve	Nonmajor Governmental	
General	\$ -	\$ 12,525	\$ 3,451,769	\$ -	\$ -	\$ -	\$ -	\$ 238,500	\$ 3,702,794
Water utility	19,220	-	113,700	-	-	230,000	-	-	362,920
Sewer utility	19,220	-	153,700	-	-	-	621,931	-	794,851
Water reserve	-	-	-	545,654	-	-	-	-	545,654
Sewer reserve	-	-	-	-	295,434	-	-	-	295,434
State street tax	12,000	-	124,900	-	-	-	-	-	136,900
Capital reserve	-	-	-	21,374	21,377	-	-	-	42,751
Building Dept.	28,040	-	529,241	-	-	-	-	-	557,281
Nonmajor governmental	10,000	-	-	-	-	-	-	-	10,000
Total transfers in	\$ 88,480	\$ 12,525	\$ 4,373,310	\$ 567,028	\$ 316,811	\$ 230,000	\$ 621,931	\$ 238,500	\$ 6,448,585

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	\$ (362,920)
Sewer utility fund	(794,851)
Water reserve fund	(545,654)
Sewer reserve fund	(295,434)

Transfers in:

Water utility fund	567,028
Sewer utility fund	316,811
Water reserve fund	230,000
Sewer reserve fund	621,931
	<u>\$ (263,089)</u>

Net transfers to governmental activities:

Transfers out:

General fund	\$ (3,702,794)
State street tax fund	(136,900)
Capital reserve fund	(42,751)
Building department fund	(557,281)
Non-major governmental funds	(10,000)

Transfers in:

General fund	88,480
State street tax fund	12,525
Capital reserve fund	4,373,310
Non-major governmental funds	238,500
	<u>\$ 263,089</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, 2022

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, 2022

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, 2022

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, 2019 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, 2022 were \$515,971. The City has opted to pick-up the contributions on behalf of employee; contributions were \$193,848 for the year ended June 30, 2022.

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

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

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

At June 30, 2022, the City reported a liability of \$2,547,058 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as December 31, 2019 rolled forward to June 30, 2021. At June 30, 2022, the City's proportionate share was 0.02128494%, compared to its proportion of 0.01890291% measured as of June 30, 2021.

For the year ended June 30, 2022, the City recognized pension expense of \$406,194, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 238,421	\$ -
Changes in assumptions	637,605	6,703
Net differences between projected and actual earnings on investments	-	1,885,567
Changes in proportionate share	518,464	167,464
Differences between employer contributions and proportionate share of contributions	-	207,195
Contributions subsequent to measurement date	509,560	-
	<u>\$1,904,050</u>	<u>\$2,266,929</u>
Net deferred Outflows/(Inflows) of resources		<u>\$ (362,879)</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, 2022

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:

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, 2022, the City reported an asset of \$49,104 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 and rolled forward to the measurement date of June 30, 2021.

The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actuarial contributions in the fiscal year of all employers. At June 30, 2021 the City's proportion was 0.01429933% compared to its proportion of 0.01857630% measured as of June 30, 2021.

For the year ended June 30, 2022, the City recognized OPEB income of \$4,227.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

At June 30, 2022, 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	\$ -	\$ 1,366
Changes in assumptions	966	730
Net differences between projected and actual earnings on investments	-	11,670
Changes in proportionate share	5,326	44
Contributions subsequent to the measurement date	382	
	<u>\$ 6,674</u>	<u>\$ 13,810</u>
Net deferred Outflows/ (Inflows) of resources		<u>\$ (7,136)</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.

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.

CITY OF UMATILLA, OREGON

Notes to Basic Financial Statements

June 30, 2022

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	\$1,661,052
Strategic investment programs	<u>4,216,353</u>
	<u>\$5,877,405</u>

The City received \$2,676,721 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, 2022. 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, 2022. The City anticipates funding the remaining project costs through a mix of grant funds and debt acquisition. The total anticipated debt acquisition is \$15.2 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 2023 and for the project to be completed in 2024.

The City will reconstruct the pedestrian bridge over the Umatilla River to replace the bridge that was damaged by the 2019 and 2020 floods. This project includes replacing the 18" waterline that was damaged. Total project cost are estimated to be \$7.2 million. The City will receive FEMA funds of \$5.45 million, a Special Public Works Grant Funds of \$750,000 and will borrow for the remaining \$1 million. Construction of the new bridge and waterline expected to begin in fall 2022 and be completed fall of 2023.

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 design and construct an outdoor shooting range. The cost of the project is expected to be \$400,000.

The City will replace Umatilla Falls. The total cost of the project is expected to be \$950,000.

SUPPLEMENTARY INFORMATION

MANAGEMENT DISCUSSION
AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Umatilla's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2022. 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 \$45,559,628. Of this amount, \$25,303,123 may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase from last fiscal year of \$9,093,227 to meet ongoing obligations.
- The government's total net position increased by \$13,219,830.
- As of the close of the current fiscal year, the City of Umatilla's governmental funds reported combined ending fund balances of \$20,851,676. Only 22.9% of this total amount, \$4,773,920, is available for spending at the government's discretion. The remainder is reserved for streets, debt service, culture and recreation and capital projects.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,773,920, or 75.2% of total General Fund expenditures. This is a decrease from last year of \$93,656.
- The City of Umatilla's total secured debt decreased by \$133,808 (2.1%) during the current fiscal year.

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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 11 and 13 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 14-18. Budgetary comparisons for all other governmental funds have been provided elsewhere in this report.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-42 of this report.

Other supplementary information. The combining statements referred to earlier in connection with non-major governmental funds, the schedule of property tax transactions, the schedule of bonded debt transactions and future requirements for bonded debt and four schedules required to demonstrate compliance with bond indenture requirements are included in this report and can be found on pages 54-72.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$45,559,628 at the close of the most recent fiscal year.

A large portion of the City's net position, \$19,285,658, or 42.3% reflects its investment in capital assets (e.g., land and right-of-way, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation) less any debt related to the acquisition of those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Umatilla's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 12,690,486	\$ 20,851,676	\$ 4,353,974	\$ 5,422,294	\$ 17,044,460	\$ 26,273,970
Fixed assets, net, where applicable, of accumulated depreciation	9,395,472	13,005,118	12,166,534	12,413,400	21,562,006	25,418,518
Total assets	22,085,958	33,856,794	16,520,508	17,835,694	38,606,466	51,692,488
Non-current liabilities	1,936,436	1,826,441	3,771,394	3,176,328	5,707,830	5,002,769
Other liabilities	146,374	247,449	412,464	882,642	558,838	1,130,091
Total liabilities	2,082,810	2,073,890	4,183,858	4,058,970	6,266,668	6,132,860
Net position:						
Net investment in capital assets	7,312,662	10,931,228	7,982,676	8,354,430	15,295,338	19,285,658
Restricted	834,564	970,847	-	-	834,564	970,847
Unrestricted	11,855,922	19,880,829	4,353,974	5,422,294	16,209,896	25,303,123
Total net position	\$ 20,003,148	\$ 31,782,904	\$ 12,336,650	\$ 13,776,724	\$ 32,339,798	\$ 45,559,628

A portion of the City's net position, \$970,847, 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, \$25,303,123, or 55.5% may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase from last year of \$9,093,227.

City of Umatilla's Change in Net Position

Governmental Activities. Governmental activities increased the City's net position by \$11,779,756.

Business-type activities. Business-type activities increased the City's net position by \$1,440,074.

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Program revenues:						
Charges for services	\$ 4,001,156	\$ 4,799,152	\$ 3,632,607	\$ 4,173,533	\$ 7,633,763	\$ 8,972,685
Contributions and grants	387,106	3,130,991	53,759	510,375	440,865	3,641,366
General revenues:						
Taxes (all sources)	2,217,263	2,643,100	-	-	2,217,263	2,643,100
Shared revenue	1,061,722	1,142,999	-	-	1,061,722	1,142,999
Use of money and property	71,411	68,713	26,480	23,200	97,891	91,913
Transfers	(64,722)	263,089	64,722	(263,089)	-	-
Miscellaneous receipts	6,337,286	9,573,856	188,670	146,604	6,525,956	9,720,460
Total Revenues	14,011,222	21,621,900	3,966,238	4,590,623	17,977,460	26,212,523
Expenses:						
General government	2,001,793	2,851,791	-	-	2,001,793	2,851,791
Sanitation	1,005,784	940,561	-	-	1,005,784	940,561
Streets	540,427	738,682	-	-	540,427	738,682
Library	209,842	247,515	-	-	209,842	247,515
Police	2,630,018	2,803,831	-	-	2,630,018	2,803,831
Recreation	1,204,901	2,259,764	-	-	1,204,901	2,259,764
Sewer and water	-	-	2,765,933	3,150,549	2,765,933	3,150,549
Total expenses	7,592,765	9,842,144	2,765,933	3,150,549	10,358,698	12,992,693
Net position - beginning, as adjusted	13,584,691	20,003,148	11,136,345	12,336,650	24,721,036	32,339,798
Change in net position	6,418,457	11,779,756	1,200,305	1,440,074	7,618,762	13,219,830
Net position, end of year	\$ 20,003,148	\$ 31,782,904	\$ 12,336,650	\$ 13,776,724	\$ 32,339,798	\$ 45,559,628

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 \$20,851,676. Approximately 22.9% of this total amount, \$4,773,920, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted or committed* to indicate that it is not available for new spending because it has already been designated for a variety of purposes.

The General Fund is the chief operating fund of the City of Umatilla. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$4,773,920. 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 75.2% of total General Fund expenditures of \$6,346,825. This ratio has decreased from 103.4% in the prior year.

The fund balance of the City's General Fund decreased by \$93,656 during the fiscal year. The fund experienced notable increases in property tax revenue, franchise fees and grant revenue. There was a slight decrease in court collections and fees, licenses and permits. Expenditures were up across each department.

The Street Fund has total fund ending balance of \$966,731, an increase of \$136,041 from the prior year. The City received a COVID relief distribution from the Oregon Department of Transportation in the amount of \$112,065. The Wanapa Road improvement project continued, resulting in additional grant and private contribution revenue and corresponding capital outlay and the City commenced design on the Umatilla Pedestrian Bridge Project which resulted in reimbursements from FEMA and Business Oregon.

The Capital Reserve Fund increased by \$6,852,036 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 and construction of the Umatilla Business Center.

The fund balance of the Building Department Fund increased by \$1,017,326 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 \$4,032,372. The Water Fund, both operating and reserve, had unrestricted net position of \$1,389,922.

General Fund Budgetary Highlights

For the year ended June 30, 2022 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 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, 2022, amounted to \$25,418,518 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment and roads.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 3,471,914	\$ 3,658,899	\$ -	\$ -	\$ 3,471,914	\$ 3,658,899
Buildings	1,940,340	2,357,318	-	-	1,940,340	2,357,318
Infrastructure	3,323,701	5,651,879	-	-	3,323,701	5,651,879
Sewer	-	-	8,981,185	8,907,569	8,981,185	8,907,569
Water	-	-	3,185,349	3,505,831	3,185,349	3,505,831
Machinery and Equipment	471,139	1,155,819	-	-	471,139	1,155,819
Vehicles	188,378	181,203	-	-	188,378	181,203
Total	\$ 9,395,472	\$ 13,005,118	\$ 12,166,534	\$ 12,413,400	\$ 21,562,006	\$ 25,418,518

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 total bonded debt outstanding of \$250,000. This debt represents bonds secured solely by specified revenue sources.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Special Assessment debt with governmental Commitment	\$ 2,082,810	\$ 2,073,890	\$ -	\$ -	\$ 2,082,810	\$ 2,073,890
Special Assessment debt with enterprise fund Commitment	\$ -	\$ -	\$ 3,673,858	\$ 3,808,970	\$ 3,673,858	\$ 3,808,970
Revenue Bonds	-	-	510,000	250,000	510,000	250,000
Total	\$ 2,082,810	\$ 2,073,890	\$ 4,183,858	\$ 4,058,970	\$ 6,266,668	\$ 6,132,860

The City's total debt decreased by \$133,808 (2.1%) 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 FY2023 budget:

- Assessed values, the basis of property tax revenues, will grow by 3%. In the previous fiscal year, the City saw a 16% increase in value due to the consumable property at the data centers that have passed the three-year abatement. The City anticipates another 15% increase in property tax receipts in the next fiscal year.
- To date, the City has received over \$2.3 million in Community Service Fee (CSF) revenue related to the enterprise zone agreements on the first four buildings of PDX2, which includes \$564,000 from FY2022. The City anticipates the FY2023 payment at \$560,000.
- In FY2022, the City received the third 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 FY2022. This payment will remain the same moving forward. The second category is the Community Service Fee (CSF) in an amount equal to 25% of the property taxes that would be due on the exempt property, not exceeding \$500,000 in any year for 15 years. An agreement was made in July 2018 to distribute the \$500,000 among the City and the special taxing districts. The City's maximum annual distribution will be \$91,197 and the full amount was received in this fiscal year. This payment will remain the same for the full 15-year period. The third category is the Additional Annual Improvement Payment of \$4 million per year for 15 years. This payment is to be split between the City and Umatilla County. Both entities will receive \$2 million annually with the third payment received in FY2022.
- The City Council approved a 7% water and sewer rate increase effective July 1, 2022 based upon a comprehensive rate study completed by FCS Group in 2020 and current economic conditions.
- The City's electrical franchise agreement cap with UEC was re-negotiated in March 2020. The previous cap was \$500,000 annually. The new agreement contains an increased cap of \$1 million in 2020-2024 and \$1.5 million in 2025-2029. It is anticipated the full \$1 million would be collected in FY2023. The City also projects revenue of \$201,500 from Pacific Power.
- Insurance costs will be higher for the FY2023 budget. Property rates are increasing by 20% and liability and auto rates are increasing by 15%. The City estimates an overall premium increase of \$25,000.
- Council approved a cost-of-living-adjustment (COLA) of 3.5% for all non-union employees effective July 1, 2022.
- The City and the Umatilla Police Officers Association are entering year two of a three-year collective bargaining agreement that is in effect through June 30, 2024. The agreement grants a salary increase of 3.5% per year.
- The City just entered into its' first three-year collective bargaining agreement that is in effect through June 30, 2025 with the new public works union represented by Teamsters Local No. 670. The first year of the agreement grants a salary increase of 2%, followed by increases of 1.75% (year two) and 2% (year three).

- New PERS rates took effect July 1, 2021 and are locked in until June 30, 2023. Rates are 20.63% for Tier 1 and Tier 2, 13.86% for OPSRP General Schedule and 18.22% for OPSRP Police. In addition to the employer's portion, the City pays the employee's 6% required match.
- Medical and Delta Dental insurance costs will remain flat for the next budget cycle. The Willamette Dental plan premiums will increase by 1.6% and vision premiums will increase by 9.5%. The lower cost items such as life insurance and accidental death and disability will remain flat.
- The FY2023 budget continues to demonstrate an increased emphasis on technology upgrades and staff training among all departments.
- The FY2022 supplemental budget approved the addition of a new Parks & Recreation Director, Building Inspector and Maintenance Worker I. The FY2023 budget will incorporate the addition of a second Recreation Specialist to assist with recreation programming and other city events. Personnel costs will increase accordingly.
- In 2020, 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 \$205,000 which is made up of City cash match of \$41,000 (20%) and a grant of \$164,000. The City has been waiting on necessary archeological reports to proceed with the next phase of this project so these funds will carry into FY2023.
- 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 2023 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 anticipate 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. Design of the new bridge was completed in summer 2022, with construction of the new bridge and waterline expected to begin in fall 2022.
- 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 FY2023 budget includes \$965,000 to update Kiwanis Falls at the intersection of US-730 and Highway 395. This will be a great artistic and beautiful gateway project for the City. The new project will feature ornamental hardscapes and landscapes that put our local arid beauty on display, water features that will enhance the design and represent our historical two rivers, artist created pieces that highlight our rivers and our history, and light features to create a beautiful and urban evening display. This project will primarily be funded from capital 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. Umatilla plans on administering this grant and related expenses.
- The Power City and Brownell area water and sewer service extension project is underway. The City estimates the water service portion of the project to cost \$8.1 million. The City has incurred cost of \$593,000 for the water service portion of this project through FY2022. The City estimates the sewer service portion of this project to cost \$11.3 million. The City has incurred \$372,500 for the sewer service portion of this project through FY2022. The City anticipates funding the remaining project costs through a mix of grant funds and debt acquisition. The total anticipated debt acquisition is \$15.2 million.
- The FY2023 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 \$400,000 to begin design on an all-new state-of-the-art marina. The budget also includes \$400,000 towards the design of a new Police Department facility to replace the existing building. Lastly, the budget includes \$100,000 to develop concept drawings for the Golf Course and begin design of both the Golf Course and Hash Park improvements. These funds are intended to get the design started, with the expectation that additional funds will be allocated in FY2024.

Request for Information

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

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

CITY OF UMATILLA, OREGON

Non-major Governmental Funds
June 30, 2022

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, 2022

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total Non-major Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 198,143	\$ 428,442	\$ 178,358	\$ 804,943
	\$ -	\$ -	\$ -	\$ -
<u>LIABILITIES</u>				
<u>FUND BALANCES:</u>				
Committed	198,143	428,442	178,358	804,943
Total liabilities and fund balances	\$ 198,143	\$ 428,442	\$ 178,358	\$ 804,943

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, 2022

	Special Revenue Funds		Capital Project Fund	Total Non-major Governmental Funds
	Library	Transient Room Tax	Building Reserve	
<u>REVENUES:</u>				
Intergovernmental	\$ 233,122	-	\$ -	\$ 233,122
Fees, licenses, and permits	-	130,484	-	130,484
Investment interest	972	1,617	1,140	3,729
Grant revenues	8,734	-	-	8,734
Miscellaneous	173	16,090	132,922	149,185
Total revenues	<u>243,001</u>	<u>148,191</u>	<u>134,062</u>	<u>525,254</u>
<u>EXPENDITURES:</u>				
Current:				
Library	232,975	-	-	232,975
Cultural and recreation	-	143,737	-	143,737
Debt service:				
Principal	-	-	98,307	98,307
Interest	-	-	18,914	18,914
Total expenditures	<u>232,975</u>	<u>143,737</u>	<u>117,221</u>	<u>493,933</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	10,026	4,454	16,841	31,321
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in	40,000	198,500	-	238,500
Operating transfers out	(10,000)	-	-	(10,000)
Total other financing sources (uses)	<u>30,000</u>	<u>198,500</u>	<u>-</u>	<u>228,500</u>
<u>NET CHANGE IN FUND BALANCES</u>	40,026	202,954	16,841	259,821
<u>FUND BALANCES, BEGINNING OF YEAR</u>	158,117	225,488	161,517	545,122
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 198,143</u>	<u>\$ 428,442</u>	<u>\$ 178,358</u>	<u>\$ 804,943</u>

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Library Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2022

	<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	\$ 225,594	\$ 225,594	\$ 233,122	\$ 7,528
Grants	2,000	2,000	8,734	6,734
Interest income	1,200	1,200	972	(228)
Other	1,250	1,250	173	(1,077)
Total revenues	<u>230,044</u>	<u>230,044</u>	<u>243,001</u>	<u>12,957</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the General Fund	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>70,621</u>	<u>70,621</u>	<u>158,117</u>	<u>87,496</u>
	<u>\$ 340,665</u>	<u>\$ 340,665</u>	<u>\$ 441,118</u>	<u>\$ 100,453</u>
<u>EXPENDITURES:</u>				
Current:				
Library:				
Personnel services	\$ 219,940	\$ 219,940	\$ 186,727	\$ 33,213
Materials and services	70,965	70,965	43,131	27,834
Capital outlay	5,000	5,000	3,117	1,883
Operating contingency	15,000	15,000	-	15,000
Total expenditures	<u>310,905</u>	<u>310,905</u>	<u>232,975</u>	<u>77,930</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>320,905</u>	<u>320,905</u>	<u>242,975</u>	<u>\$ 77,930</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>19,760</u>	<u>19,760</u>	<u>198,143</u>	
	<u>\$ 340,665</u>	<u>\$ 340,665</u>	<u>\$ 441,118</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Transient Room Tax Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Motel tax	\$ 45,000	\$ 45,000	\$ 75,771	\$ 30,771
Tourism promotion assessment	45,000	45,000	54,713	9,713
Interest income	1,750	1,750	1,617	(133)
Miscellaneous	215,000	215,000	16,090	(198,910)
Total revenues	<u>306,750</u>	<u>306,750</u>	<u>148,191</u>	<u>(158,559)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the General Fund	<u>198,500</u>	<u>198,500</u>	<u>198,500</u>	<u>-</u>
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>221,831</u>	<u>224,331</u>	<u>225,488</u>	<u>1,157</u>
	<u>\$ 727,081</u>	<u>\$ 729,581</u>	<u>\$ 572,179</u>	<u>\$ (157,402)</u>
<u>EXPENDITURES:</u>				
Current:				
Personnel services	\$ 6,377	\$ 8,877	\$ 6,378	\$ 2,499
Culture and recreation:				
Materials and services	632,060	632,060	137,359	494,701
Capital outlay	60,715	60,715	-	60,715
Total expenditures	<u>699,152</u>	<u>701,652</u>	<u>143,737</u>	<u>\$ 557,915</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>27,929</u>	<u>27,929</u>	<u>428,442</u>	
	<u>\$ 727,081</u>	<u>\$ 729,581</u>	<u>\$ 572,179</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Capital Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Interest income	\$ 17,000	\$ 17,000	\$ 21,417	\$ 4,417
Grants	2,502,625	2,502,625	1,900,000	(602,625)
Miscellaneous income	3,101,171	3,101,171	5,239,172	2,138,001
	<u>5,620,796</u>	<u>5,620,796</u>	<u>7,160,589</u>	<u>1,539,793</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the Sewer Fund	153,700	153,700	153,700	-
From the Water Fund	113,700	113,700	113,700	-
From the General Fund	3,009,300	3,451,769	3,451,769	-
From the State Tax Street Fund	124,900	124,900	124,900	-
From the Building Department Fund	402,000	529,241	529,241	-
	<u>3,803,600</u>	<u>4,373,310</u>	<u>4,373,310</u>	<u>-</u>
Total revenues and transfers	9,424,396	9,994,106	11,533,899	1,539,793
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>3,676,954</u>	<u>3,676,954</u>	<u>3,752,048</u>	<u>75,094</u>
	<u>\$13,101,350</u>	<u>\$13,671,060</u>	<u>\$15,285,947</u>	<u>\$ 1,614,887</u>
<u>EXPENDITURES:</u>				
Current:				
General government:				
Debt service	\$ 146,154	\$ 146,154	\$ 114,903	\$ 31,251
Capital outlay	11,522,131	12,091,841	4,566,960	7,524,881
	<u>11,668,285</u>	<u>12,237,995</u>	<u>4,681,863</u>	<u>7,556,132</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>1,433,065</u>	<u>1,433,065</u>	<u>10,604,084</u>	
	<u>\$13,101,350</u>	<u>\$13,671,060</u>	<u>\$15,285,947</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Building Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Interest	\$ 2,000	\$ 2,000	\$ 1,140	\$ (860)
Calpine co-gen plant	132,922	132,922	132,922	-
	<u>134,922</u>	<u>134,922</u>	<u>134,062</u>	<u>(860)</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>162,093</u>	<u>162,093</u>	<u>161,517</u>	<u>(576)</u>
	<u>\$ 297,015</u>	<u>\$ 297,015</u>	<u>\$ 295,579</u>	<u>\$ (1,436)</u>
<u>EXPENDITURES:</u>				
Debt service	\$ 117,222	\$ 117,222	\$ 117,221	\$ 1
<u>UNAPPROPRIATED BALANCE</u>	<u>179,793</u>	<u>179,793</u>	<u>178,358</u>	
	<u>\$ 297,015</u>	<u>\$ 297,015</u>	<u>\$ 295,579</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Debt Service Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2022

	<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:				
Prior	\$ 200	\$ 200	\$ 222	\$ 22
Interest income	25	25	20	(5)
	<u>225</u>	<u>225</u>	<u>242</u>	<u>17</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>3,795</u>	<u>3,795</u>	<u>3,874</u>	<u>79</u>
	<u>\$ 4,020</u>	<u>\$ 4,020</u>	<u>\$ 4,116</u>	<u>\$ 96</u>
<u>EXPENDITURES:</u>	\$ -	\$ -	\$ -	\$ -
<u>UNAPPROPRIATED BALANCE</u>	<u>4,020</u>	<u>4,020</u>	<u>4,116</u>	
	<u>\$ 4,020</u>	<u>\$ 4,020</u>	<u>\$ 4,116</u>	

CITY OF UMATILLA, OREGON

Water Utility Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2022

	<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>				
Water service	\$ 1,706,613	\$ 1,706,613	\$ 1,532,402	\$ (174,211)
Interest and other	103,400	103,400	115,161	11,761
Total revenues	<u>1,810,013</u>	<u>1,810,013</u>	<u>1,647,563</u>	<u>(162,450)</u>
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>156,967</u>	<u>156,967</u>	<u>182,434</u>	<u>25,467</u>
	<u>\$ 1,966,980</u>	<u>\$ 1,966,980</u>	<u>\$ 1,829,997</u>	<u>\$ (136,983)</u>
<u>EXPENDITURES:</u>				
Personnel services	\$ 525,919	\$ 548,419	\$ 539,204	\$ 9,215
Materials and services	667,440	897,440	825,682	71,758
Debt service	32,523	32,523	28,897	3,626
Contingency	100,000	22,500	-	22,500
	<u>1,325,882</u>	<u>1,500,882</u>	<u>1,393,783</u>	<u>107,099</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To the Capital Reserve Fund	113,700	113,700	113,700	-
To the General Fund	19,220	19,220	19,220	-
To the Water Reserve Fund	405,000	230,000	230,000	-
	<u>537,920</u>	<u>362,920</u>	<u>362,920</u>	<u>-</u>
Total expenditures and transfers	<u>1,863,802</u>	<u>1,863,802</u>	<u>1,756,703</u>	<u>\$ 107,099</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>103,178</u>	<u>103,178</u>	<u>73,294</u>	
	<u>\$ 1,966,980</u>	<u>\$ 1,966,980</u>	<u>\$ 1,829,997</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Sewer Utility Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2022

	<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	\$ 2,071,602	\$ 2,127,802	\$ 2,078,502	\$ (49,300)
Interest income	4,000	4,000	3,175	(825)
Other income	274,000	274,000	230,158	(43,842)
Total revenues	<u>2,349,602</u>	<u>2,405,802</u>	<u>2,311,835</u>	<u>(93,967)</u>
<u>BEGINNING FUND BALANCE</u>				
<u>AVAILABLE FOR APPROPRIATION</u>	<u>694,452</u>	<u>694,452</u>	<u>698,798</u>	<u>4,346</u>
	<u>\$ 3,044,054</u>	<u>\$ 3,100,254</u>	<u>\$ 3,010,633</u>	<u>\$ (89,621)</u>
<u>EXPENDITURES:</u>				
Personnel services	\$ 600,426	\$ 602,926	\$ 520,691	\$ 82,235
Materials and service	711,690	711,690	556,089	155,601
Debt service	475,777	475,777	338,604	137,173
Contingency	100,000	-	-	-
	<u>1,887,893</u>	<u>1,790,393</u>	<u>1,415,384</u>	<u>375,009</u>
<u>TRANSFERS TO OTHER FUNDS:</u>				
To the Sewer Reserve Fund	590,000	590,000	590,000	-
To the General Fund	19,220	19,220	19,220	-
To the Capital Reserve Fund	-	153,700	153,700	-
	<u>609,220</u>	<u>762,920</u>	<u>762,920</u>	<u>-</u>
Total expenditures and transfers	<u>2,497,113</u>	<u>2,553,313</u>	<u>2,178,304</u>	<u>\$ 375,009</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>546,941</u>	<u>546,941</u>	<u>832,329</u>	
	<u>\$ 3,044,054</u>	<u>\$ 3,100,254</u>	<u>\$ 3,010,633</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Water Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
SDC for water system improvement	\$ 205,400	\$ 205,400	\$ 256,288	\$ 50,888
Grant revenue and other	2,018,650	2,018,650	273,905	(1,744,745)
Interest income	6,000	6,000	6,252	252
	<u>2,230,050</u>	<u>2,230,050</u>	<u>536,445</u>	<u>(1,693,605)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the Water Fund	<u>405,000</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Total revenues and transfers	2,635,050	2,460,050	766,445	(1,693,605)
<u>BEGINNING FUND BALANCE AVAILABLE</u>				
<u>FOR APPROPRIATION</u>	<u>1,113,326</u>	<u>1,113,326</u>	<u>1,107,516</u>	<u>(5,810)</u>
	<u>\$ 3,748,376</u>	<u>\$ 3,573,376</u>	<u>\$ 1,873,961</u>	<u>\$ (1,699,415)</u>
<u>EXPENDITURES:</u>				
Materials and services	\$ 580,850	\$ 580,850	\$ 313,994	\$ 266,856
Capital outlay	2,216,801	2,041,801	243,339	1,798,462
Contingency	300,000	300,000	-	300,000
Total expenditures	3,097,651	2,922,651	557,333	<u>\$ 2,365,318</u>
<u>UNAPPROPRIATED BALANCE</u>	<u>650,725</u>	<u>650,725</u>	<u>1,316,628</u>	
	<u>\$ 3,748,376</u>	<u>\$ 3,573,376</u>	<u>\$ 1,873,961</u>	

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Sewer Reserve Fund
Budgetary Comparison Schedule - Modified Cash Basis
Year Ended June 30, 2022

	<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	\$ 247,000	\$ 247,000	\$ 306,341	\$ 59,341
Interest	15,000	15,000	12,815	(2,185)
Other income	362,000	362,000	248,401	(113,599)
	<u>624,000</u>	<u>624,000</u>	<u>567,557</u>	<u>(56,443)</u>
<u>TRANSFERS FROM OTHER FUNDS:</u>				
From the Sewer Fund	<u>590,000</u>	<u>590,000</u>	<u>590,000</u>	<u>-</u>
Total revenues and transfers	1,214,000	1,214,000	1,157,557	(56,443)
<u>BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION</u>				
	<u>2,431,044</u>	<u>2,431,044</u>	<u>2,365,226</u>	<u>(65,818)</u>
	<u>\$3,645,044</u>	<u>\$ 3,645,044</u>	<u>\$3,522,783</u>	<u>\$ (122,261)</u>
<u>EXPENDITURES:</u>				
Materials and services	\$ 362,000	\$ 362,000	\$ 177,370	\$ 184,630
Capital outlay	610,961	610,961	145,370	465,591
Contingency	400,000	400,000	-	400,000
Total expenditures	1,372,961	1,372,961	322,740	<u>\$ 1,050,221</u>
<u>UNAPPROPRIATED BALANCE</u>				
	<u>2,272,083</u>	<u>2,272,083</u>	<u>3,200,043</u>	
	<u>\$3,645,044</u>	<u>\$ 3,645,044</u>	<u>\$3,522,783</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, 2022

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Total</u>
<u>REVENUES</u>	\$1,647,563	\$2,311,835	\$536,445	\$ 567,557	\$5,063,400
<u>EXPENDITURES</u>	<u>(1,393,783)</u>	<u>(1,415,384)</u>	<u>(557,333)</u>	<u>(322,740)</u>	<u>(3,689,240)</u>
<u>REVENUES OVER(UNDER)</u>					
<u>EXPENDITURES-- BUDGETARY BASIS</u>	<u>253,780</u>	<u>896,451</u>	<u>(20,888)</u>	<u>244,817</u>	<u>1,374,160</u>
<u>TRANSFERS (MODIFIED CASH BASIS):</u>					
Operating transfers in	567,028	316,811	230,000	621,931	1,735,770
Operating transfers out	<u>(362,920)</u>	<u>(794,851)</u>	<u>(545,654)</u>	<u>(295,434)</u>	<u>(1,998,859)</u>
	<u>204,108</u>	<u>(478,040)</u>	<u>(315,654)</u>	<u>326,497</u>	<u>(263,089)</u>
<u>ADJUSTMENTS:</u>					
Principal payments on debt	11,934	322,642	-	-	334,576
Capital outlay transfers	-	-	545,654	295,434	841,088
Loan proceeds	-	(177,757)	-	(31,931)	(209,688)
Depreciation and amortization	<u>(246,546)</u>	<u>(390,427)</u>	-	-	<u>(636,973)</u>
	<u>(234,612)</u>	<u>(245,542)</u>	<u>545,654</u>	<u>263,503</u>	<u>329,003</u>
<u>CHANGE IN NET POSITION PER STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS</u>	<u>\$ 223,276</u>	<u>\$ 172,869</u>	<u>\$209,112</u>	<u>\$ 834,817</u>	<u>\$1,440,074</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, 2022

	<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>	\$ 73,294	\$ 832,329	\$ 1,316,628	\$ 3,200,043	\$ 5,422,294
<u>ADD (DEDUCT):</u>					
Fixed assets	3,505,831	8,907,569	-	-	12,413,400
Notes payable to bank	<u>(534,259)</u>	<u>(3,524,711)</u>	<u>-</u>	<u>-</u>	<u>(4,058,970)</u>
<u>NET POSITION</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>

CITY OF UMATILLA, OREGON

Statement of Net Position - Modified Cash Basis
Proprietary Funds
June 30, 2022
(with comparative totals for June 30, 2021)

	Water Utility		Sewer Utility		Water Reserve		Sewer Reserve		Totals June 30,	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	2022	2021
<u>ASSETS:</u>										
Cash and cash equivalents	\$ 73,294	\$ 182,434	\$ 832,329	\$ 698,798	\$ 1,316,628	\$ 1,107,516	\$ 3,200,043	\$ 2,365,226	\$ 5,422,294	\$ 4,353,974
Capital assets, less accumulated depreciation	3,505,831	3,185,349	8,907,569	8,981,185	-	-	-	-	12,413,400	12,166,534
	3,579,125	3,367,783	9,739,898	9,679,983	1,316,628	1,107,516	3,200,043	2,365,226	17,835,694	16,520,508
<u>LIABILITIES:</u>										
Note payable	534,259	546,193	3,274,711	3,127,665	-	-	-	-	3,808,970	3,673,858
Bonds payable	-	-	250,000	510,000	-	-	-	-	250,000	510,000
Total liabilities	534,259	546,193	3,524,711	3,637,665	-	-	-	-	4,058,970	4,183,858
<u>NET POSITION:</u>										
Net investment in capital assets	2,971,572	2,639,156	5,382,858	5,343,520	-	-	-	-	8,354,430	7,982,676
Unrestricted	73,294	182,434	832,329	698,798	1,316,628	1,107,516	3,200,043	2,365,226	5,422,294	4,353,974
Total net position	\$ 3,044,866	\$ 2,821,590	\$ 6,215,187	\$ 6,042,318	\$ 1,316,628	\$ 1,107,516	\$ 3,200,043	\$ 2,365,226	\$ 13,776,724	\$ 12,336,650

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, 2022
(with comparative totals for June 30, 2021)

	Water Utility		Sewer Utility		Water Reserve		Sewer Reserve		Totals June 30,	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	2022	2021
<u>OPERATING REVENUES:</u>										
Charges for sales and services:										
Water	\$ 1,532,402	\$ 1,510,142	\$ -	\$ -	\$ 256,288	\$ 101,681	\$ -	\$ -	\$ 1,788,690	\$ 1,611,823
Sewer	-	-	2,078,502	1,938,989	-	-	306,341	81,795	2,384,843	2,020,784
Miscellaneous revenues	114,203	194,464	52,401	47,965	273,905	-	216,470	-	656,979	242,429
Total operating revenue	1,646,605	1,704,606	2,130,903	1,986,954	530,193	101,681	522,811	81,795	4,830,512	3,875,036
<u>OPERATING EXPENSES:</u>										
Cost of sales and services	1,364,886	1,211,506	1,076,780	859,963	11,679	8,672	27,306	31,214	2,480,651	2,111,355
Depreciation and amortization	246,546	235,013	390,427	382,311	-	-	-	-	636,973	617,324
Total operating expenses	1,611,432	1,446,519	1,467,207	1,242,274	11,679	8,672	27,306	31,214	3,117,624	2,728,679
<u>OPERATING INCOME (LOSS)</u>	35,173	258,087	663,696	744,680	518,514	93,009	495,505	50,581	1,712,888	1,146,357
<u>NONOPERATING REVENUES</u>										
(EXPENSES):										
Interest on investments	958	1,427	3,175	3,326	6,252	6,562	12,815	15,165	23,200	26,480
Interest expense	(16,963)	(14,015)	(15,962)	(23,239)	-	-	-	-	(32,925)	(37,254)
Total nonoperating revenue (expenses)	(16,005)	(12,588)	(12,787)	(19,913)	6,252	6,562	12,815	15,165	(9,725)	(10,774)
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	19,168	245,499	650,909	724,767	524,766	99,571	508,320	65,746	1,703,163	1,135,583
Transfers in (out)	204,108	(133,496)	(478,040)	(523,717)	(315,654)	280,468	326,497	441,467	(263,089)	64,722
<u>CHANGE IN NET POSITION</u>	223,276	112,003	172,869	201,050	209,112	380,039	834,817	507,213	1,440,074	1,200,305
<u>TOTAL NET POSITION - BEGINNING</u>	2,821,590	2,709,587	6,042,318	5,841,268	1,107,516	727,477	2,365,226	1,858,013	12,336,650	11,136,345
<u>TOTAL NET POSITION - ENDING</u>	\$ 3,044,866	\$ 2,821,590	\$ 6,215,187	\$ 6,042,318	\$ 1,316,628	\$ 1,107,516	\$ 3,200,043	\$ 2,365,226	\$ 13,776,724	\$ 12,336,650

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

**Schedule of Future Debt Service Requirements
of Long-Term Debt
June 30, 2022**

Maturing During Year Ending June 30,	US Bank March 11, 2014		IFA February 18, 2021		IFA December 1, 2019		DEQ Clean Water Loan February 4, 2022		DEQ WW facility plan To be determined	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 250,000	\$ 3,750	12,031	23,468	\$ 63,531	\$ 3,674	\$ 531,360	\$ 120,677	\$ 25,720	\$ 2,202
2024	-	-	12,132	22,867	64,433	2,772	63,456	47,116	51,649	1,055
2025	-	-	12,239	22,260	65,348	1,857	64,449	45,803	51,928	776
2026	-	-	12,351	21,648	65,428	929	65,458	44,470	48,460	495
2027	-	-	12,468	21,030	-	-	66,484	43,114	-	-
2028-2032	-	-	89,320	93,172	-	-	348,366	194,493	-	-
2033-2037	-	-	113,278	68,967	-	-	376,513	157,289	-	-
2038-2042	-	-	138,327	38,417	-	-	406,935	117,079	-	-
2043-2047	-	-	132,113	10,231	-	-	439,812	73,624	-	-
2048-2052	\$ 250,000	\$ 3,750	\$ 534,259	\$ 322,060	\$ 258,740	\$ 9,232	\$ 2,838,214	\$ 870,318	\$ 177,757	\$ 4,528

Maturing During Year Ending June 30,	Banner Bank April 13, 2009		Banner Bank December 18, 2020		Individuals May 24, 2022		Charitable foundation June 10, 2022		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 103,010	\$ 14,212	\$ 70,689	\$ 44,214	\$ 42,500	\$ -	\$ 31,250	\$ -	\$ 1,130,091	\$ 212,197
2024	108,180	9,041	71,246	43,657	-	-	31,250	-	402,346	126,508
2025	73,313	3,642	73,248	41,655	-	-	31,250	-	371,775	115,993
2026	-	-	75,306	39,597	-	-	-	-	267,003	107,139
2027	-	-	77,421	37,482	-	-	-	-	156,373	101,626
2028-2032	-	-	420,983	153,532	-	-	-	-	858,669	441,197
2033-2037	-	-	483,536	90,979	-	-	-	-	973,327	317,235
2038-2042	-	-	380,708	21,542	-	-	-	-	925,970	177,038
2043-2047	-	-	-	-	-	-	-	-	571,925	83,855
2048-2052	\$ 284,503	\$ 26,895	\$ 1,653,137	\$ 472,658	\$ 42,500	\$ -	\$ 93,750	\$ -	\$ 6,132,860	\$ 1,709,441

See accompanying independent auditors' report.

CITY OF UMATILLA, OREGON

Schedule of Long-Term Debt Transactions
Year Ended June 30, 2022

	Interest Rate	Amount of Original Issue	DEBT PRINCIPAL				INTEREST			
			Outstanding July 1, 2021	Debt Issued During Year	Matured and Paid During Year	Outstanding June 30, 2022	Outstanding July 1, 2021	Matured During Year	Paid During Year	Matured and Outstanding June 30, 2022
Banner Bank April 13, 2009	4.9 %	\$ 1,500,000	\$ 382,810	\$ -	\$ 98,307	\$ 284,503	\$ -	\$ 18,914	\$ 18,914	\$ -
Banner Bank December 18, 2020	2.8 %	\$ 1,700,000	1,700,000	-	46,863	1,653,137	-	68,040	68,040	-
IFA Loan December 1, 2019	1.4 %	\$ 444,815	321,382	-	62,642	258,740	-	4,563	4,563	-
DEQ clean water loan February 4, 2022	1.6 %	\$ 2,838,214	2,806,283	31,931	-	2,838,214	-	-	-	-
IFA Loan February 18, 2021	2.5 %	\$ 667,378	546,193	-	11,934	534,259	-	16,963	16,963	-
DEQ To be determined	0.5 %	\$ 177,757	-	177,757	-	177,757	-	-	-	-
Individuals May 24, 2022	0 %	\$ 42,500	-	42,500	-	42,500	-	-	-	-
Charitable foundation June 10, 2022	0 %	\$ 93,750	-	93,750	-	93,750	-	-	-	-
US Bank sewer refunding bonds March 11, 2014	2.0 %	\$ 2,160,000	510,000	-	260,000	250,000	-	11,398	11,398	-
Totals			\$ 6,266,668	\$ 345,938	\$ 479,746	\$ 6,132,860	\$ -	\$ 119,878	\$ 119,878	\$ -

See accompanying independent auditors' report.

Barnett & Moro, P.C.

Certified Public Accountants

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CRYSTAL R. CHASE, C.P.A.

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, 2022, and have issued our report thereon dated December 15, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

Mayor and City Council
City of Umatilla
Page two

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

OAR 162-10-0230 Internal Control

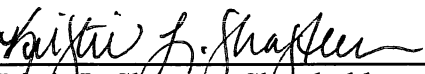
In planning and performing our audit of the financial statements, we considered City of Umatilla, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing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

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

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

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

Barnett & Moro, P.C.

By: 

Kristie L. Shasteen, Shareholder
Hermiston, Oregon
December 15, 2022