



CITY OF IRRIGON

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2021

CITY OF IRRIGON

JUNE 30, 2021

MAYOR AND CITY COUNCIL

<u>NAME AND ADDRESS</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Margaret Anderson Post Office Box 428 Irrigon, Oregon 97844	Mayor	December 31, 2022
Michelle Hagen Post Office Box 116 Irrigon, Oregon 97844	Mayor Pro Tem	December 31, 2022
Daren Strong Post Office Box 556 Irrigon, Oregon 97844	Council Member	December 31, 2024
Kenneth Matlack 1365 NE Main Ave. Irrigon, Oregon 97844	Council Member	December 31, 2024
Melvin Lambert Post Office Box 702 Irrigon, Oregon 97844	Council Member	December 31, 2022
Marlina Avila Serratos 325 NE Sixth Street Irrigon, Oregon 97844	Council Member	December 31, 2024
Wesley "Alan" Carnahan 265 NE Sixth Street Irrigon, Oregon 97844	Council Member	December 31, 2024

APPOINTED OFFICIALS

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

MAILING ADDRESS

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

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Irrigon, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City, as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

Report on Other Legal and Regulatory Requirements

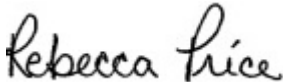
Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 3, 2021 on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide and opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have also issued my report dated November 3, 2021, on my consideration of the City's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

REBECCA PRICE, CPA



San Jose, California
November 3, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

Our discussion and analysis of City of Irrigon's financial performance provides an overview of the city's financial activities for the fiscal year ending June 30, 2021. Please read it in conjunction with the city's financial statements, which begin on page 9.

Financial Highlights

- Net position from governmental activities increased \$1,437,765 or approximately 24%
- Net position from business-type activities increased \$694,526 or approximately 7%

Basis of Accounting

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

Using This Annual Report

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

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

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

The City as a Whole

The city's total assets exceeded total liabilities by \$17,733,085 at the end of the 2021 fiscal year. This is an increase of \$2,132,291 or approximately 14% from the previous fiscal year's amount of \$15,600,794 as demonstrated in the table below comparing net position between fiscal year 2021 and fiscal year 2020.

Statement of Net Position

Assets	Governmental Activities		Business-Type Activities		Total Activities	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
Unrestricted Cash and Cash Equivalents	\$ 3,301,598	\$ 2,422,253	\$ 1,567,183	\$ 1,459,167	\$ 4,868,781	\$ 3,881,420
Account Receivables	72,927	75,369	146,094	143,057	219,021	218,426
Grant Receivable	95,734	135,754	-	139,300	95,734	275,054
Property Tax Receivables	7,194	9,379	7,323	10,215	14,517	19,594
Prepaid Expense	13,622	-	22,667	-	36,289	-
Total Current Assets	3,491,075	2,642,755	1,743,267	1,751,739	5,234,342	4,394,494
Non Current Assets						
Restricted Cash and Cash Equivalents	-	-	161,162	149,343	161,162	149,343
Leases Receivable	499,054	-	-	-	499,054	-
Capital Assets						
Land	121,485	121,485	68,241	68,241	189,726	189,726
Construction in Progress	807,818	521,352	-	2,416,682	807,818	2,938,034
Infrastructure	2,972,882	2,700,610	-	-	2,972,882	2,700,610
Water System	-	-	3,968,872	4,051,114	3,968,872	4,051,114
Sewer System	-	-	13,092,098	8,125,909	13,092,098	8,125,909
Buildings	538,817	383,972	534,733	543,831	1,073,550	927,803
Equipment	105,763	117,296	183,197	158,412	288,960	275,708
Total Capital Assets	4,546,765	3,844,715	17,847,141	15,364,189	22,393,906	19,208,904
Total Assets	8,536,894	6,487,470	19,751,570	17,265,271	28,288,464	23,752,741
Deferred Outflows of Resources	120,195	95,271	251,152	227,841	371,347	323,112
Liabilities						
Current Liabilities:						
Account Payables	158,259	113,867	185,262	270,067	343,521	383,934
Payroll Payable	5,545	5,148	10,573	11,215	16,118	16,363
Unearned Revenue	-	950	7,995	7,902	7,995	8,852
Customer Deposits	-	-	64,797	59,047	64,797	59,047
Accrued Compensated Absences	157,521	150,703	-	-	157,521	150,703
Accrued Interest Payable	-	-	38,671	16,573	38,671	16,573
Premium on Bonds, Current	-	-	42,377	46,376	42,377	46,376
Loans Payable within one year	-	-	269,753	263,816	269,753	263,816
Total Current Liabilities	321,325	270,668	619,428	674,996	940,753	945,664
Long-term Liabilities:						
Loans Payable after one year	-	-	8,080,440	6,236,538	8,080,440	6,236,538
Premium on Bonds, Non-Current	-	-	246,223	288,197	246,223	288,197
Pension Liability	343,260	248,251	717,249	650,464	1,060,509	898,715
OPEB Liability	9,209	9,499	19,242	24,891	28,451	34,390
Total Liabilities	673,794	528,418	9,682,582	7,875,086	10,356,376	8,403,504
Deferred Inflows of Resources	511,703	20,496	58,647	51,059	570,350	71,555
Net Position						
Net Investment in Capital Assets	4,546,765	3,844,715	9,208,348	8,529,262	13,755,113	12,373,977
Restricted for Debt Service	-	-	99,065	18,282	99,065	18,282
Streets and Public Works	-	84,030	-	-	-	84,030
Unrestricted	2,924,827	2,105,082	954,080	1,019,423	3,878,907	3,124,505
Total Net Position	\$ 7,471,592	\$ 6,033,827	\$ 10,261,493	\$ 9,566,967	\$ 17,733,085	\$ 15,600,794

The city's total assets increased \$4,535,723, deferred outflows of resources increased \$48,235, liabilities increased \$1,952,872, and deferred inflows of resources increased \$498,795. Revenues totaled \$5,251,030 and total expenses were \$3,126,249 resulting in the \$2,124,781 increase in net position. The total employer pension liability increased \$161,794 from \$898,715 in 2020 to \$1,060,509 in 2021.

Current assets increased \$839,848, largely due to the receipt of grant funding that had not yet been disbursed by year end. Current Assets **are assets that are expected to** either be converted to cash or used to pay **current** liabilities within 12 months. Capital assets are depreciated over their estimated useful lives using the straight-line method. The total amount of the capital asset depreciation for the fiscal year was \$433,532.

Governmental Activities

Net position of the city's governmental activities increased \$1,430,255, approximately 24%. The statements of activities for governmental activities will give a better understanding of how this came to be. The report below is included for reference and comparison between the current period and the previous period.

Statement of Activities Summary Governmental Activities for the years ended June 30, 2021 and 2020

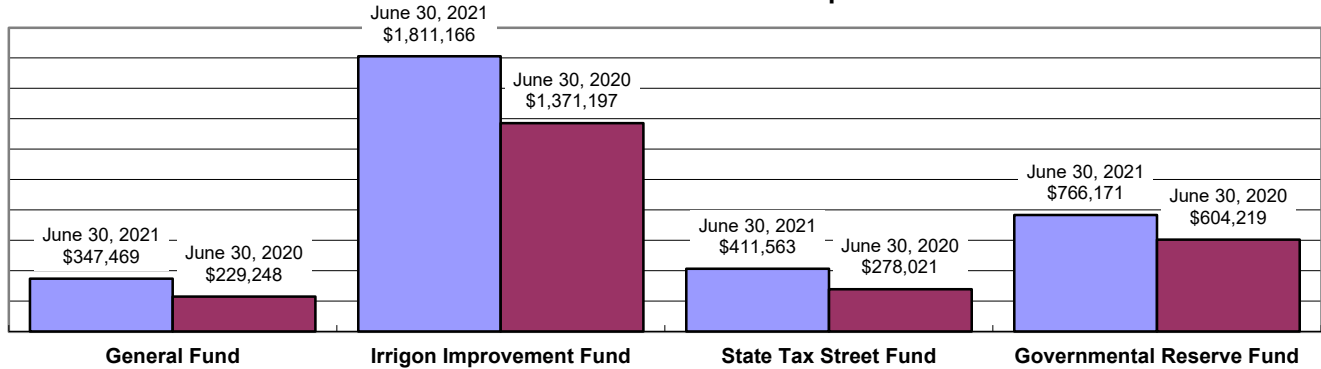
Revenues	2020-2021	2019-2020	Difference
Property Taxes	\$ 230,444	\$ 214,142	\$ 16,302
General Service Fees	325,270	279,113	46,157
Franchise Fees	83,925	81,167	2,758
State Revenue Sharing	213,426	203,136	10,290
Miscellaneous	28,524	30,356	(1,832)
Grants	1,844,688	1,336,699	507,989
Lease Revenue	28,302	27,737	565
Interest on Investments	25,897	34,406	(8,509)
Nuisance Abatement	-	-	-
Total Revenues	<u>2,780,476</u>	<u>2,206,756</u>	<u>573,720</u>
Expenses			
General Government	1,038,170	917,359	120,811
Street Services	312,595	283,971	28,624
Total Expenditures	<u>1,350,765</u>	<u>1,201,330</u>	<u>149,435</u>
Increase (Decrease) in net assets before transfers	<u>1,429,711</u>	<u>1,005,426</u>	<u>424,285</u>
Transfers	544	(20,559)	21,103
Net Change in Net Position	<u>\$ 1,430,255</u>	<u>\$ 984,867</u>	<u>\$ 445,388</u>

The city's revenue in governmental Activities was \$2,780,476 with expenditures of \$1,350,765 and transfers in of \$554 that resulted in the increase of net position of \$1,430,255. The city received \$507,989 more in grant resources than the year before. The grants received were \$1,018,151.06 from the Columbia River Enterprise Zone II (CREZII) for community enhancement and infrastructure projects, \$382,093 from the State of Oregon for Pedestrian Safety Improvements and \$304,636.12 from the State of Oregon for a multimodal safety project along Division Street.

Overall expenditures for the city's governmental activities increased approximately 12% from the previous fiscal year largely due to an increase in pension expense.

The Governmental Funds Balance Comparison Graph presented below is based on the fund financial statements on pages 11 thru 14. This graph compares the fund balances as of June 30, 2021, to the fund balances as of June 30, 2020.

Governmental Funds Balances Comparisons



The General fund balance increased \$118,221, approximately 51% from the previous year largely due to holding grant money in reserves until enough is acquired to complete needed projects. The Irrigon Improvement Fund balance increased \$439,969, approximately 32% from the previous year due to additional grant money from the Columbia River Enterprise Fund II. The State Tax Street Fund balance increased \$133,542, approximately, 48% largely due to an decrease in spending from the prior year.

Business-Type Activities

Net Position for business-type activities increased \$694,526 approximately 7%. The statements of activities for the business-type activities will give a better understanding of how this came to be. The table below is included for reference and comparison between the current period and the previous period.

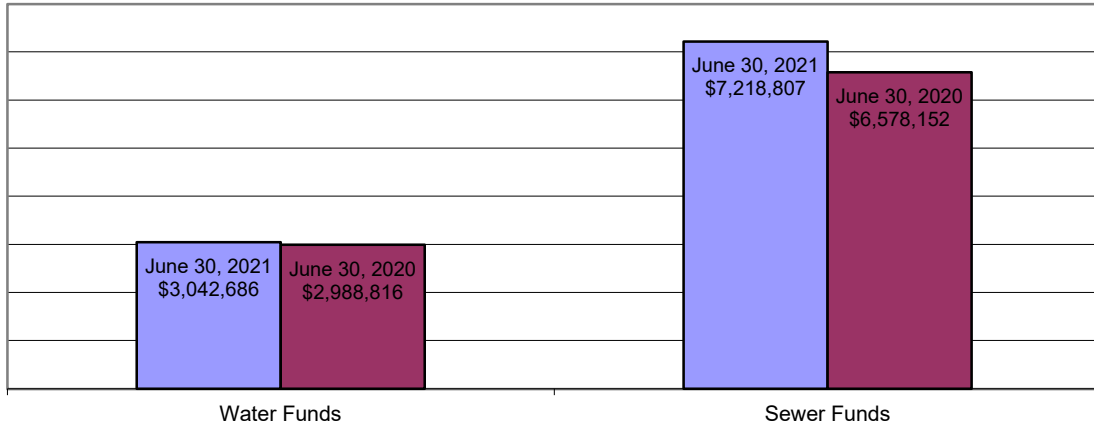
Statement of Activities Summary Business Type Activities for the years ended June 30, 2021 and 2020

Revenues	2020-2021	2019-2020	Difference
Charges for Services	\$ 1,425,385	\$ 1,244,743	\$ 180,642
Grant and contributions	809,114	1,392,944	(583,830)
Property Taxes	207,571	218,558	(10,987)
Miscellaneous	18,986	3,385	15,601
Interest on Investments	9,498	22,665	(13,167)
Total Revenue	2,470,554	2,882,295	(411,741)
Expenses			
Water	618,462	649,489	(31,027)
Sewer	1,157,022	867,515	289,507
Total Expenses	1,775,484	1,517,004	258,480
Increase (decrease) in net assets before transfers and gain on disposal of real property	695,070	1,365,291	(670,221)
Transfers (out)	(544)	20,559	(21,103)
Change in Net Position	694,526	1,385,850	(691,324)

The proprietary activity revenue for the fiscal year was \$2,470,554; expenses were \$1,775,484 and transfers out were \$544 resulting in net position increasing \$694,526. The city experienced a decrease in revenues in the proprietary funds of \$411,741. This decrease is due to \$583,830 less in grant funds being received.

The expenses from the proprietary activities totaled \$1,775,484, an increase of approximately 17% from the prior year. Personnel services decreased approximately 3%, materials and services increased 97% due to sludge removal from the lagoons at the wastewater treatment plant, and interest on debt increased 11%. The capital asset depreciation expense was \$363,972.14 or approximately 20% of total expenses.

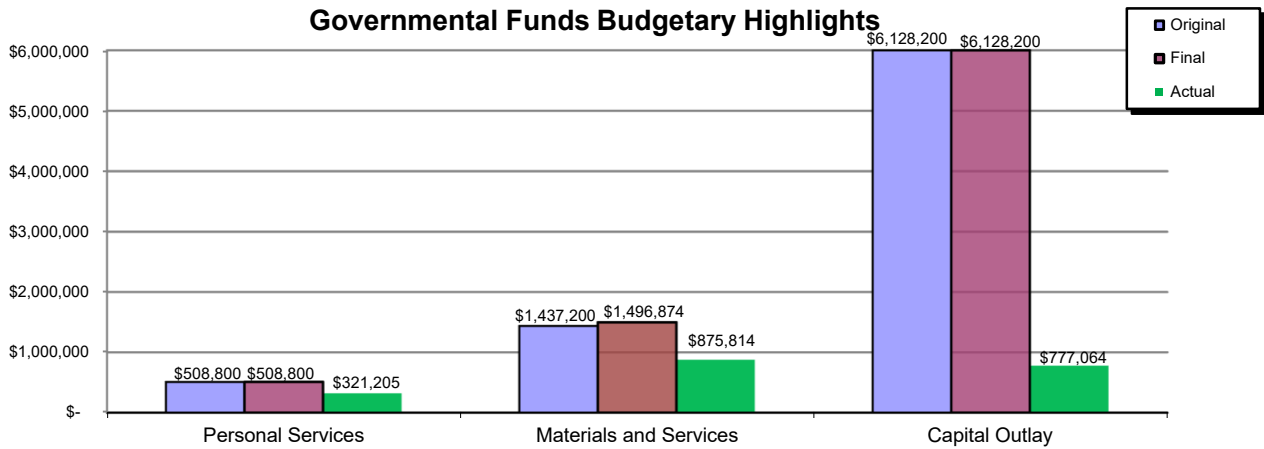
Proprietary Fund Balances Comparison



The Proprietary Funds Balance Comparison Graph presented above compares the fund balances as of June 30, 2021 to the fund balances as of June 30, 2020 for the water funds and the sewer funds. The water fund balance increased \$53,870 from the previous year's total water fund balance. The sewer fund balance increased \$640,655 from the previous year.

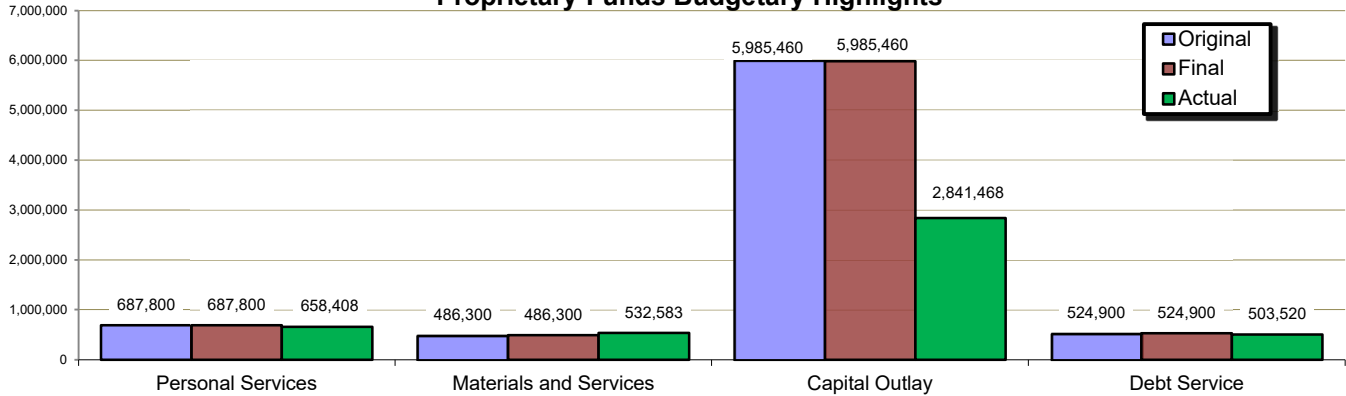
Budgetary Highlights

Governmental Funds Budgetary Highlights



The total governmental funds expenditures for the fiscal year were below the appropriations approved by the city council. Overall personnel service expenditures were \$187,595 below budgeted amount allowing for the pay out of all accrued employee leave, materials and services were \$621,060 below budget amount and Capital Outlay was \$5,351,136 below budgeted amount. The city has several projects planned and are setting aside money for needed projects. These projects are included in the budget and account for the difference between budgeted and actual.

Proprietary Funds Budgetary Highlights



The proprietary funds total expenditures for the fiscal year were below the total appropriations approved by the city council. Total Proprietary Funds Personnel Services expenditures were \$29,392 below the budgeted amount, materials and services were \$46,283 over the budget amount, Capital Outlay was \$3,143,992 below the budgeted amount and debt service was \$21,380 below the budgeted amount

In 2019 the City of Irrigon applied for a low interest rate from the State Revolving Loan Program to fund its Treatment Plant Compliance Project to permanently implement a methanol system at the wastewater treatment plant, replace WWTP flow meters, upgrade the electrical system at M1 Lift Station and if enough funds were available to remove stored biosolids from the facultative lagoon. All of this project was appropriated in the budget as capital outlay, but the removal of the biosolids should actually be classified as materials and services, resulting in the Sewer Operations and Development Fund to exceed the material and services appropriation by \$235,895.

Debt Covenants

The Sewer Fund is required by the State of Oregon acting by and through its Department of Environmental Quality to establish a loan reserve equal to one half of the average annual debt service to be used solely for making payments of principal and interest if no other funds are available. The loan reserve requirement was \$99,065 at the end of the year. This was the total restricted net position in the Sewer Fund.

At year end the Water Fund reported restricted cash of \$64,797 for customer deposits.

Significant Capital Asset and Long-term Debt Activity

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

Economic Factors and Next Year’s Budget and Rates

Total Budget Authority for the 2021-2022 fiscal year is \$12,836,030. This is a decrease of \$3,342,704 from the budget authority of \$16,178,734 from the 2020-2021 budget year. This decrease is due mostly to the completing of the newest sewer conversion project that had a total of \$4,567,227.60

The City’s permanent governmental tax rate is \$3.6782 per \$1,000 assessed value. The permanent tax rate is expected to raise an estimated \$227,578, allowing for uncollectible tax payments and discounts for early payment. The voters have approved general obligation bonds for both water and sewer, which allows the city to levy taxes to make the annual payments on the bond. The annual payments total \$238,823. The city has continued with a tax on property to cover necessary payments on the bonded debt of approximately 3.1802 per \$1,000 of assessed value. This is estimated to generate approximately \$199,000, with the remainder being paid with service fees charged to users outside city limits.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF IRRIGON, OREGON
STATEMENT OF NET POSITION

June 30, 2021

	Governmental	Business-type	
	Activities	Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 3,301,598	1,567,183	\$ 4,868,781
Accounts receivable	72,927	146,094	219,021
Property taxes receivable	7,194	7,323	14,517
Grants receivable	95,734	-	95,734
Leases receivable	499,054	-	499,054
Restricted cash	-	161,162	161,162
Prepaid expenses	13,622	22,667	36,289
Capital assets, net of accumulated depreciation	<u>4,546,765</u>	<u>17,847,141</u>	<u>22,393,906</u>
Total assets	<u>8,536,894</u>	<u>19,751,570</u>	<u>28,288,464</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	118,714	248,057	366,771
Deferred outflows of resources related to OPEB	<u>1,481</u>	<u>3,095</u>	<u>4,576</u>
Total deferred outflows of resources	<u>120,195</u>	<u>251,152</u>	<u>371,347</u>
LIABILITIES			
Accounts payable	158,259	185,262	343,521
Payroll related liabilities	5,545	10,573	16,118
Deposits payable	-	64,797	64,797
Interest payable	-	38,671	38,671
Unearned revenue	-	7,995	7,995
Pension liability	343,260	717,249	1,060,509
OPEB liability	9,209	19,242	28,451
Compensated absences	157,521	-	157,521
Bonds, Notes & Lease payable:			
Due within one year	-	312,130	312,130
Due in more than one year	<u>-</u>	<u>8,326,663</u>	<u>8,326,663</u>
Total liabilities	<u>673,794</u>	<u>9,682,582</u>	<u>10,356,376</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to leases	483,635	-	483,635
Deferred inflows of resources related to pensions	21,308	44,522	65,830
Deferred inflows of resources related to OPEB	<u>6,760</u>	<u>14,125</u>	<u>20,885</u>
Total deferred inflows of resources	<u>511,703</u>	<u>58,647</u>	<u>570,350</u>
NET POSITION			
Net investment in capital assets	4,546,765	9,208,348	13,755,113
Restricted	-	99,065	99,065
Unrestricted	<u>2,924,827</u>	<u>954,080</u>	<u>3,878,907</u>
Total net position	<u>\$ 7,471,592</u>	<u>\$ 10,261,493</u>	<u>\$ 17,733,085</u>

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

CITY OF IRRIGON, OREGON

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,038,170	\$ 275,781	\$ 876,339	\$ 281,620	\$ 395,570	\$ -	\$ 395,570
Highways and streets	312,595	49,489	146,436	686,729	570,059	-	570,059
Total governmental activities	<u>1,350,765</u>	<u>325,270</u>	<u>1,022,775</u>	<u>968,349</u>	<u>965,629</u>	<u>-</u>	<u>965,629</u>
Business-type Activities:							
Water	618,462	564,256	-	-	-	(54,206)	(54,206)
Sewer	1,157,022	861,129	-	809,114	-	513,221	513,221
Total business-type activities	<u>1,775,484</u>	<u>1,425,385</u>	<u>-</u>	<u>809,114</u>	<u>-</u>	<u>459,015</u>	<u>459,015</u>
Total	<u>\$ 3,126,249</u>	<u>\$ 1,750,655</u>	<u>\$ 1,022,775</u>	<u>\$ 1,777,463</u>	<u>965,629</u>	<u>459,015</u>	<u>1,424,644</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					230,444	-	230,444
Property taxes, levied for debt service					-	207,571	207,571
Franchise taxes					83,925	-	83,925
Public service taxes					66,990	-	66,990
Lease revenues					28,302	-	28,302
Investment income					25,897	9,498	35,395
Miscellaneous revenue					12,024	4,495	16,519
Special item - Gain on the sale of land					16,500	-	16,500
Extraordinary item - Insurance proceeds					-	14,491	14,491
Transfers					544	(544)	-
Total general revenues and transfers					<u>464,626</u>	<u>235,511</u>	<u>700,137</u>
Change in net position					1,430,255	694,526	2,124,781
Net position - beginning, as previously stated					6,033,828	9,566,967	15,600,795
Prior period adjustment					7,509	-	7,509
Net position - beginning, as restated					<u>6,041,337</u>	<u>9,566,967</u>	<u>15,608,304</u>
Net position - ending					<u>\$ 7,471,592</u>	<u>\$ 10,261,493</u>	<u>\$ 17,733,085</u>

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

CITY OF IRRIGON, OREGON

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	<u>General</u>	<u>Irrigon</u>	<u>State</u>	<u>Nonmajor Fund</u>	
	<u>Fund</u>	<u>Improvements</u>	<u>Street</u>	<u>Governmental</u>	
		<u>Fund</u>	<u>Fund</u>	<u>Reserve Fund</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 276,711	\$ 1,839,415	\$ 418,693	\$ 766,779	\$ 3,301,598
Accounts receivable	68,851	-	4,076	-	72,927
Property taxes receivable	7,194	-	-	-	7,194
Grants receivable	-	-	95,734	-	95,734
Leases receivable	499,054	-	-	-	499,054
Prepaid expenses	13,266	-	356	-	13,622
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 865,076</u>	<u>\$ 1,839,415</u>	<u>\$ 518,859</u>	<u>\$ 766,779</u>	<u>\$ 3,990,129</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 25,368	\$ 28,249	\$ 104,642	\$ -	\$ 158,259
Payroll related liabilities	2,283	-	2,654	608	5,545
Total liabilities	<u>27,651</u>	<u>28,249</u>	<u>107,296</u>	<u>608</u>	<u>163,804</u>
Deferred inflows of resources:					
Unavailable lease revenue	483,635	-	-	-	483,635
Unavailable property tax revenue	5,973	-	-	-	5,973
Unavailable revenues	348	-	-	-	348
Total deferred inflows of resources	<u>489,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,956</u>
Fund balances:					
Committed	-	1,811,166	-	-	1,811,166
Assigned	-	-	411,563	766,171	1,177,734
Unassigned:	347,469	-	-	-	347,469
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>347,469</u>	<u>1,811,166</u>	<u>411,563</u>	<u>766,171</u>	<u>3,336,369</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 865,076</u>	<u>\$ 1,839,415</u>	<u>\$ 518,859</u>	<u>\$ 766,779</u>	<u>\$ 3,990,129</u>

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

CITY OF IRRIGON, OREGON

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

June 30, 2021

Total fund balances - governmental funds	3,336,369
Amounts reported for governmental activities in the statement of net position are difference because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,546,765
Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable in the funds.	5,973
Some of the City's revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds.	348
Net pension liability is not a financial requirement and therefore is not reported in the governmental funds.	(343,260)
Other Post Employment Benefits (OPEB) liability used in governmental activities are not financial resources and therefore are not reported in the funds.	(9,209)
The City's proportionate share of net differences between employer contributions and proportionate share of contributions related to pensions and OPEB that will be amortized over the next 5 years.	120,195
The City's proportionate share of net differences between projected and actual earning on investments related to pensions and OPEB that will be amortized over the next 5 years.	(28,068)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(157,521)</u>
Net position of governmental activities	<u>\$ 7,471,592</u>

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

CITY OF IRRIGON, OREGON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General Fund	Irrigon Improvements Fund	State Street Fund	Nonmajor Fund Governmental Reserve Fund	Totals
REVENUES					
Property taxes	\$ 231,832	\$ -	\$ -	\$ -	\$ 231,832
Licenses and fees	91,256	2,900	49,647	-	143,803
Intergovernmental	125,177	1,018,151	833,165	81,620	2,058,113
Charges for services	179,569	-	-	-	179,569
Miscellaneous:					
Franchise fees	114,991	-	-	3,000	117,991
Interest on investments	12,140	8,433	1,476	3,848	25,897
Other income	32,837	-	2,615	5,100	40,552
Total revenues	<u>787,802</u>	<u>1,029,484</u>	<u>886,903</u>	<u>93,568</u>	<u>2,797,757</u>
EXPENDITURES					
Current:					
General government	523,690	447,574	-	12,048	983,312
Streets and public works	-	-	213,705	-	213,705
Capital Outlay	-	141,941	621,592	13,532	777,065
Total expenditures	<u>523,690</u>	<u>589,515</u>	<u>835,297</u>	<u>25,580</u>	<u>1,974,082</u>
Excess (deficiency) of revenues over (under) expenditures	<u>264,112</u>	<u>439,969</u>	<u>51,606</u>	<u>67,988</u>	<u>823,675</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	83,400	77,464	160,864
Transfers out	(153,400)	-	(1,464)	-	(154,864)
Total other financing sources (uses)	<u>(153,400)</u>	<u>-</u>	<u>81,936</u>	<u>77,464</u>	<u>6,000</u>
SPECIAL ITEM					
Proceeds from sale of land	-	-	-	16,500	16,500
Net change in fund balances	110,712	439,969	133,542	161,952	846,175
Fund balance - beginning, as previously stated	229,248	1,371,197	278,021	604,219	2,482,685
Prior period adjustment	7,509	-	-	-	7,509
Fund balance - beginning, as restated	<u>236,757</u>	<u>1,371,197</u>	<u>278,021</u>	<u>604,219</u>	<u>2,490,194</u>
Fund balance - ending	<u>\$ 347,469</u>	<u>\$ 1,811,166</u>	<u>\$ 411,563</u>	<u>\$ 766,171</u>	<u>\$ 3,336,369</u>

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

CITY OF IRRIGON, OREGON

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

June 30, 2021

Total net change in fund balances - governmental funds	\$ 846,175
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	707,507
Capital assets were purchased in the governmental funds and transferred to the proprietary funds. The transfer is recorded on the Statement of Activities as a transfer but an expenditure in the governmental funds.	(5,456)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are unavailable in the governmental funds. Unavailable property tax revenues increased (decreased) by this amount.	(1,387)
Because some revenue will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are unearned in the governmental funds. Unearned revenues increased (decreased) by this amount.	(32,396)
Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	(75,207)
Governmental funds report Other Post Employment Benefit (OPEB) contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.	(2,160)
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used. Accrued compensated absences (increased) decreased by this amount in the current year.	<u>(6,821)</u>
Changes in net position of governmental activities	<u>\$ 1,430,255</u>

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

CITY OF IRRIGON, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and investments	\$ 789,555	\$ 777,628	\$ 1,567,183
Accounts receivable	63,818	82,276	146,094
Property taxes receivable	2,938	4,385	7,323
Grants receivable	-	-	-
Prepaid expense	8,796	13,871	22,667
Due from other funds	18,680	-	18,680
Total current assets	<u>883,787</u>	<u>878,160</u>	<u>1,761,947</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	4,365,133	13,482,008	17,847,141
Restricted cash	62,097	99,065	161,162
Advances to other funds	18,711	-	18,711
Total noncurrent assets	<u>4,445,941</u>	<u>13,581,073</u>	<u>18,027,014</u>
Total assets	<u>5,329,728</u>	<u>14,459,233</u>	<u>19,788,961</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferred outflows of resources	114,051	134,006	248,057
OPEB deferred outflows of resources	1,423	1,672	3,095
Total deferred outflows of resources	<u>115,474</u>	<u>135,678</u>	<u>251,152</u>
LIABILITIES			
Current liabilities:			
Accounts payable	35,827	149,435	185,262
Accrued payroll	4,916	5,657	10,573
Customer deposits	64,797	-	64,797
Unavailable revenue	7,995	-	7,995
Due to other funds	-	18,680	18,680
Accrued interest payable	2,017	36,654	38,671
Bond premium, net	17,185	25,192	42,377
Bonds, notes and leases payable	94,296	175,457	269,753
Total current liabilities	<u>227,033</u>	<u>411,075</u>	<u>638,108</u>
Noncurrent liabilities:			
Advances from other funds	-	18,711	18,711
Bond premium, net	97,642	148,581	246,223
Bonds, notes and leases payable	1,712,255	6,368,185	8,080,440
Net pension liability	329,775	387,474	717,249
Net OPEB liability	8,847	10,395	19,242
Total noncurrent liabilities	<u>2,148,519</u>	<u>6,933,346</u>	<u>9,081,865</u>
Total liabilities	<u>2,375,552</u>	<u>7,344,421</u>	<u>9,719,973</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows of resources	20,470	24,052	44,522
OPEB deferred inflows of resources	6,494	7,631	14,125
Total deferred inflows of resources	<u>26,964</u>	<u>31,683</u>	<u>58,647</u>
NET POSITION			
Net investment in capital assets	2,443,755	6,764,593	9,208,348
Restricted for debt service	-	99,065	99,065
Unrestricted	598,931	355,149	954,080
Total net position	<u>\$ 3,042,686</u>	<u>\$ 7,218,807</u>	<u>\$ 10,261,493</u>

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

CITY OF IRRIGON, OREGON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 564,256	\$ 861,129	\$ 1,425,385
Other operating income	2,277	2,218	4,495
Total operating revenues	<u>566,533</u>	<u>863,347</u>	<u>1,429,880</u>
Operating expenses:			
Personal services	340,247	363,576	703,823
Utilities	20,033	17,245	37,278
Engineering & testing	2,160	13,038	15,198
Supplies & repairs	56,297	354,360	410,657
Administrative	30,198	39,252	69,450
Depreciation	120,546	243,426	363,972
Total operating expenses	<u>569,481</u>	<u>1,030,897</u>	<u>1,600,378</u>
Operating income (loss)	<u>(2,948)</u>	<u>(167,550)</u>	<u>(170,498)</u>
Nonoperating revenues (expenses):			
Property taxes	88,409	119,162	207,571
Grant revenue	-	809,114	809,114
Investment income	4,899	4,599	9,498
Interest expense	(48,981)	(126,125)	(175,106)
Total nonoperating revenues (expenses)	<u>44,327</u>	<u>806,750</u>	<u>851,077</u>
Income (loss) before transfers	41,379	639,200	680,579
Capital contributions	-	5,456	5,456
Extraordinary item - Insurance proceeds	14,491	-	14,491
Transfers out	<u>(2,000)</u>	<u>(4,000)</u>	<u>(6,000)</u>
Change in net position	53,870	640,656	694,526
Total net position - beginning	<u>2,988,816</u>	<u>6,578,151</u>	<u>9,566,967</u>
Total net position - ending	<u>\$ 3,042,686</u>	<u>\$ 7,218,807</u>	<u>\$ 10,261,493</u>

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

CITY OF IRRIGON, OREGON

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Cash flows from operating activities:			
Receipts from customers	\$ 567,404	\$ 860,787	\$ 1,428,191
Other miscellaneous receipts	2,277	2,218	4,495
Payments to suppliers	(125,086)	(514,968)	(640,054)
Payments to employees	(303,873)	(355,180)	(659,053)
Net cash provided (used) by operating activities	<u>140,722</u>	<u>(7,143)</u>	<u>133,579</u>
Cash flows from noncapital financing activities:			
Property tax revenue	89,443	121,020	210,463
Transfers from (to) other funds	(2,000)	(4,000)	(6,000)
Net cash provided by noncapital financing activities	<u>87,443</u>	<u>117,020</u>	<u>204,463</u>
Cash flows from capital and related financing activities:			
Interfund loans	18,625	(18,625)	-
Proceeds from grantors	-	948,414	948,414
Acquisition of capital assets	(62,373)	(2,779,095)	(2,841,468)
Proceeds from insurance recovery	14,491	-	14,491
Proceeds from capital debt	-	2,113,655	2,113,655
Principal paid on capital debt	(110,724)	(199,065)	(309,789)
Interest paid on capital debt	(49,032)	(103,976)	(153,008)
Net cash provided by capital and related financing activities	<u>(189,013)</u>	<u>(38,692)</u>	<u>(227,705)</u>
Cash flows from investing activities:			
Interest income	<u>4,899</u>	<u>4,599</u>	<u>9,498</u>
Net increase (decrease) in cash and cash equivalents	44,051	75,784	119,835
Cash and cash equivalents - beginning	<u>807,601</u>	<u>800,909</u>	<u>1,608,510</u>
Cash and cash equivalents - ending	<u>\$ 851,652</u>	<u>\$ 876,693</u>	<u>\$ 1,728,345</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (2,948)	\$ (167,550)	\$ (170,498)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	120,546	243,426	363,972
Increase in accounts receivable	(2,695)	(342)	(3,037)
Decrease in prepaid expenses	(8,796)	(13,871)	(22,667)
Decrease in accounts payable	(7,602)	(77,202)	(84,804)
Decrease in accrued payroll	(608)	(34)	(642)
Increase (decrease) in unearned revenue	93	-	93
Increase (decrease) in customer deposits	5,750	-	5,750
Increase in pension liability	48,383	18,402	66,785
Decrease in OPEB liability	(1,921)	(3,729)	(5,650)
Increase in deferred outflows	(13,438)	(9,873)	(23,311)
Increase in deferred inflows	3,958	3,630	7,588
Net cash provided (used) by operating activities	<u>\$ 140,722</u>	<u>\$ (7,143)</u>	<u>\$ 133,579</u>

Noncash capital activities:

The Sewer Fund received capital assets from the Governmental Activities. The net book value at the time of transfer was \$5,456.

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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

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

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

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

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

Additionally, the City reports the following fund type (as nonmajor fund):

Special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or, committed to expenditure for specified purposes other than debt service or capital projects.

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

Water Fund

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

Sewer Fund

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

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

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

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

C. FINANCIAL POSITION

Deposits and investments

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2021, based on market prices. The individual fund's portion of the pool's fair value is presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

Cash and Cash Equivalents

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

Deferred Outflows/Inflows of Resources

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

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

Property Tax Calendar

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

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

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

Capital Assets

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

Compensated Absences

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

D. NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

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

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

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

Fund Financial Statements

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

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

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

E. NEW ACCOUNTING PRONOUNCEMENT

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has chosen early adoption of GASB Statement No. 87 in the year ending June 30, 2021. Additional information can be found in Note 3.B – Receivables and Note 3.I – Prior Period Adjustments.

F. ACCOUNTING ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY COMPLIANCE

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

The detail budget document is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget that differs by 10 percent or more of any one of the individual funds contained in the original budget for that fiscal year requires hearings before the public, publications in newspapers, and

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are then charged against ensuing year's appropriations.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded the budgeted appropriate for the fiscal year ended June 30, 2021 by the following amount:

- Sewer Operations and Development Fund \$235,896

DEFICIT FUND BALANCES

No funds had a deficit fund balance as of June 30, 2021.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2021 consisted of the following:

Deposit in Financial Institution	\$ 892,941
Petty Cash	200
Deposit in Local Government Investment Pool	<u>4,136,802</u>
Total	<u>\$ 5,029,943</u>

Deposits

Deposits with financial institutions are comprised of bank demand deposits. Total bank balances, as shown on the bank's records at year-end were \$950,121. Federal Deposit Insurance Corporation (FDIC) insurance covers up to \$250,000 for all demand deposits owned by a public unit.

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

Investments

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

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

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

B. RECEIVABLES

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

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

Lease Receivables

	Original Amount	Lease Receivable			Balance June 30, 2021
		Balance July 1, 2020	Additions	Payments	
Qwest Lease	\$ 238,419	\$ 161,755	\$ -	\$ 15,312	\$ 146,443
US Cellular Lease	358,078	355,243	-	2,632	352,611
	\$ 596,497	\$ 516,998	\$ -	\$ 17,944	\$ 499,054

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

Deferred Inflow of Resources

	Balance July 1, 2020	Additions	Lease revenue recognized	Balance June 30, 2021	Interest Revenue
Qwest Lease	\$ 162,308	\$ -	\$ 14,868	\$ 147,440	\$ 1,488
US Cellular Lease	348,131	-	11,936	336,195	9,082
	<u>\$ 510,439</u>	<u>\$ -</u>	<u>\$ 26,804</u>	<u>\$ 483,635</u>	<u>\$ 10,570</u>

Qwest Lease

The City entered into a ground lease agreement to lease a 50' by 50' tract on NE Eighth Street to Qwest Corporation dba Century Link. The lease is for a term of 10 years with an option to renew for 5 years which is reasonably certain to be exercised. Annual payments of \$16,800 were due starting June 1, 2016. The payments will increase to \$17,220 after the 10th year. The assumed interest rate to be charged is 0.92%.

US Cellular Lease

The City entered into a ground lease agreement to lease a 50' by 50' tract on Columbia Lane to US Cellular dba Oregon RSA #2. The lease is for a term of 5 years with an option to renew for an addition 5 terms of 5 years each which is reasonably certain to be exercised. Monthly payments of \$950 were due starting September 3, 2019. The payments will increase annually by 3%. The assumed interest rate to be charged is 2.565%.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

C. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 121,485	\$ -	\$ -	\$ 121,485
Construction in progress	<u>521,352</u>	<u>397,526</u>	<u>(111,059)</u>	<u>807,818</u>
Total capital assets not being depreciated	<u>642,837</u>	<u>397,526</u>	<u>(111,059)</u>	<u>929,303</u>
Capital assets, being depreciated:				
Buildings	470,694	161,454	-	632,148
Equipment	256,528	6,000	-	262,528
Infrastructure	<u>3,150,697</u>	<u>317,687</u>	<u>-</u>	<u>3,468,384</u>
Total capital assets being depreciated	<u>3,877,919</u>	<u>485,142</u>	<u>-</u>	<u>4,363,060</u>
Less accumulated depreciation for:				
Buildings	(86,722)	(6,609)	-	(93,331)
Equipment	(139,232)	(17,533)	-	(156,765)
Infrastructure	<u>(450,084)</u>	<u>(45,419)</u>	<u>-</u>	<u>(495,503)</u>
Total accumulated depreciation	<u>(676,038)</u>	<u>(69,560)</u>	<u>-</u>	<u>(745,598)</u>
Total capital assets being depreciated, net	<u>3,201,881</u>	<u>415,581</u>	<u>-</u>	<u>3,617,463</u>
Governmental activities capital assets, net	<u>\$ 3,844,718</u>	<u>\$ 813,107</u>	<u>\$ (111,059)</u>	<u>\$ 4,546,765</u>
Depreciation expense was charged to governmental functions as follows:				
General government	\$ 17,882			
Highways and streets	<u>51,678</u>			
Total depreciation expense	<u>\$ 69,560</u>			

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 68,241	\$ -	\$ -	\$ 68,241
Construction in progress	2,416,682	-	(2,416,682)	-
Total capital assets not being depreciated	<u>2,484,923</u>	<u>-</u>	<u>(2,416,682)</u>	<u>68,241</u>
Capital assets, being depreciated:				
Buildings	664,912	-	-	664,912
Equipment	312,689	39,762	-	352,451
Infrastructure	17,063,098	5,223,844	-	22,286,942
Total capital assets being depreciated	<u>18,040,699</u>	<u>5,263,606</u>	<u>-</u>	<u>23,304,305</u>
Less accumulated depreciation for:				
Buildings	(121,081)	(9,098)	-	(130,179)
Equipment	(154,277)	(14,978)	-	(169,254)
Infrastructure	(4,886,074)	(339,896)	-	(5,225,971)
Total accumulated depreciation	<u>(5,161,432)</u>	<u>(363,972)</u>	<u>-</u>	<u>(5,525,404)</u>
Total capital assets being depreciated, net	<u>12,879,267</u>	<u>4,899,634</u>	<u>-</u>	<u>17,778,901</u>
Business-type activities capital assets, net	<u>\$ 15,364,190</u>	<u>\$ 4,899,634</u>	<u>\$ (2,416,682)</u>	<u>\$ 17,847,142</u>

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. \$175,106 of interest was incurred, all of which was charged to expense during the fiscal year ended June 30, 2021.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

D. LONG-TERM OBLIGATIONS

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Balance <u>7/1/20</u>	Additions	Repayments	Balance <u>6/30/21</u>	Due within <u>one year</u>
Governmental Activities					
Compensated absences	\$ 150,703	\$ 60,983	\$ (54,164)	\$ 157,521	\$ 157,521
Business-type activities:					
Septic Conversion Loan	650,183	-	(22,514)	627,669	22,967
State Sewer Loan	408,635	-	(16,301)	392,334	16,786
Area 1 and 2 STEG Conversion	577,150	1,485,542	-	2,062,692	-
Treatment Plant Compliance Project	74,383	628,113	-	702,496	-
General Obligation Refunding, 2016A	3,465,000	-	(120,000)	3,345,000	120,000
Unamortized Premium GO Bond 2016A	229,444	-	(26,888)	202,556	24,943
Full Faith & Credit Refunding, 2016B	1,325,000	-	(105,000)	1,220,000	110,000
Unamortized Premium GO Bond 2016B	105,130	-	(19,086)	86,045	17,434
Total business-type activities	<u>6,834,925</u>	<u>2,113,655</u>	<u>(309,788)</u>	<u>8,638,792</u>	<u>312,130</u>
Totals all activities	<u>\$ 6,985,628</u>	<u>\$ 2,174,638</u>	<u>\$ (363,953)</u>	<u>\$ 8,796,313</u>	<u>\$ 469,652</u>

Debt Service Requirements

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

Business-Type Activities:

Septic Conversion Loan

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 22,967	\$ 12,439	\$ 35,406
2023	23,429	11,977	35,406
2024	23,899	11,507	35,406
2025	24,380	11,026	35,406
2026	24,870	10,536	35,406
2027-2031	132,051	44,979	177,030
2032-2036	145,866	31,164	177,030
2037-2041	161,128	15,902	177,030
2042-2043	69,079	1,733	70,812
	<u>\$ 627,669</u>	<u>\$ 151,263</u>	<u>\$ 778,932</u>

State Sewer Loan

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 16,786	\$ 11,692	\$ 28,478
2023	17,287	11,191	28,478
2024	17,802	10,676	28,478
2025	18,332	10,146	28,478
2026	18,879	9,599	28,478
2027-2031	103,174	39,216	142,390
2032-2036	119,491	22,899	142,390
2037-2039	80,584	4,850	85,434
	<u>\$ 392,335</u>	<u>\$ 120,268</u>	<u>\$ 512,603</u>

Area 1 and 2 STEG Conversion

During the fiscal year ended June 30, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality to address conversions from Septic Tank Effluent Gravity systems to the city's regular collections system for homes located in Area 1 and Area 2 of the City. The approved loan amount is \$2,515,506 and has an interest rate of 1.46% and an annual fee of 0.5% for 20 years. The loan will be secured by the City's net operating revenue of the sewer system. As of June 30, 2021, \$2,062,692 has been disbursed from the loan. Within 30 days of project completion, a final payment schedule will be completed. An interest only payment will be required within 6 months after completion and regular payments will commence. The loan is forgivable up to 50 percent or \$500,000 whichever is less and will be determined at project completion.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

Treatment Plan Compliance Project

During the fiscal year ended June 30, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality to implement the methanol system at the wastewater treatment plan. The approved loan amount is \$1,408,000 and has an interest rate of 1.27% and an annual fee of 0.5% for 30 years. The loan will be secured by the City's net operating revenue of the sewer system. As of June 30, 2021, \$702,496 has been disbursed from the loan. Within 30 days of project completion, a final payment schedule will be completed. An interest only payment will be required within 6 months after completion and regular payments will commence. The loan is forgivable up to 50 percent or \$500,000 whichever is less and will be determined at project completion.

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

Full Faith & Credit Refunding, 2016B

During the fiscal year ended June 30, 2017, the City issued \$1,620,000 in Full Faith & Credit Refunding at a \$186,380 premium for the refunding of Sewer Revenue Bond 2005, Sewer Revenue Bond 2010, and State OR Drinking Water 2009. Those bonds are due in semi-annual installments for interest payments and annual installments for principal payments. Final bond maturity is scheduled for 2032. The annual requirements to amortize bond debt outstanding as of June 30, 2021 is as follows:

Year Ending June 30,	Principal	Interest	Total	Premium
2022	\$ 110,000	\$ 27,516	\$ 137,516	\$ 17,434
2023	110,000	25,748	135,748	15,902
2024	115,000	23,746	138,746	13,954
2025	120,000	21,427	141,427	11,573
2026	125,000	18,777	143,777	9,323
2026-2031	625,000	43,711	668,711	17,789
2032	15,000	231	15,231	69
	<u>\$ 1,220,000</u>	<u>\$ 161,157</u>	<u>\$ 1,381,157</u>	<u>\$ 86,044</u>

General Obligation Refunding, 2016A

During the fiscal year ended June 30, 2017, the City issued \$3,995,000 in General Obligation bonds at a \$340,737 premium for the refunding of General Obligation Sewer No. 1-2005, General Obligation Sewer No. 2-2005, and General Obligation Water Bond – 2009. Those bonds are due in semi-annual installments for interest payments and annual installments for principal payments. Final bond maturity is scheduled for 2041. The annual requirements to amortize bond debt outstanding as of June 30, 2021 is as follows:

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

Year Ending June 30,	Principal	Interest	Total	Premium
2022	\$ 120,000	\$ 93,142	\$ 213,142	\$ 24,943
2023	125,000	91,271	216,271	23,139
2024	130,000	89,100	219,100	20,835
2025	135,000	86,677	221,677	19,410
2026	135,000	84,058	219,058	18,755
2027-2031	760,000	368,059	1,128,059	68,779
2032-2036	930,000	242,370	1,172,370	26,568
2037-2041	1,010,000	75,000	1,085,000	127
	<u>\$3,345,000</u>	<u>\$1,129,678</u>	<u>\$4,474,678</u>	<u>\$ 202,556</u>

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

Business-Type Activities:	
Water	\$ 48,981
Sewer	126,125

Debt Covenants

The Sewer Fund is required by the State of Oregon acting by and through its Department of Environmental Quality to establish a loan reserve equal to one half of the average annual debt service to be used solely for making payments of principal and interest if no other funds are available. The loan reserve requirement was \$99,065 at the end of the year. This was the total restricted Net Position in the Sewer Fund. At year end the Water Fund reported restricted as of \$62,097 as detailed below, which meets the current requirement.

	Customer Deposits
Beginning Restriction	\$ 56,347
Current Year Restriction	5,750
Line Replacements	-
Ending Restriction	<u>\$ 62,097</u>

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

E. GRANTS

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

F. INTERFUND TRANSFERS

Transfers for the year ended June 30, 2021, consisted of the following:

Transfer in	Transfer out				Totals
	General Fund	State Street Fund	Water Fund	Sewer Fund	
State Street Fund	\$ 83,400	\$ -	\$ -	\$ -	\$ 83,400
Governmental Reserve Fund	70,000	1,464	2,000	4,000	77,464
Totals	<u>\$ 153,400</u>	<u>\$ 1,464</u>	<u>\$ 2,000</u>	<u>\$ 4,000</u>	<u>\$ 160,864</u>

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

G. INTERFUND BALANCES

The composition of interfund balances as of June 30, 2021 are as follows:

This interfund transaction is due to Resolution 16-04 loaning \$130,000 from the Water Reserve Fund to the Sewer Operation and Development Fund for a Facility Plan. The loan will be paid back to the Water Reserve Fund from the Sewer Debt Service Fund. The current portion is \$18,680. This loan, made May 1, 2016 is for 7 years at 1.5% per annum with biannual payments of \$9,373. The current interfund balance includes \$16 of accrued interest.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

H. FUND BALANCE CLASSIFICATION

Fund balances by classification for the year ended June 30, 2021 were as follows:

	General Fund	Irrigon Improvements Fund	State Street Tax Fund	Governmental Reserve Fund	Total Governmental Funds
<u>Fund balances:</u>					
<u>Committed for:</u>					
Improvements	\$ -	\$ 1,811,166	\$ -		\$ 1,811,166
<u>Assigned for:</u>					
Accrued Leave	-	-	-	131,440	131,440
Building Maintenance	-	-	-	47,734	47,734
Equipment Replacement	-	-	-	85,422	85,422
Bike/Foot Paths	-	-	-	20,401	20,401
SDC Capital Improvements	-	-	-	28,578	28,578
Construction	-	-	-	451,816	451,816
Public Use/Open Space Mitigation	-	-	-	780	780
Street	-	-	411,563	-	411,563
Unassigned	346,716	-	-	-	346,716
Total fund balances	\$ 346,716	\$ 1,811,166	\$ 411,563	\$ 766,171	\$ 3,335,616

I. PRIOR PERIOD ADJUSTMENT

Based on implementation of GASB Statement No. 87, the City has restated the beginning fund balance for the general fund on the Balance Sheet – Governmental Funds (page 11) and beginning net position for governmental activities on the Statement of Net Position (page 9) by \$7,509 as a result of the accumulated lease and interest revenue that would have been recognized had GASB Statement No. 87 been implemented at the start of each of the leases. More information can be found Note 1.E – New Accounting Pronouncement and Note 3.B - Receivables.

NOTE 4 – OTHER INFORMATION

A. PENSION PLAN

GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description.

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

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

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

Benefits Provided

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

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

2. *Death Benefits* – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a PERS employer at the time of death,
- Member died within 120 days after termination of PERS-covered employment,
- Member died as a result of injury sustained while employed in a PERS-covered job, or
- Member was on an official leave of absence from a PERS-covered job at the time of death.

3. *Disability Benefits* – A member with 10 or more years of creditable service who become disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

4. *Benefit Changes* - After Retirement members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

OPSRP Pension Program (OPSRP DB)

1. *Pension Benefits* – The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

2. *Death Benefits* – Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
3. *Disability Benefits* – A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
4. *Benefit Changes after Retirement* – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

1. *Pension Benefits* – The Individual Account Program (IAP) is a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

2. *Death Benefits* - Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.
3. *Recordkeeping* – OPERS contracts with VOYA Financial to maintain IAP participant records.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

Contributions

1. *Employer Contributions* – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2021 were \$115,076, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 22.76 percent for Tier One/Tier Two members, 17.12 percent for OPSRP Pension Program members, and 6 percent for OPSRP Individual Account Program.
2. *Employee Contributions* – Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

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

At June 30, 2021, the City reported a liability of \$1,060,509 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was 0.0049 percent, which was decreased from its proportion of 0.0052 percent measured as of June 30, 2019.

For the year ended June 30, 2021, the City's recognized pension expense (income) of \$122,620. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,675	\$ -
Changes in assumptions	56,914	1,994
Net difference between projected and actual earnings on investments	124,702	-
Changes in proportionate share	25,339	55,108
Differences between employer contributions and employers proportionate share of system contributions	<u>3,266</u>	<u>8,728</u>
Total (prior to post-MD contributions)	256,896	65,830
City contributions subsequent to the measurement date	109,875	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 366,771</u>	<u>\$ 65,830</u>

\$109,875 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 149,697
2022	59,631
2023	58,507
2024	35,150
2025	(2,044)
Thereafter	-
Total	<u>\$ 300,941</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class/Strategy</u>	Assumed Asset Allocation		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			<u>100.0%</u>

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Component Annual Return (Geometric)</u>
Core Fixed Income	9.60 %	4.07 %
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large/Mid Cap US Equities	16.17	6.30
Small Cap US Equities	1.35	6.68
Micro Cap US Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Foreign Equities	4.24	7.69
Non-US Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Funds of Funds – Diversified	1.50	4.06
Hedge Funds – Event-driven	0.38	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.25	6.67
Commodities	1.13	3.79
Assumed Inflation - Mean		2.50 %

Depletion Date Projection

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

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

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

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

Discount Rate

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

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$ 1,574,770	\$ 1,060,509	\$ 629,279

Pension plan fiduciary net position

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

Payables to the pension plan

The City reports payables in the amount of \$12,724 payable to the pension plan.

Changes in Plan Provisions During the Measurement Period

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

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

Changes in Plan Provisions Subsequent to Measurement Date

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

B. POST EMPLOYMENT BENEFIT PLAN OTHER THAN PERS

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

Financial Statement Presentation

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

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financial
Deferred Outflows of Resources			
Contributions after the Measurement Date	\$ 809	\$ 200	\$ 1,009
Difference between expected and actual results	-	615	615
Changes in assumptions	737	-	737
Change in Proportionate Share	-	2,215	2,215
Total deferred outflows of resources	1,546	3,030	4,576
 Total OPEB Asset (Liability)	 (33,984)	 5,533	 (28,451)
Deferred Inflows of Resources			
Difference between expected and actual results	(5,138)	(566)	(5,704)
Change in proportionate share	-	(90)	(90)
Change in assumptions	(14,797)	(294)	(15,091)
Difference in Earnings	-	-	-
Total deferred inflows of resources	(19,935)	(950)	(20,885)
 OPEB Expense (Included in program expenses on Statement of Activities)	 976	 191	 1,167

Implicit Rate Subsidy

Plan Description

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

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	0	
Active employees	9	
	9	
	9	

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

The City's total OPEB liability of \$33,985 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020. The City's portion of the net OPEB liability was based on the City's contributions to the CIS healthcare program during the measurement period relative to contributions from all participating employers.

For the fiscal year ended June 30, 2021, the City recognized OPEB expense from this plan of \$976. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ 5,138
Changes of assumptions	737	14,797
Contributions after the measurement date	809	-
	\$ 1,546	\$ 19,935

Deferred outflows of resources related to OPEB of \$809 resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,		
2021	\$	2,377
2022		3,186
2023		3,186
2024		3,186
2025		3,186
Thereafter		3,268
	\$	18,389

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2020
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Inflation	2.50 percent
Salary increases	3.50 percent
Discount rate	2.21 percent (change from 3.50 percent in previous measurement period)
Withdrawal, retirement, and mortality rates	December 31, 2017 Oregon PERS valuation
Election and Lapse Rate	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2020	\$ 43,829
Changes for the year:	
Service cost	2,571
Interest on total OPEB liability	1,591
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	(4,397)
Effect of assumptions changes or inputs	(7,687)
Benefit payments	(1,922)
Balance as of June 30, 2021	\$ <u>33,985</u>

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

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percent-higher (3.21 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

Discount Rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
City's proportionate share of the net OPEB liability	\$ 35,568	\$ 33,985	\$ 32,352

Healthcare Cost Trend:

	1% Decrease (4.75%) decreasing to 2.75%)	Current Healthcare Trend Rate (5.75%) decreasing to 3.75%)	1% Increase (6.75%) decreasing to 4.75%)
City's proportionate share of the net OPEB liability	\$ 30,280	\$ 33,985	\$ 38,332

PERS Retirement Health Insurance Account

Plan Description

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

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently 0.06 percent of annual covered payroll OPERS payroll and 0.00 percent for OPSRP payroll under a contractual requirement in effect until June 30, 2021. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years. The City's contributions to RHIA for the year ended June 30, 2021 are included in the PERS annual pension amount.

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

The City's total OPEB asset of \$5,533 was measured as of June 30, 2020 and was determined by an actuarial valuation as of December 31, 2018, rolled forward to June 30, 2020. The City's portion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2020, the City's proportionate share was 0.00271526 percent.

For the year ended June 30, 2021, the City recognized OPEB expense of \$191. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ 566
Changes of assumptions	-	294
Net difference between projected and actual earnings on Plan investments	615	-
Changes in proportionate share and differences between City contributions and proportionate share of contributions	2,214	90
Contributions subsequent to the measurement date	200	-
	\$ 3,029	\$ 950

C. RELATED PARTY TRANSACTION

Councilor Kenneth Matlack is the County Sheriff and the City contracts with the Sheriff's office for services. The City paid the County \$94,924 during the fiscal year for contracted services.

D. CONTINGENCIES

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

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

E. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates in the City/County Insurance Services (CCIS) formed in 1981

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – OTHER INFORMATION (Cont'd)

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON

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

GENERAL FUND - 010

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Budgeted Amounts
REVENUES				
Property taxes	\$ 219,300	\$ 219,300	\$ 231,832	\$ 12,532
Franchise fees	83,200	83,200	114,991	31,791
Licenses and fees	81,700	81,700	91,256	9,556
Intergovernmental	76,000	135,674	125,177	(10,497)
Charges for services	180,000	180,000	179,569	(431)
Investment income	4,000	4,000	12,140	8,140
Miscellaneous revenue	46,700	46,700	32,837	(13,863)
Total revenues	690,900	750,574	787,802	37,228
EXPENDITURES				
Administration:				
Personal services	143,700	143,700	142,198	1,502
Materials and services	365,900	425,574	372,742	52,832
Capital outlay	22,000	22,000	-	22,000
Municipal Court:				
Personal services	28,000	28,000	-	28,000
Materials and services	31,000	31,000	922	30,078
Parks:				
Materials and services	8,500	8,500	7,828	672
Contingency	68,400	68,400	-	68,400
Total expenditures	667,500	727,174	523,690	203,484
 Excess of revenues over (under) expenditures	 23,400	 23,400	 264,112	 240,712
OTHER FINANCING SOURCES				
Transfers out	(153,400)	(153,400)	(153,400)	-
 Net change in fund balances	 (130,000)	 (130,000)	 110,712	 240,712
 Fund balance - beginning, as previously stated	 230,000	 230,000	 229,248	 (752)
Prior period adjustment	-	-	7,509	7,509
 Fund balance - beginning as restated	 230,000	 230,000	 236,757	 6,757
 Fund balance - ending	 \$ 100,000	 \$ 100,000	 \$ 347,469	 \$ 247,469

See Independent Auditor's Report

CITY OF IRRIGON, OREGON

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

IRRIGON IMPROVEMENTS FUND - 012

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Budgeted Amounts</u>
REVENUES				
Intergovernmental	\$ 819,300	\$ 819,300	\$ 1,018,151	\$ 198,851
Licenses and fees	1,500	1,500	2,900	1,400
Investment income	18,000	18,000	8,433	(9,567)
Total revenues	<u>838,800</u>	<u>838,800</u>	<u>1,029,484</u>	<u>190,684</u>
EXPENDITURES				
Materials and services	928,400	928,400	447,574	480,826
Capital outlay	1,358,100	1,358,100	141,941	1,216,159
Total expenditures	<u>2,286,500</u>	<u>2,286,500</u>	<u>589,515</u>	<u>1,696,985</u>
Net change in fund balances	(1,447,700)	(1,447,700)	439,969	1,887,669
Fund balance - beginning	<u>1,447,700</u>	<u>1,447,700</u>	<u>1,371,197</u>	<u>(76,503)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,811,166</u>	<u>\$ 1,811,166</u>

See Independent Auditor's Report

CITY OF IRRIGON, OREGON

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

STATE STREET FUND - 020

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Budgeted Amounts</u>
REVENUES				
Intergovernmental	\$ 4,099,300	\$ 4,099,300	\$ 833,165	\$ (3,266,135)
Licenses and fees	50,000	50,000	49,647	(353)
Investment income	3,000	3,000	1,476	(1,524)
Miscellaneous revenue	2,000	2,000	2,615	615
Total revenues	<u>4,154,300</u>	<u>4,154,300</u>	<u>886,903</u>	<u>(3,267,397)</u>
EXPENDITURES				
Personal services	194,400	194,400	169,070	25,330
Materials and services	81,000	81,000	44,635	36,365
Capital outlay	4,032,000	4,032,000	621,592	3,410,408
Contingency	8,200	8,200	-	8,200
Total expenditures	<u>4,315,600</u>	<u>4,315,600</u>	<u>835,297</u>	<u>3,480,303</u>
Excess of revenues over (under) expenditures	<u>(161,300)</u>	<u>(161,300)</u>	<u>51,606</u>	<u>212,906</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	83,400	83,400	83,400	-
Transfers out	(1,700)	(1,700)	(1,464)	236
Total other financing sources (uses)	<u>81,700</u>	<u>81,700</u>	<u>81,936</u>	<u>236</u>
Net change in fund balances	(79,600)	(79,600)	133,542	213,142
Fund balance - beginning	<u>149,600</u>	<u>149,600</u>	<u>278,021</u>	<u>128,421</u>
Fund balance - ending	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 411,563</u>	<u>\$ 341,563</u>

See Independent Auditor's Report

CITY OF IRRIGON, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Eight Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.00485950%	\$ 1,060,509	\$ 566,440	187%	75.8%
2019	0.00519560%	898,715	543,568	165%	80.2%
2018	0.00484757%	734,343	494,933	148%	82.1%
2017	0.00502766%	677,730	467,911	145%	83.1%
2016	0.00540893%	812,006	462,165	176%	80.5%
2015	0.00538263%	309,042	437,860	71%	91.9%
2014	0.00533428%	(120,913)	416,470	-29%	103.6%
2013	0.00533428%	272,216	432,576	63%	92.0%

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

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

SCHEDULE OF CONTRIBUTIONS

For the Last Eight Fiscal Years¹

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 115,076	\$ 115,076	\$ -	\$ 566,440	20%
2020	110,434	110,434	-	543,568	20%
2019	80,503	80,503	-	494,933	16%
2018	72,307	72,307	-	467,911	15%
2017	55,761	55,761	-	462,165	12%
2016	52,072	52,072	-	437,860	12%
2015	41,852	41,852	-	416,470	10%
2014	46,279	46,279	-	432,576	11%

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

See Independent Auditor's Report

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OTHER SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON

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

GOVERNMENTAL RESERVE FUND - 011

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Budgeted Amounts
REVENUES				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 81,620	\$ (8,380)
Licenses and fees	2,500	2,500	3,000	500
Investment income	11,000	11,000	3,848	(7,152)
Gain on sale of land	-	-	16,500	16,500
Miscellaneous revenue	-	-	5,100	5,100
Total revenues	<u>103,500</u>	<u>103,500</u>	<u>110,068</u>	<u>6,568</u>
EXPENDITURES				
Personal services	142,700	142,700	9,937	132,763
Materials & services	22,400	22,400	2,113	20,287
Capital outlay	<u>716,100</u>	<u>716,100</u>	<u>13,532</u>	<u>702,568</u>
Total expenditures	<u>881,200</u>	<u>881,200</u>	<u>25,582</u>	<u>855,618</u>
Excess of revenues over (under) expenditures	(777,700)	(777,700)	84,486	862,186
OTHER FINANCING SOURCES				
Transfers	<u>77,700</u>	<u>77,700</u>	<u>77,464</u>	<u>(236)</u>
Net change in fund balances	(700,000)	(700,000)	161,950	861,950
Fund balance - beginning	<u>700,000</u>	<u>700,000</u>	<u>604,219</u>	<u>(95,781)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,169</u>	<u>\$ 766,169</u>

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF NET POSITION

WATER FUNDS

June 30, 2021

	60 Water Operation & Development Fund	62 Water Reserve Fund	68 Water Debt Service Fund	69 Water Bond Debt Service Fund	Totals
ASSETS					
Current assets:					
Cash and investments	\$ 89,512	\$ 598,028	\$ 81,186	\$ 20,829	\$ 789,555
Accounts receivable	52,636	-	11,182	-	63,818
Property taxes receivable	-	-	-	2,938	2,938
Prepaid expense	8,796	-	-	-	8,796
Due from other funds	-	18,680	-	-	18,680
Total current assets	<u>150,944</u>	<u>616,708</u>	<u>92,368</u>	<u>23,767</u>	<u>883,787</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	4,365,133	-	-	-	4,365,133
Restricted cash	62,097	-	-	-	62,097
Advances to other funds	-	18,711	-	-	18,711
Total noncurrent assets	<u>4,427,230</u>	<u>18,711</u>	<u>-</u>	<u>-</u>	<u>4,445,941</u>
Total assets	<u>4,578,174</u>	<u>635,419</u>	<u>92,368</u>	<u>23,767</u>	<u>5,329,728</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferred outflows of resources	114,482	-	-	-	114,482
OPEB deferred outflows of resources	1,433	-	-	-	1,433
Total deferred outflows of resources	<u>115,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,915</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	21,606	14,221	-	-	35,827
Accrued payroll	4,916	-	-	-	4,916
Unavailable revenue	7,995	-	-	-	7,995
Deposits payable	64,797	-	-	-	64,797
Accrued interest payable	-	-	526	1,491	2,017
Bond premium, net	-	-	7,762	9,423	17,185
Bonds, notes and leases payable	-	-	48,972	45,324	94,296
Total current liabilities	<u>99,314</u>	<u>14,221</u>	<u>57,260</u>	<u>56,238</u>	<u>227,033</u>
Noncurrent liabilities:					
Bond premium, net	-	-	30,545	67,097	97,642
Bonds, notes and leases payable	-	-	494,172	1,218,083	1,712,255
Pension liability	329,775	-	-	-	329,775
OPEB liability	8,922	-	-	-	8,922
Total noncurrent liabilities	<u>338,697</u>	<u>-</u>	<u>524,717</u>	<u>1,285,180</u>	<u>2,148,594</u>
Total liabilities	<u>438,011</u>	<u>14,221</u>	<u>581,977</u>	<u>1,341,418</u>	<u>2,375,627</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferred inflows of resources	20,729	-	-	-	20,729
OPEB deferred inflows of resources	6,523	-	-	-	6,523
Total deferred inflows of resources	<u>27,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,252</u>
NET POSITION					
Invested in capital assets, net of related debt	4,365,133	-	(581,451)	(1,339,927)	2,443,755
Unrestricted	(136,307)	621,198	91,842	22,276	599,009
Total net position	<u>\$ 4,228,826</u>	<u>\$ 621,198</u>	<u>\$ (489,609)</u>	<u>\$ (1,317,651)</u>	<u>\$ 3,042,764</u>

CITY OF IRRIGON, OREGON

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

WATER FUNDS

For the Year Ended June 30, 2021

	60 Water Operation & Development Fund	62 Water Reserve Fund	68 Water Debt Service Fund	69 Water Bond Debt Service Fund	Totals
Operating revenues:					
Charges for services	\$ 473,166	\$ 11,677	\$ 79,413	\$ -	\$ 564,256
Other operating income	<u>2,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,277</u>
Total operating revenues	<u>475,443</u>	<u>11,677</u>	<u>79,413</u>	<u>-</u>	<u>566,533</u>
Operating expenses:					
Personal services	340,169	-	-	-	340,169
Utilities	20,033	-	-	-	20,033
Engineering & Testing	2,160	-	-	-	2,160
Supplies & Repairs	56,297	-	-	-	56,297
Administrative	30,198	-	-	-	30,198
Depreciation	<u>120,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,546</u>
Total operating expenses	<u>569,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>569,403</u>
Operating income (loss)	<u>(93,960)</u>	<u>11,677</u>	<u>79,413</u>	<u>-</u>	<u>(2,870)</u>
Nonoperating revenues (expenses):					
Property taxes	-	-	-	88,409	88,409
Investment income	897	3,394	436	172	4,899
Interest expense	<u>-</u>	<u>-</u>	<u>(12,924)</u>	<u>(36,057)</u>	<u>(48,981)</u>
Total nonoperating revenues (expenses)	<u>897</u>	<u>3,394</u>	<u>(12,488)</u>	<u>52,524</u>	<u>44,327</u>
Income (loss) before transfers	(93,063)	15,071	66,925	52,524	41,457
Extraordinary item - Insurance proceeds	-	14,491	-	-	14,491
Transfers in	-	64,400	-	5,000	69,400
Transfers out	(66,400)	-	(5,000)	-	(71,400)
Equity transfers in (out)	<u>62,373</u>	<u>(62,373)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(97,090)	31,589	61,925	57,524	53,948
Total net position - beginning	<u>4,325,916</u>	<u>589,609</u>	<u>(551,534)</u>	<u>(1,375,175)</u>	<u>2,988,816</u>
Total net position - ending	<u>\$ 4,228,826</u>	<u>\$ 621,198</u>	<u>\$ (489,609)</u>	<u>\$ (1,317,651)</u>	<u>\$ 3,042,764</u>

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF CASH FLOWS

WATER FUNDS

For the Year Ended June 30, 2021

	60 Water Operation & Development Fund	62 Water Reserve Fund	68 Water Debt Service Fund	69 Water Bond Debt Service Fund	Totals
Cash Flows from Operating Activities:					
Receipts from customers	\$ 475,275	\$ 11,677	\$ 80,452	\$ -	\$ 567,404
Other miscellaneous receipts	2,277	-	-	-	2,277
Payments to suppliers	(119,634)	(5,452)	-	-	(125,086)
Payments to employees	(303,873)	-	-	-	(303,873)
Net cash provided (used) by operating activities	<u>54,045</u>	<u>6,225</u>	<u>80,452</u>	<u>-</u>	<u>140,722</u>
Cash Flows from Noncapital Financing Activities:					
Property taxes	-	-	-	89,443	89,443
Transfers in (out)	(66,400)	64,400	(5,000)	5,000	(2,000)
Net cash provided (used) by noncapital financing activities	<u>(66,400)</u>	<u>64,400</u>	<u>(5,000)</u>	<u>94,443</u>	<u>87,443</u>
Cash Flows from Capital and Related Financing Activities:					
Interfund loans	-	18,625	-	-	18,625
Acquisition of capital assets	-	(62,373)	-	-	(62,373)
Payments on capital debt	-	-	(68,194)	(91,562)	(159,756)
Proceeds from insurance recovery	-	14,491	-	-	14,491
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(29,257)</u>	<u>(68,194)</u>	<u>(91,562)</u>	<u>(189,013)</u>
Cash Flows from Investing Activities:					
Interest and dividends	897	3,394	436	172	4,899
Net increase (decrease) in cash and investments	(11,458)	44,762	7,694	3,053	44,051
Beginning cash and investments	163,067	553,266	73,492	17,776	807,601
Ending cash and investments	<u>\$ 151,609</u>	<u>\$ 598,028</u>	<u>\$ 81,186</u>	<u>\$ 20,829</u>	<u>\$ 851,652</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (93,960)	\$ 11,677	\$ 79,413	\$ -	\$ (2,870)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	120,546	-	-	-	120,546
(Increase) decrease in accounts receivable	(3,734)	-	1,039	-	(2,695)
(Increase) decrease in prepaid expenses	(8,796)	-	-	-	(8,796)
Increase (decrease) in accounts payable	(2,150)	(5,452)	-	-	(7,602)
Increase (decrease) in accrued payroll	(608)	-	-	-	(608)
Increase (decrease) in unearned revenue	93	-	-	-	93
Increase (decrease) in customer deposits	5,750	-	-	-	5,750
Increase (decrease) in pension liability	48,383	-	-	-	48,383
Increase (decrease) in OPEB liability	(1,846)	-	-	-	(1,846)
(Increase) decrease in deferred outflows	(13,879)	-	-	-	(13,879)
Increase (decrease) in deferred inflows	4,246	-	-	-	4,246
Net cash provided (used) by operating activities	<u>\$ 54,045</u>	<u>\$ 6,225</u>	<u>\$ 80,452</u>	<u>\$ -</u>	<u>\$ 140,722</u>

CITY OF IRRIGON, OREGON

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

WATER OPERATIONS AND DEVELOPMENT FUND - 060

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 459,000	\$ 459,000	\$ 473,165	\$ 14,165
Investment income	3,000	3,000	897	(2,103)
Miscellaneous revenue	2,000	2,000	2,277	277
Total revenues	<u>464,000</u>	<u>464,000</u>	<u>476,339</u>	<u>12,339</u>
EXPENDITURES				
Personal services	321,800	321,800	303,264	18,536
Materials and services	134,000	134,000	108,687	25,313
Capital Outlay	9,000	9,000	-	9,000
Total expenditures	<u>464,800</u>	<u>464,800</u>	<u>411,951</u>	<u>52,849</u>
Excess of revenues over (under) expenditures	(800)	(800)	64,388	65,188
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(66,400)</u>	<u>(66,400)</u>	<u>(66,400)</u>	<u>-</u>
Change in fund balance	(67,200)	(67,200)	(2,012)	65,188
Total fund balance - beginning	<u>106,000</u>	<u>106,000</u>	<u>115,739</u>	<u>9,739</u>
Total fund balance - ending	<u>\$ 38,800</u>	<u>\$ 38,800</u>	<u>\$ 113,727</u>	<u>\$ 74,927</u>

Reconciliation to GAAP:

Capital assets, net	4,365,133
Pension deferred outflow	114,051
Pension liability	(329,775)
Pension deferred inflow	(20,470)
OPEB deferred outflow	1,423
OPEB liability	(8,847)
OPEB deferred inflow	(6,494)
	<u>\$ 4,228,748</u>

Detail of Fund Balance:

Cash and investments	\$ 89,512
Restricted cash	62,097
Accounts receivable	52,636
Prepaid expenses	8,796
Customer deposits	(64,797)
Unearned revenue	(7,995)
Accounts payable	(21,606)
Accrued payroll	(4,916)
	<u>\$ 113,727</u>

CITY OF IRRIGON, OREGON

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

WATER RESERVE FUND - 062

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 9,730	\$ 9,730	\$ 11,677	\$ 1,947
Investment income	6,500	6,500	3,401	(3,099)
Insurance proceeds	-	-	14,491	14,491
Total revenues	<u>16,230</u>	<u>16,230</u>	<u>29,569</u>	<u>13,339</u>
EXPENSES				
Materials and services	68,400	68,400	-	68,400
Capital Outlay	592,830	592,830	62,373	530,457
Total expenses	<u>661,230</u>	<u>661,230</u>	<u>62,373</u>	<u>598,857</u>
Excess of revenues over (under) expenditures	<u>(645,000)</u>	<u>(645,000)</u>	<u>(32,804)</u>	<u>612,196</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan repayment	18,600	18,600	18,618	18
Transfers in	64,400	64,400	64,400	-
Total other financing sources (uses)	<u>83,000</u>	<u>83,000</u>	<u>83,018</u>	<u>18</u>
Change in fund balance	(562,000)	(562,000)	50,214	612,214
Total fund balance - beginning	<u>562,000</u>	<u>562,000</u>	<u>533,593</u>	<u>(28,407)</u>
Total fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,807</u>	<u>\$ 583,807</u>
Reconciliation to GAAP:				
Due from other funds			18,680	
Advances to other funds			18,711	
			<u>\$ 621,198</u>	
Detail of Fund Balance:				
Cash and investments			\$ 598,028	
Accounts payable			(14,221)	
			<u>\$ 583,807</u>	

CITY OF IRRIGON, OREGON

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

WATER DEBT SERVICE FUND - 068

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 78,000	\$ 78,000	\$ 79,413	\$ 1,413
Investment income	1,000	1,000	436	(564)
Total revenues	<u>79,000</u>	<u>79,000</u>	<u>79,849</u>	<u>849</u>
EXPENSES				
Debt service	<u>69,000</u>	<u>69,000</u>	<u>68,167</u>	<u>833</u>
Excess of revenues over (under) expenditures	10,000	10,000	11,682	1,682
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	5,000	5,000	6,682	1,682
Total fund balance - beginning	<u>87,000</u>	<u>87,000</u>	<u>85,160</u>	<u>(1,840)</u>
Total fund balance - ending	<u>\$ 92,000</u>	<u>\$ 92,000</u>	<u>\$ 91,842</u>	<u>\$ (158)</u>

Adjustments to GAAP:

Bonds payable	(543,144)
Bond premium, net	<u>(38,307)</u>
	<u>\$ (489,609)</u>

Detail of Fund Balance:

Cash and investments	\$ 81,186
Accounts receivable	11,182
Accrued interest payable	<u>(526)</u>
	<u>\$ 91,842</u>

CITY OF IRRIGON, OREGON

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

WATER DEBT SERVICE FOR GENERAL OBLIGATION BONDS FUND - 069

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
REVENUES				
Property taxes	\$ 84,000	\$ 84,000	\$ 88,409	\$ 4,409
Investment income	300	300	172	(128)
Total revenues	<u>84,300</u>	<u>84,300</u>	<u>88,581</u>	<u>4,281</u>
EXPENSES				
Debt service	<u>92,100</u>	<u>92,100</u>	<u>91,538</u>	<u>562</u>
Excess of revenues over (under) expenditures	(7,800)	(7,800)	(2,957)	4,843
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	(2,800)	(2,800)	2,043	4,843
Total fund balance - beginning	<u>19,000</u>	<u>19,000</u>	<u>20,233</u>	<u>1,233</u>
Total fund balance - ending	<u>\$ 16,200</u>	<u>\$ 16,200</u>	<u>\$ 22,276</u>	<u>\$ 6,076</u>

Adjustments to GAAP:

Bonds payable	(1,263,407)
Bond premium, net	<u>(76,520)</u>
	<u>\$ (1,317,651)</u>

Detail of Fund Balance:

Cash and investments	\$ 20,829
Taxes receivable	2,938
Accrued interest payable	<u>(1,491)</u>
	<u>\$ 22,276</u>

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF NET POSITION

SEWER FUNDS

June 30, 2021

	70 Sewer Operation & Development Fund	72 Sewer Reserve Fund	78 Sewer Debt Service Fund	79 Sewer Bond Debt Service Fund	Totals
ASSETS					
Current assets:					
Cash and investments	\$ 103,910	\$ 432,193	\$ 82,518	\$ 159,007	\$ 777,628
Accounts receivable	53,670	-	28,606	-	82,276
Property taxes receivable	-	-	-	4,385	4,385
Prepaid expenses	13,871	-	-	-	13,871
Total current assets	<u>171,451</u>	<u>432,193</u>	<u>111,124</u>	<u>163,392</u>	<u>878,160</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	13,482,008	-	-	-	13,482,008
Restricted cash	-	-	99,065	-	99,065
Total noncurrent assets	<u>13,482,008</u>	<u>-</u>	<u>99,065</u>	<u>-</u>	<u>13,581,073</u>
Total assets	<u>13,653,459</u>	<u>432,193</u>	<u>210,189</u>	<u>163,392</u>	<u>14,459,233</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferred outflows of resources	134,006	-	-	-	134,006
OPEB deferred outflows of resources	1,672	-	-	-	1,672
Total deferred outflows of resources	<u>135,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,678</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	149,435	-	-	-	149,435
Accrued payroll	5,657	-	-	-	5,657
Accrued interest payable	-	-	34,197	2,457	36,654
Due to other funds	-	-	18,680	-	18,680
Bond premium, net	-	-	9,672	15,520	25,192
Bonds, notes and leases payable	-	-	100,781	74,676	175,457
Total current liabilities	<u>155,092</u>	<u>-</u>	<u>163,330</u>	<u>92,653</u>	<u>411,075</u>
Noncurrent liabilities:					
Interfund loan payable	-	-	18,711	-	18,711
Bond premium, net	-	-	38,065	110,516	148,581
Bonds, notes and leases payable	-	-	4,361,267	2,006,918	6,368,185
Pension liability	387,474	-	-	-	387,474
OPEB liability	10,395	-	-	-	10,395
Total noncurrent liabilities	<u>397,869</u>	<u>-</u>	<u>4,418,043</u>	<u>2,117,434</u>	<u>6,933,346</u>
Total liabilities	<u>552,961</u>	<u>-</u>	<u>4,581,373</u>	<u>2,210,087</u>	<u>7,344,421</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferred inflows of resources	24,052	-	-	-	24,052
OPEB deferred inflows of resources	7,631	-	-	-	7,631
Total deferred inflows of resources	<u>31,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,683</u>
NET POSITION					
Invested in capital assets, net of related debt	13,482,008	-	(4,509,785)	(2,207,630)	6,764,593
Restricted for debt service	-	-	99,065	-	99,065
Unrestricted	<u>(277,515)</u>	<u>432,193</u>	<u>39,536</u>	<u>160,935</u>	<u>355,149</u>
Total net position	<u>\$ 13,204,493</u>	<u>\$ 432,193</u>	<u>\$ (4,371,184)</u>	<u>\$ (2,046,695)</u>	<u>\$ 7,218,807</u>

CITY OF IRRIGON, OREGON

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

SEWER FUNDS

For the Year Ended June 30, 2021

	70 Sewer Operation & Development Fund	72 Sewer Reserve Fund	78 Sewer Debt Service Fund	79 Sewer Bond Debt Service Fund	Totals
Operating revenues:					
Charges for services	\$ 603,341	\$ 15,756	\$ 242,032	\$ -	\$ 861,129
Other operating income	2,218	-	-	-	2,218
Total operating revenues	<u>605,559</u>	<u>15,756</u>	<u>242,032</u>	<u>-</u>	<u>863,347</u>
Operating expenses:					
Personal services	363,576	-	-	-	363,576
Utilities	17,245	-	-	-	17,245
Engineering & Testing	13,038	-	-	-	13,038
Supplies & Repairs	354,360	-	-	-	354,360
Administrative	39,252	-	-	-	39,252
Depreciation	243,426	-	-	-	243,426
Total operating expenses	<u>1,030,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,030,897</u>
Operating income (loss)	<u>(425,338)</u>	<u>15,756</u>	<u>242,032</u>	<u>-</u>	<u>(167,550)</u>
Nonoperating revenues (expenses):					
Property taxes	-	-	-	119,162	119,162
Grant revenue	809,114	-	-	-	809,114
Investment income	425	2,269	876	1,029	4,599
Interest expense	-	-	(66,713)	(59,412)	(126,125)
Total nonoperating revenues (expenses)	<u>809,539</u>	<u>2,269</u>	<u>(65,837)</u>	<u>60,779</u>	<u>806,750</u>
Income (loss) before transfers	384,201	18,025	176,195	60,779	639,200
Capital contributions	5,456	-	-	-	5,456
Transfers in	-	38,000	(15,238)	15,238	38,000
Transfers out	(42,000)	-	-	-	(42,000)
Equity transfers in (out)	<u>2,113,655</u>	<u>-</u>	<u>(2,113,655)</u>	<u>-</u>	<u>-</u>
Change in net position	2,461,312	56,025	(1,952,698)	76,017	640,656
Total net position - beginning	<u>10,743,181</u>	<u>376,168</u>	<u>(2,418,486)</u>	<u>(2,122,712)</u>	<u>6,578,151</u>
Total net position - ending	<u>\$ 13,204,493</u>	<u>\$ 432,193</u>	<u>\$ (4,371,184)</u>	<u>\$ (2,046,695)</u>	<u>\$ 7,218,807</u>

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF CASH FLOWS

SEWER FUNDS

For the Year Ended June 30, 2021

	70 Sewer Operation & Development Fund	72 Sewer Reserve Fund	78 Sewer Debt Service Fund	79 Sewer Bond Debt Service Fund	Totals
Cash Flows from Operating Activities:					
Receipts from customers	\$ 603,833	\$ 15,756	\$ 241,198	\$ -	\$ 860,787
Other miscellaneous receipts	2,218	-	-	-	2,218
Payments to suppliers	(514,968)	-	-	-	(514,968)
Payments to employees	(355,180)	-	-	-	(355,180)
Net cash provided (used) by operating activities	<u>(264,097)</u>	<u>15,756</u>	<u>241,198</u>	<u>-</u>	<u>(7,143)</u>
Cash Flows from Noncapital Financing Activities:					
Property taxes	-	-	-	121,020	121,020
Transfers in (out)	(42,000)	38,000	(15,238)	15,238	(4,000)
Net cash provided (used) by noncapital financing activities	<u>(42,000)</u>	<u>38,000</u>	<u>(15,238)</u>	<u>136,258</u>	<u>117,020</u>
Cash Flows from Capital and Related Financing Activities:					
Interfund loans	-	-	(18,625)	-	(18,625)
Receipts from grantors	948,414	-	-	-	948,414
Acquisition of capital assets	(2,779,095)	-	-	-	(2,779,095)
Proceeds from capital debt	2,113,655	-	-	-	2,113,655
Payments on capital debt	-	-	(152,181)	(150,860)	(303,041)
Net cash provided (used) by capital and related financing activities	<u>282,974</u>	<u>-</u>	<u>(170,806)</u>	<u>(150,860)</u>	<u>(38,692)</u>
Cash Flows from Investing Activities:					
Interest and dividends	425	2,269	876	1,029	4,599
Net increase (decrease) in cash and investments	(22,698)	56,025	56,030	(13,573)	75,784
Beginning cash and investments	126,608	376,168	125,553	172,580	800,909
Ending cash and investments	<u>\$ 103,910</u>	<u>\$ 432,193</u>	<u>\$ 181,583</u>	<u>\$ 159,007</u>	<u>\$ 876,693</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (425,338)	\$ 15,756	\$ 242,032	\$ -	\$ (167,550)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	243,426	-	-	-	243,426
(Increase) decrease in accounts receivable	492	-	(834)	-	(342)
(Increase) decrease in prepaid expenses	(13,871)	-	-	-	(13,871)
Increase (decrease) in accounts payable	(77,202)	-	-	-	(77,202)
Increase (decrease) in accrued payroll	(34)	-	-	-	(34)
Increase (decrease) in pension liability	18,402	-	-	-	18,402
Increase (decrease) in OPEB liability	(3,729)	-	-	-	(3,729)
(Increase) decrease in deferred outflows	(9,873)	-	-	-	(9,873)
Increase (decrease) in deferred inflows	3,630	-	-	-	3,630
Net cash provided (used) by operating activities	<u>\$ (264,097)</u>	<u>\$ 15,756</u>	<u>\$ 241,198</u>	<u>\$ -</u>	<u>\$ (7,143)</u>

Noncash capital and financing activities:

The Sewer Operation & Development Fund received capital assets with a net book value of \$5,456 from the Governmental Activities.

CITY OF IRRIGON, OREGON

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

SEWER OPERATIONS AND DEVELOPMENT FUND - 070

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental revenue	\$ 1,800,000	\$ 1,800,000	\$ 809,114	\$ (990,886)
Charges for services	537,000	537,000	603,341	66,341
Investment income	2,000	2,000	425	(1,575)
Miscellaneous revenue	1,700	1,700	2,218	518
Total revenues	<u>2,340,700</u>	<u>2,340,700</u>	<u>1,415,098</u>	<u>(925,602)</u>
EXPENDITURES				
Personal services	366,000	366,000	355,144	10,856
Materials and services	188,000	188,000	423,896	(235,896)
Capital Outlay	5,050,000	5,050,000	2,779,096	2,270,904
Total expenditures	<u>5,604,000</u>	<u>5,604,000</u>	<u>3,558,136</u>	<u>2,045,864</u>
Income (loss) before transfers	<u>(3,263,300)</u>	<u>(3,263,300)</u>	<u>(2,143,038)</u>	<u>1,120,262</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	3,240,000	3,240,000	2,113,655	(1,126,345)
Transfers out	(42,000)	(42,000)	(42,000)	-
Total other financing sources (uses)	<u>3,198,000</u>	<u>3,198,000</u>	<u>2,071,655</u>	<u>(1,126,345)</u>
Change in fund balance	(65,300)	(65,300)	(71,383)	(6,083)
Total fund balance - beginning	<u>121,000</u>	<u>121,000</u>	<u>87,742</u>	<u>(33,258)</u>
Total fund balance - ending	<u>\$ 55,700</u>	<u>\$ 55,700</u>	<u>\$ 16,359</u>	<u>\$ (39,341)</u>

Reconciliation to GAAP:

Capital assets, net	13,482,008
Pension liability	(387,474)
Pension deferred outflow	134,006
Pension deferred inflow	(24,052)
OPEB liability	(10,395)
OPEB deferred outflow	1,672
OPEB deferred inflow	(7,631)
	<u>\$ 13,204,493</u>

Detail of Fund Balance:

Cash and investments	\$ 103,910
Accounts receivable	53,670
Grants receivable	-
Prepaid expenses	13,871
Accounts payable	(149,435)
Accrued payroll	(5,657)
	<u>\$ 16,359</u>

CITY OF IRRIGON, OREGON

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

SEWER RESERVE FUND - 072

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 13,130	\$ 13,130	\$ 15,756	\$ 2,626
Investment income	4,800	4,800	2,269	(2,531)
Total revenues	<u>17,930</u>	<u>17,930</u>	<u>18,025</u>	<u>95</u>
EXPENDITURES				
Materials and services	95,900	95,900	-	95,900
Capital Outlay	333,630	333,630	-	333,630
Total expenditures	<u>429,530</u>	<u>429,530</u>	<u>-</u>	<u>429,530</u>
Excess of revenues over (under) expenditures	(411,600)	(411,600)	18,025	429,625
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>	<u>-</u>
Change in fund balance	(373,600)	(373,600)	56,025	429,625
Total fund balance - beginning	<u>373,600</u>	<u>373,600</u>	<u>376,168</u>	<u>2,568</u>
Total fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 432,193</u>	<u>\$ 432,193</u>

CITY OF IRRIGON, OREGON

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

SEWER DEBT SERVICE FUND - 078

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 240,900	\$ 240,900	\$ 242,032	\$ 1,132
Investment income	1,700	1,700	876	(824)
Total revenues	<u>242,600</u>	<u>242,600</u>	<u>242,908</u>	<u>308</u>
EXPENSES				
Debt service	<u>212,300</u>	<u>212,300</u>	<u>192,996</u>	<u>19,304</u>
Excess of revenues over (under) expe	30,300	30,300	49,912	19,612
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(15,300)</u>	<u>(15,300)</u>	<u>(15,238)</u>	<u>62</u>
Net change in fund balance	15,000	15,000	34,674	19,674
Total fund balance - beginning	<u>124,100</u>	<u>124,100</u>	<u>141,318</u>	<u>17,218</u>
Total fund balance - ending	<u>\$ 139,100</u>	<u>\$ 139,100</u>	<u>\$ 175,992</u>	<u>\$ 36,892</u>

Reconciliation to GAAP:

Bonds and notes payable	(4,462,048)
Bond premium, net	(47,737)
Due to other funds	(18,680)
Advances from other funds	(18,711)
	<u>\$ (4,371,184)</u>

Detail of Fund Balance:

Cash and investments	\$ 82,518
Restricted cash	99,065
Accounts receivable	28,606
Accrued interest payable	(34,197)
	<u>\$ 175,992</u>

CITY OF IRRIGON, OREGON

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

SEWER DEBT SERVICE FOR GENERAL OBLIGATION BONDS FUND - 079

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
REVENUES				
Property taxes	\$ 113,400	\$ 113,400	\$ 119,162	\$ 5,762
Investment income	3,000	3,000	1,029	(1,971)
Total revenues	<u>116,400</u>	<u>116,400</u>	<u>120,191</u>	<u>3,791</u>
EXPENDITURES				
Debt service	<u>151,500</u>	<u>151,500</u>	<u>150,819</u>	<u>681</u>
Excess of revenues over (under) expe	(35,100)	(35,100)	(30,628)	4,472
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>15,300</u>	<u>15,300</u>	<u>15,238</u>	<u>(62)</u>
Net change in fund balance	(19,800)	(19,800)	(15,390)	4,410
Total fund balance - beginning	<u>170,000</u>	<u>170,000</u>	<u>176,325</u>	<u>6,325</u>
Total fund balance - ending	<u>\$ 150,200</u>	<u>\$ 150,200</u>	<u>\$ 160,935</u>	<u>\$ 10,735</u>
Adjustments to GAAP:				
Bonds and notes payable			(2,081,594)	
Bond premium, net			<u>(126,036)</u>	
			<u>\$ (2,046,695)</u>	
Detail of Fund Balance				
Cash and investments			\$ 159,007	
Taxes receivable			4,385	
Accrued interest payable			<u>(2,457)</u>	
			<u>\$ 160,935</u>	

CITY OF IRRIGON, OREGON

COMPARATIVE STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2021

	Water System		Sewer System	
	2021	2020	2021	2020
ASSETS				
Current assets:				
Cash and investments	\$ 789,555	\$ 751,254	\$ 777,628	\$ 707,913
Accounts receivable	63,818	61,123	82,276	81,934
Property taxes receivable	2,938	3,972	4,385	6,243
Grants receivable	-	-	-	139,300
Prepaid expense	8,796	-	13,871	-
Due from other funds	18,680	18,641	-	-
Total current assets	<u>883,787</u>	<u>834,990</u>	<u>878,160</u>	<u>935,390</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	4,365,133	4,423,306	13,482,008	10,940,883
Restricted cash	62,097	56,347	99,065	92,996
Advances to other funds	18,711	37,375	-	-
Total noncurrent assets	<u>4,445,941</u>	<u>4,517,028</u>	<u>13,581,073</u>	<u>11,033,879</u>
Total assets	<u>5,329,728</u>	<u>5,352,018</u>	<u>14,459,233</u>	<u>11,969,269</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows of resources	114,051	101,108	134,006	124,589
OPEB deferred outflows of resources	1,423	928	1,672	1,216
Total deferred outflows of resources	<u>115,474</u>	<u>102,036</u>	<u>135,678</u>	<u>125,805</u>
LIABILITIES				
Current liabilities:				
Accounts payable	35,827	43,429	149,435	226,637
Accrued payroll	4,916	5,524	5,657	5,691
Customer deposits	64,797	59,047	-	-
Unavailable revenue	7,995	7,902	-	-
Due to other funds	-	-	18,680	18,641
Accrued interest payable	2,017	2,068	36,654	14,505
Bond premium, net	17,185	19,057	25,192	27,320
Bonds, notes and leases payable	94,296	92,070	175,457	171,745
Total current liabilities	<u>227,033</u>	<u>229,097</u>	<u>411,075</u>	<u>464,539</u>
Noncurrent liabilities:				
Advances from other funds	-	-	18,711	37,375
Bond premium, net	97,642	114,424	148,581	173,773
Bonds, notes and leases payable	1,712,255	1,806,551	6,368,185	4,429,987
Net pension liability	329,775	281,392	387,474	369,072
Net OPEB liability	8,847	10,768	10,395	14,123
Total noncurrent liabilities	<u>2,148,519</u>	<u>2,213,135</u>	<u>6,933,346</u>	<u>5,024,330</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows of resources	20,470	18,886	24,052	22,650
OPEB deferred inflows of resources	6,494	4,120	7,631	5,403
Total deferred inflows of resources	<u>26,964</u>	<u>23,006</u>	<u>31,683</u>	<u>28,053</u>
NET POSITION				
Net investment in capital assets	2,443,755	2,391,204	6,764,593	6,138,058
Restricted for debt service	-	-	99,065	92,996
Unrestricted	598,931	597,612	355,149	347,098
Total net position	<u>\$ 3,042,686</u>	<u>\$ 2,988,816</u>	<u>\$ 7,218,807</u>	<u>\$ 6,578,152</u>

CITY OF IRRIGON, OREGON

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

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Water System		Sewer System	
	2021	2020	2021	2020
Operating revenues:				
Charges for services	\$ 564,256	\$ 506,727	\$ 861,129	\$ 738,016
Other operating income	2,277	1,690	2,218	1,695
Total operating revenues	<u>566,533</u>	<u>508,417</u>	<u>863,347</u>	<u>739,711</u>
Operating expenses:				
Personal services	340,247	333,595	363,576	391,007
Utilities	20,033	18,868	17,245	17,725
Engineering & testing	2,160	2,182	13,038	13,169
Supplies & repairs	56,297	93,692	354,360	58,026
Administrative	30,198	29,551	39,252	36,962
Depreciation	120,546	121,473	243,426	242,855
Total operating expenses	<u>569,481</u>	<u>599,361</u>	<u>1,030,897</u>	<u>759,744</u>
Operating income (loss)	<u>(2,948)</u>	<u>(90,944)</u>	<u>(167,550)</u>	<u>(20,033)</u>
Nonoperating revenues (expenses):				
Property taxes	88,409	86,401	119,162	132,157
Grant revenue	-	-	809,114	1,392,944
Investment income	4,899	12,015	4,599	10,650
Interest expense	(48,981)	(50,127)	(126,125)	(107,771)
Total nonoperating revenues (expenses)	<u>44,327</u>	<u>48,289</u>	<u>806,750</u>	<u>1,427,980</u>
Income (loss) before transfers	41,379	(42,655)	639,200	1,407,947
Capital contributions	-	-	5,456	28,559
Extraordinary item - Insurance proceeds	14,491	-	-	-
Transfers in	69,400	69,408	38,000	37,300
Transfers out	(71,400)	(73,408)	(42,000)	(41,300)
Change in net position	53,870	(46,655)	640,656	1,432,506
Total net position - beginning	<u>2,988,816</u>	<u>3,035,471</u>	<u>6,578,151</u>	<u>5,145,646</u>
Total net position - ending	<u>\$ 3,042,686</u>	<u>\$ 2,988,816</u>	<u>\$ 7,218,807</u>	<u>\$ 6,578,152</u>

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COMPLIANCE SECTION



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

Mayor and City Council
City of Irrigon
Irrigon, Oregon

I have audited the basic financial statements of City of Irrigon, Oregon, as of and for the year ended June 30, 2021, and have issued my report thereon dated November 3, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

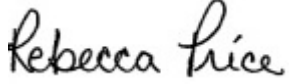
OAR 162-10-0230 Internal Control

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

To the Mayor and City Council of the
City of Irrigon
Page 2 of 2

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

REBECCA PRICE, CPA

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

San Jose, California
November 3, 2021



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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Irrigon, Oregon (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 3, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

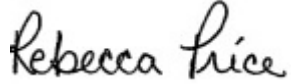
Purpose of this Report

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

To the Mayor and City Council of the
City of Irrigon
Page 2 of 2

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

REBECCA PRICE, CPA

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

San Jose, California
November 3, 2021



Rebecca Price, CPA

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

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

Report on Compliance for each Major Federal Program

I have audited the City of Irrigon, Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Irrigon's major federal programs for the year ended June 30, 2021. The City of Irrigon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Federal Program

In my opinion, the City of Irrigon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

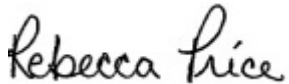
Management of the City of Irrigon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City of Irrigon's internal control over compliance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

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

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

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

REBECCA PRICE, CPA

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

San Jose, California
November 3, 2021

CITY OF IRRIGON, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Passthrough Entity Identifying Number	Expenditures During Period
U.S. Department of Housing and Urban Development			
Passed through Oregon Business Development Department:			
Community Development Block Grant	14.228	(FAIN):B-17-DC-41-0001/ (OBDD):P17005	\$ 817,375
U.S. Department of the Treasury			
Passed through Oregon Department of Administrative Services:			
Coronavirus Relief Fund	21.019	(DAS): 1673	<u>58,188</u>
Total Expenditures of Federal Awards			<u>\$ 1,527,096</u>

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

CITY OF IRRIGON, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

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

Noncompliance material to financial statements noted? no

Federal Awards

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? no

SECTION II - FINANCIAL STATEMENT FINDINGS

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

CITY OF IRRIGON, OREGON
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2021

No findings reported in the year ended June 30, 2020.