



CITY OF LA PINE, OREGON

REGULAR CITY COUNCIL MEETING

Wednesday, March 12, 2025, 5:30 p.m.

La Pine City Hall: 16345 Sixth Street, La Pine, Oregon 97739

Available online via Zoom: <https://us02web.zoom.us/j/88035101625>

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to City Hall at (541-536-1432). For deaf, hearing impaired, or speech disabled dial 541-536-1432 for TTY.

The Regular City Council meeting is a business meeting of the elected members of the La Pine City Council, in which matters that have come before the City in application, or legislatively/judicially by process can be acted upon under Old and New business. Matters that are not formally before the City or have yet to be initiated by application cannot be officially acted upon. If any party would like to initiate an action through process or application, city administrative staff are available during the regularly scheduled business hours of City Hall to provide assistance.

AGENDA

CALL TO ORDER

ESTABLISH A QUORUM

PLEDGE OF ALLEGIANCE

ADDED AGENDA ITEMS

Any matters added to the Agenda at this time will be discussed during the “Other Matters” portion of this Agenda or such time selected by the City Council

PUBLIC COMMENTS

Public Comments provide an opportunity for members of the community to submit input on ongoing matters within the city.

Public Comments are limited to three (3) minutes per person; when asked to the podium, please state your name and address. This helps the City Council and staff determine if you are a city resident. The acting chair may elect to respond to comments if the matter is within the jurisdiction of the city or defer to city staff for response. Any matter that warrants testimony and rebuttal may be debated only during a Public Hearing on the matter.

CONSENT AGENDA

Information concerning the matters listed within the Consent Agenda has been distributed to each member of the City Council for reading and study, is considered to be routine, and will be enacted or

approved by one motion of the City Council without separate discussion. If a separate discussion is desired concerning a particular matter listed within the Consent Agenda, that matter may be removed from the Consent Agenda and placed on the regular agenda by request of any member of the City Council.

- 1. 02.26.2025 Joint BoCC/City Council Meeting and Regular City Council Meeting Minutes 3.
 - a. Public Comment Form R. Rommel..... 10.
- 2. Financial Reports for December 2025
 - a. Financial Summary..... 11.
 - b. Interest Report..... 15.

OLD BUSINESS:

None.

NEW BUSINESS:

- 1. Annual Audit for Fiscal Year 2023-2024
 - a. Staff Report 16.
 - b. Plan of Action Letter to Secretary of State 17.
 - c. Auditor’s Report..... 20.
- 2. Budget for Fiscal Year 2025-2026
 - a. Staff Report – Appointment of Budget Officer 106.
 - b. Budget Calendar..... 108.
- 3. Proclamation 2025-01 Absolutely Incredible Kid Day March 20th, 2025
 - a. Staff Report 109.
 - b. Letter from the Camp Fire Council 110.
 - c. Proclamation 2025-01..... 111.

OTHER MATTERS

PUBLIC COMMENTS

Public Comments provide an opportunity for members of the community to submit input on ongoing matters within the city.

Public Comments are limited to three (3) minutes per person; when asked to the podium, please state your name and address. This helps the Planning Commission and staff determine if you are a city resident. The acting chair may elect to respond to comments if the matter is within the jurisdiction of the city or defer to city staff for response. Any matter that warrants testimony and rebuttal may be debated only during a Public Hearing on the matter.

STAFF COMMENTS

MAYOR & COUNCIL COMMENTS

EXECUTIVE SESSION: per ORS 192.660 if necessary

ADJOURNMENT



CITY OF LA PINE, OREGON
JOINT BOARD OF COUNTY COMMISSIONERS/CITY COUNCIL MEETING
&
REGULAR CITY COUNCIL MEETING

Wednesday, February 26, 2025, at 5:00 PM
La Pine City Hall: 16345 Sixth Street, La Pine, Oregon 97739

Available online via Zoom: <https://us02web.zoom.us/j/81076218127>

MINUTES

CALL TO ORDER

Mayor Earls called the joint workshop to order at 5:00 p.m.

ESTABLISHMENT OF QUORUM

City Council

Mayor Earls

Council President Ignazzitto

Councilor Shields

Councilor Morse

Councilor Curtis

Board of County Commissioners

Commissioner DeBone

Commissioner Chang

Commissioner Adair

County Administrator – Nick Lelack

Staff

Geoff Wullschlager – City Manager

Brent Bybee – Community Development Director

Amanda Metcalf – City Recorder

PLEDGE OF ALLEGIANCE

City Manager Wullschlager led the Pledge of Allegiance.

PUBLIC COMMENTS

Ron Rommel, a resident of Wagon Trail, introduced himself to the Council and shared his background in fire safety. He expressed concerns regarding the Darlene Fires 1, 2, and 3, as well as the recent Jack Pine Fire. His primary concern is that high-density development in the southern area of La Pine may pose safety risks. Additionally, he emphasized the need for the City's water resources to be sustainable, stating that fire safety must be properly mitigated.

JOINT BoCC AND CITY COUNCIL MEETING**JOINT BODY DISCUSSION:****1. La Pine Comprehensive Plan Update – City Discussion**

Community Development Director Bybee provided an update on La Pine 2045, stating that the City is nearing the final stages of the update. He explained that the Planning Commission and City Council are transitioning into joint work sessions to draft the goals and policies. During these workshops, both boards will review feedback from the public and city staff to ensure alignment with state laws, Senate bills, and relevant case law.

To maintain compliance with the Technical Assistance (TA) grant, the goal is to finalize and adopt the plan by the end of May.

Director Bybee expressed gratitude to the Board of County Commissioners (BoCC) for their letter of recommendation, which supported the City's applications for both the TA grant and the Transportation and Growth Management (TGM) grant. The TGM grant will allow the City to update the Transportation System Plan (TSP).

Mayor Earls commended the staff's efforts in fostering community engagement, highlighting the success of the recent Coffee and Comp Plan event.

City Manager Wullschlager provided background on the expansion project, which began in 2017. He explained that with the addition of over 300 homes and the construction of redundancy within the system, the City now has the ability to isolate issues while still maintaining water service to the rest of the community.

He reported that while the sewer system expansion and residential connections have been completed, the City still needs to rebuild two lift stations. The Industrial Lift Station will be funded through the USDA bonds the City received. Currently, the City is waiting for parts, and construction is expected to begin in the spring. The Newberry Lift Station is now operating at full capacity, requiring evening pump-downs by the Public Works Department. However, its reconstruction is not included in the USDA bond funding, and the City is exploring alternative funding sources from other agencies.

Lastly, City Manager Wullschlager made a comment regarding the recently installed fire hydrants along Darlene Wy., explaining that their installation was a result of the expansion project.

2. Legislative Updates from the County – County Discussion

Commissioner Chang provided an update on transportation funding and the tracking efforts he has been involved in. He noted that there are numerous critical projects needed across the state and

discussed potential solutions to increase funding. These include increasing vehicle registration fees, raising the gas tax rate, and implementing tolling fees in the Willamette Valley. Additionally, there has been a push for the metro area to contribute a cost share for larger projects in their region.

There was also a discussion about the north end of the city and the ODOT overpass project. Commissioner Chang encouraged the community to reach out to their legislators, as they are the ones who must advocate for the project's advancement.

Commissioner Adair provided an update on the ban on flavored vape cartridges, stating that she signed a letter with Representative Werner Reschke regarding the issue.

The Wildfire Hazard Map released by the Department of Forestry was also discussed. City Manager Wullschlager informed the Commission that the City Council had signed and submitted a letter to Governor Kotek addressing concerns related to the map.

Community Development Director Bybee provided an update on CPAW and their audit of the City's wildfire safety measures. CPAW will soon submit their recommendations that the City can choose to implement.

Commissioner DeBone spoke about property assessment and a bill currently being compiled to help fund the assessor's office. He noted that the bill proposes a 0.03% tax revenue allocation for property assessment and taxation, which would help ensure accurate and optimized property assessments.

Administrator Lelack stated that if the Council has any priority topics for the Commissioners to address, they should coordinate with county staff.

3. Newberry Regional Partnership – City/County Collaboration Discussion

City Manager Wullschlager informed the Commission about the City's contributions to the Newberry Regional Partnership (NRP). He stated that the City provided \$10,000 in funding to the organization and also hosts the majority of their meetings at the La Pine City Council Chambers at no cost.

He provided an update on the partnership's 501(c)(3) status, noting that they have received \$50,000 in grants to support their operating costs. Additionally, he highlighted the organization's efforts in coordinating cleanup projects on BLM land north of the city.

4. Homelessness solutions post Darlene Fire – City/County Collaboration Discussion

Mayor Earls provided an update on the wildfire safety group, which includes various local and federal agencies. She explained that during a recent meeting, the group discussed potential solutions, emphasizing that this collaboration helps address jurisdictional gaps and improve wildfire preparedness.

City Manager Wullschlager informed the Commission that the surrounding areas are scheduled for fire fuel reduction efforts in 2026.

A discussion followed regarding the jurisdiction of the local police force on federal land.

Mayor Earls highlighted the importance of supporting the unhoused community, emphasizing that they are just as important as the rest of the population. She noted that Deschutes County Mental Health has been actively assisting individuals in need in La Pine.

Commissioner Chang shared his experience working with surrounding cities on homelessness response efforts. He commended their leadership and initiatives, listing various funding sources available to assist cities. He also inquired about how the Commission could be a partner in developing solutions.

To conclude, Mayor Earls thanked the Commission and reiterated that La Pine may take a different approach than other cities, and Council is eager to collaborate with the Commission on finding effective solutions.

5. 5 Acre Property in City Limits – County Discussion

Commissioner DeBone informed the Council that the County-owned property north of St. Charles has been subdivided, and five acres are currently for sale.

Kristy Bollinger, the County Property Manager, provided an overview of past concepts proposed for the development of the property.

A collaborative discussion followed regarding potential uses for the mixed-use zoned property. However, Administrator Lelak clarified that the County is not a developer but rather a property owner and sells land to prospective developers.

6. Newberry Neighborhood Master Plan - City/County Collaboration Discussion

Commissioner DeBone explained that there are two quadrants of the Newberry neighborhood that have been platted and are ready for sale.

Property Manager Bollinger provided an overview of how other sections of the neighborhood have been developed and highlighted the County’s past land donations for various projects, including Rosland Elementary and the sewer lift station.

County Community Development Director Peter Gutowsky discussed the importance of community engagement and timing in relation to the sale of this property.

La Pine Community Development Director Bybee noted that city staff has been in discussions with the County regarding the neighborhood’s master plan and how it will facilitate connections between the north and south sides of town. He emphasized that this presents an opportunity for community input and suggested that spring would be an ideal time to initiate those conversations.

OTHER ITEMS NOT ON AGENDA

There were no other items to discuss.

ADJOURNMENT

Mayor Earls adjourned the workshop at 6:55 p.m.

REGULAR COUNCIL MEETING

CALL TO ORDER

Mayor Earls called the regular City Council meeting to order at 7:06 p.m.

ESTABLISHMENT OF QUORUM

City Council

Mayor Earls

Council President Ignazzitto

Councilor Shields

Councilor Morse

Councilor Curtis

Staff

Geoff Wullschlager – City Manager

Brent Bybee – Community Development Director

Amanda Metcalf – City Recorder

PUBLIC COMMENTS

There were no public Comments.

ADDED AGENDA ITEMS

There were no other added agenda items.

CONSENT AGENDA

1. 02.12.2025 Regular City Council Meeting Minutes
 - a. Public Comment Form R. Harp
 - b. Public Comment Form A. Shirk
 - c. Email Submitted from A. Shirk

Councilor Ignazzitto made a motion to approve the consent agenda. *Councilor Morse seconded the motion.* Motion passed unanimously.

PRESENTATIONS:

None

PUBLIC HEARING:

None

OLD BUSINESS:

None

NEW BUSINESS:

None

PUBLIC COMMENTS

There are not any public comments.

STAFF COMMENTS

City Recorder Metcalf did not have any comments.

Community Development Director Bybee provided an update on the Newberry Neighborhood discussions, noting that the joint BoCC and City Council workshop included valuable conversations and strong community engagement.

He updated the Council on long-range planning, outlining upcoming joint meeting schedules between the La Pine City Council and Planning Commission, and key focus areas for the workshops. He emphasized that this is an important time for the City Council and Planning Commission to collaborate on drafting goals and policies. The final adoption hearings will take place with both the Planning Commission and City Council, during which the community will have the opportunity to provide public testimony.

Director Bybee invited the Council to attend the upcoming community land use training scheduled for March 20th from 5:30 PM to 8:30 PM, noting that a mailer will be included with utility billing to inform residents.

Regarding current planning, he reported a significant increase in applications. He noted that three site plan reviews are still in the completeness process, while two zoning permits and three sign permits are under review having been deemed complete.

Finally, he provided an update on an open position in the planning department. After conducting interviews, the city plans to extend an offer to a selected candidate.

City Manager Wullschlager provided an update on the recent halt in federal funding and its impact on the City.

He informed the Council that both Mayor Earls and he are part of a safety group comprising federal and local agencies focused on wildfire prevention. This group is advocating for a campfire ban within a one-mile radius starting in May.

He also updated the Council on the Urban Renewal Agency's Archway Project, stating that the Request for Proposals (RFP) for the construction phase has been issued. He provided details on the agency's funds, emphasizing that their use is subject to strict statutory guidelines for community beautification and enhancement within the Urban Renewal District.

Lastly, he noted that two members' terms on the Urban Renewal Agency have ended. The agency will begin soliciting applications for these positions, with the final selection process to be presented to the Council at the end of March.

MAYOR & COUNCIL COMMENTS

Student Councilor Marston provided an update on high school spring sports. He also inquired on behalf of faculty member Mr. Olszewski about Huntington road and whether safety measures such as a roundabout or crosswalks will be implemented.

Councilor Morse had no comments.

Council President Ignazzitto commended Mayor Earls for her leadership and praised the interactive nature of the workshop. She also complimented City Manager Wullschlager for his strong representation of the city at the recent Chamber of Commerce breakfast.

Councilor Shields had no comments.

Councilor Curtis stated that this was her first joint meeting and that she learned a lot. She thanked Mayor Earls for effectively presiding over the meeting.

Mayor Earls reflected on her experience working with the Council and staff, noting that it has significantly increased her confidence as mayor. She expressed her gratitude to everyone.

EXECUTIVE SESSION: Per ORS 192.660 if necessary

ADJOURNMENT

Mayor Earls adjourned the meeting at 7:39 p.m.

_____ Date: _____
Jeannine Earls, Mayor

ATTEST:

_____ Date: _____
Amanda Metcalf, City Recorder

Run - com - meeting .



PUBLIC COMMENT FORM

Completed forms will be collected prior to the start of the meeting. Comments will be limited to 3 minutes and restricted to the topics indicated below. All remarks and questions must be addressed to the presiding officer, only. Comments will be respectful. Harsh and/or abusive language will not be permitted. (This document is a public record)

Name:	<u>Row Rommel</u>	Phone Number:	<u>541-554-4923</u>
Address:	<u>1725 Mare Ct La Pine, OR 97739</u>		
Email:	<u>rommelron192@gmail.com</u>	<input checked="" type="checkbox"/> Resident	<input type="checkbox"/> Non Resident <input type="checkbox"/> Other
Agenda Item Topic #:	<u>WATER & WILDFIRES - Homeless -</u>	in support of	in opposition to as an interested party
<input type="checkbox"/> Non-Agenda Item Topic (Provide brief description):	_____		
Organization (if applicable):	_____	Would you like to be contacted for follow up?	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	10



FINANCIAL SUMMARY December 31, 2024

TOTAL RESOURCES - BUDGET TO ACTUAL

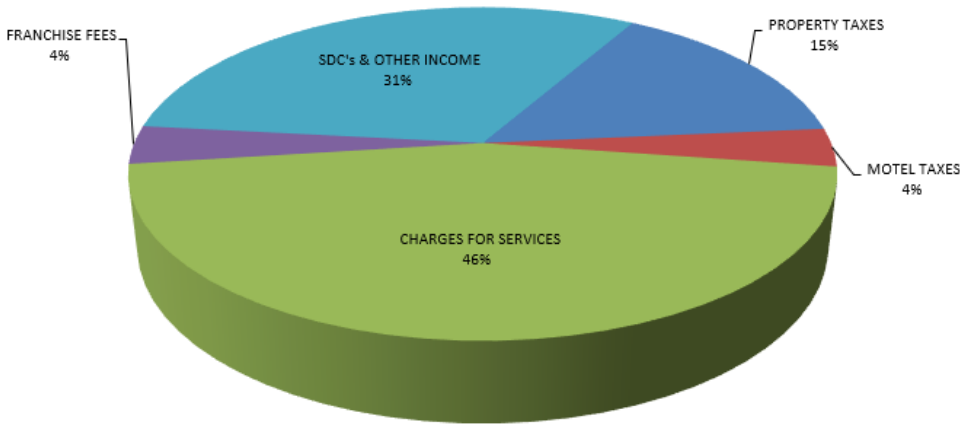
AS OF DECEMBER 31, 2024

	Year To Date	FY 2024-25 Budget	Budget Remaining	(50% lapsed) % Earned
BEGINNING FUND BALANCE	17,587,219	17,587,219	-	100.0%
PROPERTY TAXES	449,479	457,500	8,021	98.2%
MOTEL TAXES	109,367	156,000	46,633	70.1%
SHARED REVENUES & GRANTS	4,633,716	5,609,797	976,081	82.6%
CHARGES FOR SERVICES	1,348,511	2,210,575	862,064	61.0%
FRANCHISE FEES	109,945	328,225	218,280	33.5%
SDC's & OTHER INCOME	933,342	1,196,700	263,358	78.0%
	<u>25,171,579</u>	<u>27,546,016</u>	<u>2,374,437</u>	<u>91.4%</u>

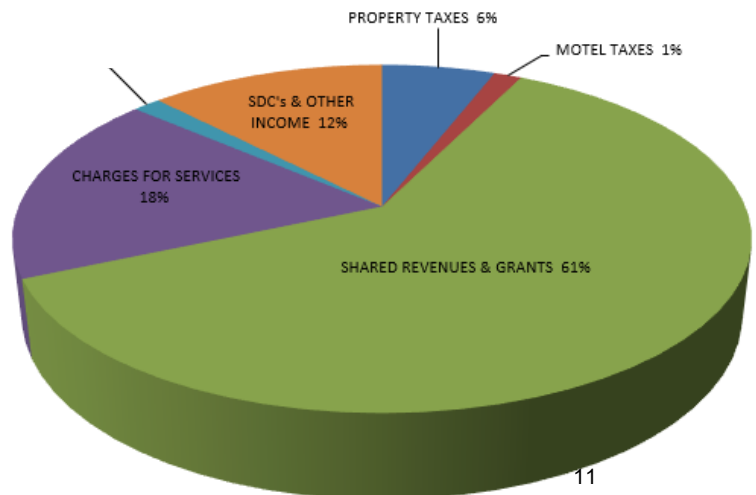
FINANCIAL HIGHLIGHTS – RESOURCES

- Charges for Services are also in line with budgetary expectations.
- Staff is monitoring Franchise Fees as they are lower than projected.

RESOURCES BY TYPE EXCLUDING GRANTS



RESOURCES BY TYPE EXCLUDING FUND BALANCE



RESOURCES - BUDGET TO ACTUAL BY FUND

AS OF DECEMBER 31, 2024

	Year	FY 2024-25	Budget	(50% lapsed)
	To Date	Budget	Remaining	% Earned
GENERAL FUND				
BEGINNING FUND BALANCE	2,870,326	2,870,326	-	100.0%
PROPERTY TAXES	449,479	457,500	8,021	98.2%
SHARED REVENUES & GRANTS	48,790	85,000	36,210	57.4%
MOTEL TAXES (30%)	32,810	56,000	23,190	58.6%
CHARGES FOR SERVICES	2,130	16,375	14,245	13.0%
FRANCHISE FEES	32,985	105,075	72,090	31.4%
MISCELLANEOUS & OTHER INCOME	497,989	69,500	(428,489)	716.5%
INTERFUND TRANSFERS - IN	-	554,750	554,750	0.0%
	<u>3,934,509</u>	<u>4,214,526</u>	<u>(274,733)</u>	<u>93.4%</u>
CEMETERY FUND				
BEGINNING FUND BALANCE	42,013	42,013	-	100.0%
CHARGES FOR SERVICES	-	1,200	1,200	0.0%
INTERFUND TRANSFERS - IN	-	-	-	
MISCELLANEOUS & OTHER INCOME	-	700	-	
	<u>42,013</u>	<u>43,913</u>	<u>1,200</u>	<u>95.7%</u>
STREETS FUND				
BEGINNING FUND BALANCE	1,681,883	1,681,883	-	100.0%
SHARED REVENUES & GRANTS	103,224	645,000	541,776	16.0%
FRANCHISE FEES	76,960	223,150	-	
MISCELLANEOUS & OTHER INCOME	3,567	17,000	13,433	21.0%
INTERFUND TRANSFERS - IN	-	325,000	325,000	0.0%
	<u>1,865,634</u>	<u>2,892,033</u>	<u>880,209</u>	<u>64.5%</u>
TOURISM FUND				
BEGINNING FUND BALANCE	360,557	360,557	-	100.0%
MOTEL TAXES	76,557	100,000	23,443	76.6%
MISCELLANEOUS & OTHER INCOME	-	3,500	3,500	
	<u>437,114</u>	<u>464,057</u>	<u>26,943</u>	<u>94.2%</u>
COMMUNITY DEVELOPMENT FUND				
BEGINNING FUND BALANCE	510,293	510,293	-	100.0%
CHARGES FOR SERVICES	50,242	40,000	(10,242)	125.6%
ADVANCED PLANNING FEES	33,373	45,000	11,627	74.2%
MISCELLANEOUS & OTHER INCOME	-	51,000	51,000	0.0%
INTERFUND TRANSFERS - IN	-	155,000	155,000	0.0%
	<u>593,908</u>	<u>801,293</u>	<u>207,385</u>	<u>74.1%</u>
INDUSTRIAL/ECONOMIC DEVELOPMENT				
BEGINNING FUND BALANCE	1,924,327	1,924,327	-	
SHARED REVENUES & GRANTS	120,000	29,771	(90,229)	403.1%
INDUSTRIAL SITE LEASES / SALES	120,900	17,500	(103,400)	690.9%
MISCELLANEOUS & OTHER INCOME	-	30,000	30,000	0.0%
	<u>2,165,227</u>	<u>2,001,598</u>	<u>(163,629)</u>	<u>108.2%</u>
RESERVE FUND - WATER/SEWER				
BEGINNING FUND BALANCE	452,670	452,670	-	100.0%
INTERFUND TRANSFERS - IN	-	400,000	400,000	0.0%
	<u>452,670</u>	<u>852,670</u>	<u>400,000</u>	<u>53.1%</u>
DEBT RESERVE FUND				
BEGINNING FUND BALANCE	193,503	193,503	-	100.0%
INTERFUND TRANSFERS - IN	-	734,227	734,227	0.0%
	<u>193,503</u>	<u>927,730</u>	<u>-</u>	<u>20.9%</u>
EQUIPMENT RESERVE FUND				
INTERFUND TRANSFERS - IN	-	285,000	285,000	0.0%
	<u>-</u>	<u>285,000</u>	<u>-</u>	<u>0.0%</u>
SDC FUND				
BEGINNING FUND BALANCE	4,665,141	4,665,141	-	100.0%
SYSTEM DEVELOPMENT CHARGES	377,405	920,000	542,595	41.0%
INTERFUND TRANSFERS - IN	-	250,000	-	0.0%
MISCELLANEOUS & OTHER INCOME	-	15,000	15,000	0.0%
	<u>5,042,546</u>	<u>5,850,141</u>	<u>542,595</u>	<u>86.2%</u>
WATER FUND				
BEGINNING FUND BALANCE	3,251,078	3,251,078	-	100.0%
GRANT REVENUE	2,225,482	1,547,526	(677,956)	143.8%
CHARGES FOR SERVICES	559,270	1,018,000	458,730	54.9%
MISCELLANEOUS & OTHER INCOME	52,179	34,500	(17,679)	151.2%
	<u>6,088,009</u>	<u>5,851,104</u>	<u>(236,905)</u>	<u>104.0%</u>
SEWER FUND				
BEGINNING FUND BALANCE	1,635,428	1,635,428	-	100.0%
GRANT REVENUE	2,102,847	3,302,500	1,199,653	63.7%
CHARGES FOR SERVICES	615,969	1,117,500	501,531	55.1%
MISCELLANEOUS & OTHER INCOME	2,202	10,500	8,298	21.0%
	<u>4,356,446</u>	<u>6,065,928</u>	<u>1,709,482</u>	<u>71.8%</u>

FINANCIAL SUMMARY
December 31, 2024

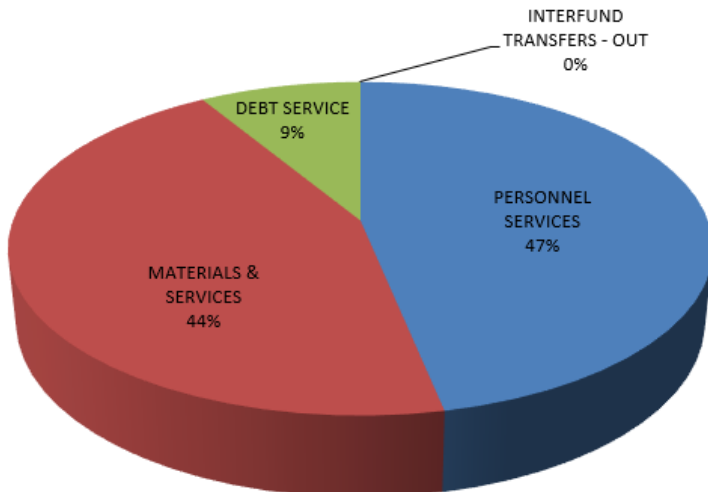
AS OF DECEMBER 31, 2024

	Year To Date	FY 2024-25 Budget	Budget Remaining	(50% lapsed)
PERSONNEL SERVICES	726,015	2,028,155	1,302,140	35.8%
MATERIALS & SERVICES	691,250	3,181,650	2,490,400	21.7%
CAPITAL OUTLAY	4,897,705	9,810,626	3,436,725	49.9%
DEBT SERVICE	135,250	1,192,908	1,057,658	11.3%
INTERFUND TRANSFERS - OUT	-	2,703,977	2,672,227	0.0%
	6,450,220	18,917,316	10,959,150	34.1%

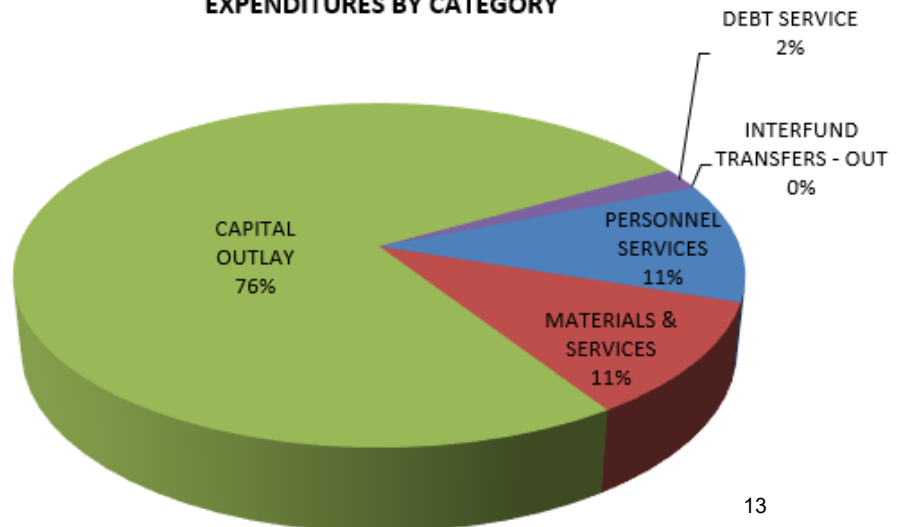
FINANCIAL HIGHLIGHTS – EXPENDITURES:

- All expenses are in line with staff expectations
- Interfund transfers have not been made, and will likely be made in January, during the mid-year budget review.

EXPENDITURES BY CATEGORY EXCLUDING CAPITAL OUTLAY



EXPENDITURES BY CATEGORY



EXPENDITURES - BUDGET TO ACTUAL BY FUND

AS OF DECEMBER 31, 2024

	Year To Date	FY 2024-25 Budget	Budget Remaining	(50% lapsed) % Expended
GENERAL FUND				
PERSONNEL SERVICES	84,947	220,497	135,550	38.5%
MATERIALS & SERVICES	112,139	567,700	455,561	19.8%
CAPITAL OUTLAY	171,049	316,700	145,651	54.0%
DEBT SERVICE	36,847	42,908	6,061	85.9%
INTERFUND TRANSFERS - OUT		480,000	480,000	0.0%
	<u>404,982</u>	<u>1,627,805</u>	<u>1,222,823</u>	<u>24.9%</u>
CEMETERY FUND				
MATERIALS & SERVICES	3,409	24,100	20,691	14.1%
CAPITAL OUTLAY	-	5,000	5,000	0.0%
	<u>3,409</u>	<u>29,100</u>	<u>25,691</u>	<u>11.7%</u>
STREETS FUND				
PERSONNEL SERVICES	70,223	272,875	202,652	25.7%
MATERIALS & SERVICES	125,933	293,950	168,017	42.8%
CAPITAL OUTLAY	156,846	970,000	813,154	16.2%
INTERFUND TRANSFERS - OUT		261,750	261,750	0.0%
	<u>353,002</u>	<u>1,798,575</u>	<u>1,445,573</u>	<u>19.6%</u>
TOURISM FUND				
MATERIALS & SERVICES	43,760	125,650	81,890	34.8%
CAPITAL OUTLAY		75,000	75,000	0.0%
INTERFUND TRANSFERS - OUT	-	25,000	25,000	0.0%
	<u>43,760</u>	<u>225,650</u>	<u>181,890</u>	<u>19.4%</u>
COMMUNITY DEVELOPMENT FUND				
PERSONNEL SERVICES	149,932	379,477	229,545	39.5%
MATERIALS & SERVICES	36,591	89,150	52,559	41.0%
CAPITAL OUTLAY	40,491	199,700	159,209	20.3%
INTERFUND TRANSFERS - OUT	-	38,750	38,750	0.0%
	<u>227,014</u>	<u>707,077</u>	<u>480,063</u>	<u>32.1%</u>
INDUSTRIAL AND ECONOMIC DEVELOPMENT				
MATERIALS & SERVICES	27,365	220,900	193,535	12.4%
CAPITAL OUTLAY	30,504	1,506,700		
INTERFUND TRANSFERS - OUT		31,750		
	<u>57,869</u>	<u>1,759,350</u>	<u>193,535</u>	<u>3.3%</u>
SDC FUND				
MATERIALS & SERVICES	-	1,050,000	1,050,000	0.0%
CAPITAL OUTLAY	-	1,500,000	1,500,000	0.0%
	<u>-</u>	<u>2,550,000</u>	<u>2,550,000</u>	<u>0.0%</u>
WATER FUND				
PERSONNEL SERVICES	214,406	587,423	373,017	36.5%
MATERIALS & SERVICES	167,850	337,200	169,350	49.8%
CAPITAL OUTLAY	2,211,976	1,810,026	(401,950)	122.2%
DEBT SERVICE	98,403	500,000	401,597	19.7%
INTERFUND TRANSFERS - OUT	-	1,387,737	1,387,737	0.0%
	<u>2,692,635</u>	<u>4,622,386</u>	<u>1,929,751</u>	<u>58.3%</u>
SEWER FUND				
PERSONNEL SERVICES	206,507	567,883	361,376	36.4%
MATERIALS & SERVICES	174,203	473,000	298,797	36.8%
CAPITAL OUTLAY	2,286,839	3,427,500	1,140,661	66.7%
DEBT SERVICE		650,000	650,000	0.0%
INTERFUND TRANSFERS - OUT		478,990	478,990	0.0%
	<u>2,667,549</u>	<u>5,597,373</u>	<u>2,929,824</u>	<u>47.7%</u>

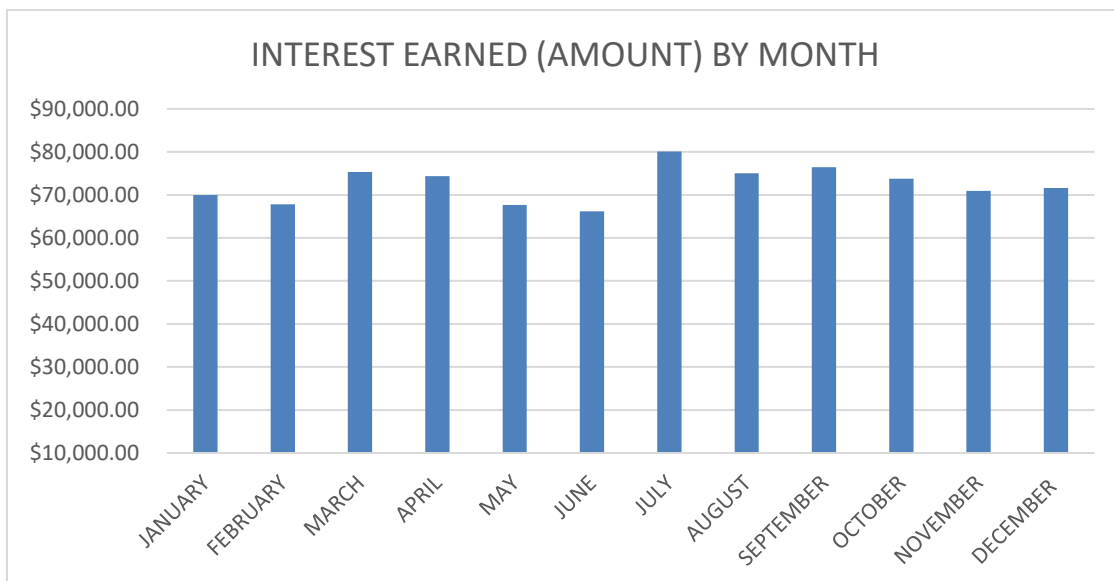
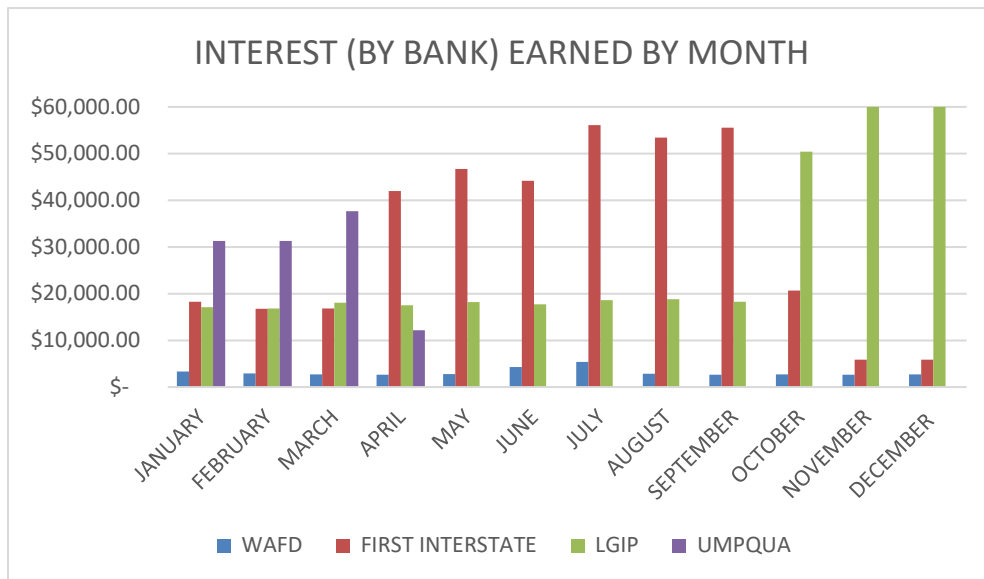


City Interest Income Revenue Report

January 2024 – December 2024

City Bank Balances – 12/31/24

Bank	12/31/2024	Rate
LGIP	\$ 15,338,565.06	5.00%
FIB	\$ 1,505,692.20	4.75%
FIB Checking	\$ 2,134,067.09	0.00%
WAFD	\$ 1,097,127.18	2.94%
WAFD Checking	\$ 1,090,754.17	
Xpress	\$ 5,571.13	0.00%
	\$ 21,171,776.83	





CITY OF LA PINE

STAFF REPORT

Meeting Date: March 12, 2025
TO: City Council
FROM: Ashley Ivans, Finance Director *Ashley Ivans*
SUBJECT: City's Annual Audit (FY24)

- | | | | |
|-------------------------------------|-------------------------|--------------------------|------------------|
| <input type="checkbox"/> | Resolution | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | No Action – Report Only | <input type="checkbox"/> | Public Hearing |
| <input checked="" type="checkbox"/> | Formal Motion | <input type="checkbox"/> | Other/Direction: |
-

Councilmembers:

Included with this staff report is the City's annual audit. The City's auditing firm, Sensiba LLP, is a new firm to the City. The City entered into a contract with Sensiba during the spring of 2024. Sensiba will be providing a presentation to the Council this evening.

There were some findings surrounding internal controls consistent with a small, newly transitioned staff. Since the City has been the recipient of much federal funding for the water and wastewater expansion, the avenue in which these findings are reported are different than any findings the city has encountered in the past. The City must report those findings as a corrective action plan in the audit report. Further, the City must submit a plan of action to the Secretary of the State. This plan of action is included at the end of this staff report (after the city's audit). A motion is recommended below.

Recommended Motion: I move that we approve the City of La Pine's Plan of Action to be submitted to the Oregon Secretary of the State.



March 12, 2025

Oregon Secretary of State Audits
Division
255 Capitol St. NE, Suite #180
Salem, OR 97310

Plan of Action for City of La Pine

The City of La Pine respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2024. The audit was completed by the independent auditing firm Sensiba, LLP and reported the deficiencies listed below. The plan of action was adopted by the members of the governing body at their meeting on March 12, 2025 as indicated by signatures below.

The deficiencies are listed below, including the adopted plan of action and timeframe for each.

Corrective Action Plan

Finding 2024-001

Description: The City has documented financial closing procedures for month and year end processes. During the planning of our audit, we noted not all significant account balances were addressed in the City's documented internal controls. During the course of our audit, we identified misstatements related primarily to non-recurring account balances. The City's internal control system related to recurring transactions was sufficient to prevent and detect misstatement.

Cause: The City's resources in the accounting and finance areas are limited due to the size of its staff and non-recurring transaction internal controls are much more time-intensive than those in place for recurring transactions.

Corrective Action: The City has begun segregating financing duties between the Finance Director, City Recorder and Administrative assistant. More specifically, the Administrative Assistant is responsible for reconciling and proposing journal entries, the Finance Director will then review the entries, and the City Recorder will enter them. Furthermore, the City has updated the year end checklist to recognize these additional steps in the year end closing process.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this process began in January 2025.

Finding 2024-002

Description: During the planning of our audit, we noted the City has documented processes for review of manual journal entries assigned to City Manager, but reviews did not appear to be done consistently and/or timely. The

City Manager's responsibilities appear to leave little time for direct participation in the daily internal control processes related to review of accounting reconciliations and transactions.

Corrective Action: The Administrative Assistant is responsible for reconciling and proposing journal entries, the Finance Director will then review the entries, and the City Recorder will enter them. Monthly, the Finance Director will, as part of the monthly close, review the journal entries and reconcile those to the entry reports provided by the Administrative Assistant and City Recorder.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this began in January 2025.

Finding 2024-003

Description: The City's controls over bank account transfers do not incorporate preventative bank-level account controls. The City maintains multiple bank accounts, whereby transfers are made from one to the other based on the needs of the City for various activities. Initiation for transfers is performed by the Finance Director, who also has signatory authority over the various bank accounts, and access to the accounting system. City Manager reviews and approves transfers in a manual process.

Cause: The City's resources in the accounting and finance areas are limited due to the size of its staff.

Corrective Action: The City is exploring methods of dual approval at this time. The Finance Director is also being removed as a signing authority from all bank accounts. In the future, transfers will be proposed by the Finance Director to the City Manager. The City Manager will approve the transfers. Transfers will be initiated by the City Recorder or Administrative Assistant. The City Recorder, Administrative Assistant or Utility Billing Clerk will be responsible for secondary approval of those transactions.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this process are currently underway.

Finding 2024-004

Description: During the planning of our audit, we noted the City has documented processes for review of various payroll reconciliations and transactions assigned to City Manager, but noted the reviews were not consistently performed in a timely manner. We also noted the payroll system set up within the software was not consistently posting information to the general ledger, creating additional work for management to reconcile the payroll related accounts and transactions. During our testing of payroll, we noted several transactions and balances where management discovered errors in the software's calculations of various transactions and balances, resulting in significant manual adjustment to year end liabilities because the payroll module was not properly posting to the general ledger.

Causes: The City Manager's responsibilities appear to leave little time for direct participation in the daily internal control processes related to review of accounting reconciliations and transactions. An additional cause is the payroll accounting system's automatic posting to the general ledger appears to have set up issues with management needing to correct at year end with manual reconciliations and adjustments.

Corrective Action: The Administrative Assistant is responsible for processing payroll and the City Recorder is responsible for changes made to employee files and pay codes. The Finance Director will be responsible for reviewing payroll processing prior to check issuance. Any adjustments to personnel will be reviewed by the Finance Director prior to entry.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this began in January 2025.

Finding 2024-005

Description: During the planning of our audit, we noted the City has documented processes for review of the bank account reconciliations, prepared by the Finance Director, assigned to City Manager, but we were unable to find documentation that the reviews were consistently conducted in a timely manner. The City Manager's responsibilities appear to leave little time for direct participation in the daily internal control processes related to review of accounting reconciliations and transactions.

Corrective Action: The Administrative Assistant is responsible for preparing the bank reconciliations, the Finance Director will then review reconciliations.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this began in February 2025.

Mayor, Jeannine Earls

Signature

Council President, Courtney Ignazzitto

Signature

City Manager, Geoff Wullschlager

Signature

Finance Director, Ashley Ivans

Signature

CITY OF LA PINE, OREGON

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

CITY OF LA PINE, OREGON

YEAR ENDED JUNE 30, 2024

MAYOR AND CITY COUNCIL

Daniel Richer
Cathi Van Damme
Mike Shields
Karen Morse
Courtney Ignazzitto

Mayor
Council President
Councilor
Councilor
Councilor

All council members receive mail at the address listed below.

ADMINISTRATION

Geoff Wullschlager, City Manager
Ashley Ivans, Assistant City Manager / Finance Director

City of La Pine
P.O. Box 2460
La Pine, Oregon 97739

CITY OF LA PINE, OREGON

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CITY OF LA PINE, OREGON

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council members,
City of La Pine, Oregon

Report on the Audited Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of La Pine (the "City"), as of and for the year ended June 30, 2024, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the blended component unit of the City of La Pine as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

City of La Pine's management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAS, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of La Pine's ability to continue as a going concern for one year after the date that the financial statements are issued, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of La Pine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of La Pine's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of a matter

Subsequent to the year ended June 30, 2023, management identified errors in its previously issued financial statements. The statements were audited by a predecessor auditor whose opinion on the financial statements, dated February 28, 2024 was unmodified. As part of our audit of the June 30, 2024 statements, we also audited the adjustments described in Note 11 to the financial statements that were applied to restate the June 30, 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the June 30, 2023 financial statements of the City other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the June 30, 2023 financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures and changes in fund balances - budget and actuals, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

We have applied certain limited procedures to the management's discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of revenues, expenditures and changes in fund balances - budget and actuals for the general fund and major special revenue funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures and changes in fund balances - budget and actuals for the general, street, community development, economic and industrial development and tourism funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedules of revenues, expenditures and changes in fund balances - budget and actuals general, street, community development, economic and industrial development and tourism funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of La Pine's basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the non-major fund combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the combining balance sheet and statements of revenues, expenditures and changes in fund balance – general and cemetery funds, and the combining statements of net position and statements of revenues, expenditures and changes in fund balance – water and debt reserve funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedules of revenues, expenditures and changes in fund balances - budget and actuals for the Urban Renewal Agency, cemetery, water, sewer, system development and debt reserve funds and the schedule of long-term debt transactions, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

Report on Reporting Required by Oregon Minimum Standards

In accordance with the *Minimum Standards for Audits of Oregon Municipal Standards*, we have also issued a report titled Independent Auditors' Report Required by Oregon State Regulations dated January 30, 2025, which is also not a required part of the financial statements. The purpose of that report is to address specific matters required by the State of Oregon.



Brenda Bartlett, CPA
Sensiba, LLP

January 30, 2025

CITY OF LA PINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2024

This Management Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the City of La Pine (the City) for the fiscal year ended June 30, 2024. Information in the MD&A is based on currently known facts, decisions, and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements. It should also be noted that all amounts included in text below are rounded for ease of reading.

Financial Highlights:

Key financial highlights for the fiscal year dated June 30, 2024, are as follows:

- The City's net position was, \$31,312,767, reflecting an increase from the prior fiscal year. Much of this increase was related to grant funding received in the water and sewer funds related to the ongoing infrastructure projects.
- Total revenue for the City was \$11,949,175 which represents an increase from the previous year. General revenue accounted for \$2,817,488 (23%) of total revenue. Program revenues of \$9,134,973 included federal grant funding of \$5,484,368.
- The City incurred \$3,279,963 in program expense, which were offset by program revenues and capital grants.
- Among the governmental funds, the General Fund has \$1,079,909 in revenues, which primarily consisted of property taxes, intergovernmental revenues, franchise taxes, and grants.
- The Street Fund had \$701,393 in revenues, which primarily consisted of franchise fees and intergovernmental revenue.
- Among the proprietary funds, the Water Fund had \$5,651,447 in revenue, which primarily consisted of grants in the amount of \$4,509,813 and user fees of \$969,104. The Sewer Fund had \$1,982,000 in revenue, which primarily consisted of grants in the amount \$974,555 and user fees of 930,858.

Overview of the Financial Statements: The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements: The government-wide financial statements are designed to present the financial picture of the City in a manner similar to a private-sector business, i.e. from the economic resources measurement focus using the accrual basis of accounting.

The Statement of Net Position includes all assets (including infrastructure) and deferred outflows of resources of the City, as well as all liabilities (including long-term debt) and deferred inflows of resources. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position may be an indicator of whether its financial health is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as the condition of the buildings, and water and sewer system facilities.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the City's distinct activities or functions of the City that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues. The governmental activities of the City include general government activities, street maintenance, contracted police services, and providing resources for cultural, tourism, and economic development activities. The proprietary activities of the City include water and sewer utilities.

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

Fund Financial Statements: A fund is an accountability unit that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all other are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the forms of combining statements and individual fund statements in a later section of the report.

Governmental Funds: Governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future period. Unlike government-wide financial statements, these statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide includes the long-term view, comparison between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both

the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between the two perspectives.

Budgetary comparison schedules of manor funds are included as required supplementary information following the Notes to the Financial Statements.

Proprietary Funds: Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statement, only in more detail. The City maintains one type of proprietary fund – enterprise funds. The City uses enterprise funds to account for water and sewer operations. The proprietary fund financial statements provide sperate information for the Water fund, the Sewer Fund, the Water/Sewer Reserve Fund, and the SDC Fund.

The governmental fund statements emphasize available financial resources rather than net income. They are prepared using the current financial resources measurement focus and modified accrual basis of accounting. A reconciliation of the fund balance reported in the governmental funds Balance Sheet to the net position reported on the government-wide Statement of Net Position, and a reconciliation of the change in fund balances reported in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances to the change in net position reported in the government-wide Statement of Activities are provided to facilitate a comparison between governmental funds and governmental activities.

The City has three governmental funds, all of which are considered major funds and presented separately in the governmental fund financial statements. These funds are the General Fund, Street Fund, and Governmental Debt Service Fund.

Notes to the Basic Financial Statements the accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents as requires supplementary information budgetary comparison statements for the General Fund, the Street Fund, the Community Development Fund, and the La Pine Urban Renewal Agency Fund. The required supplementary information immediately follows the Notes to the Financial Statements.

Government-Wide Overall Financial Analysis:

Recall that the Statement of Net Position provides the perspective of the City as a whole. Net position may serve over time as a useful indicator of a government’s financial position.

The City’s net position at fiscal year-end is \$34,186,045. This reflects an in an increase of \$8,557,360 over prior year, primarily related to federal grant revenue funding for the water and sewer infrastructure projects.

A portion of the City’s net position reflects its investment in capital assets (e.g. land and improvements, buildings and improvements, improvements other than building, vehicles, and

machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City’s financial position is the product of several financial transaction including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the City’s net position for the current and prior year.

SUMMARY OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS:						
Current and other assets	\$ 9,896,597	\$ 6,860,408	\$ 10,827,514	\$ 5,764,989	\$ 20,724,111	\$ 12,625,397
Non-current assets	155,495	-	199,895	277,279	355,390	277,279
Capital assets	3,135,126	3,167,826	39,173,156	21,026,944	42,308,282	24,194,770
Total assets	13,187,218	10,028,234	50,200,565	27,069,212	63,387,783	37,097,446
LIABILITIES:						
Current liabilities	\$ 2,652,983	\$ 140,107	\$ 15,490,205	\$ 1,692,780	\$ 18,143,188	\$ 1,832,887
Long-term liabilities	215,000	250,000	10,688,055	1,241,029	10,903,055	1,491,029
Total liabilities	2,867,983	390,107	26,178,260	2,933,809	29,046,243	3,323,916
Deferred inflows of resources	155,495	5,435	-	-	155,495	5,435
NET POSITION						
Net investment in capital assets	2,890,126	2,892,826	24,409,765	11,780,679	27,299,891	14,673,505
Restricted	3,653,701	2,424,080	708,999	2,666,320	4,362,700	5,090,400
Unrestricted	3,619,913	4,315,797	(1,096,459)	1,548,983	2,523,454	5,864,780
TOTAL NET POSTION	\$ 10,163,740	\$ 9,632,703	\$ 24,022,305	\$ 15,995,982	\$ 34,186,045	\$ 25,628,685

Changes in Net Position: The City’s total revenue for the fiscal year ended June 30, 2024 \$11,933,056 which represents a 53% increase from the previous year, primarily related to grant financing for the infrastructure projects in the water and sewer funds. The following table shows a comparative analysis of government-wide revenues, expenses, and changes in net position.

CITY OF LA PINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2024

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Revenues						
Program revenues						
Charges for services	\$ 244,366	\$ 116,256	\$ 3,406,239	\$ 2,572,334	\$ 3,650,605	\$ 2,688,590
Operating grants and contributions	-	1,378,654	-	-	-	1,378,654
Capital grants and contributions	-	-	5,484,368	-	5,484,368	-
Total program revenues	244,366	1,494,910	8,890,607	2,572,334	9,134,973	4,067,244
General revenues						
Taxes	1,392,497	1,187,811	-	-	1,392,497	1,187,811
Intergovernmental	459,761	420,087	-	1,879,277	459,761	2,299,364
Interest & investment earnings	332,828	117,892	323,294	74,350	656,122	192,242
Other revenues	225,407	31,826	83,701	2,575	309,108	34,401
Total general revenues	2,410,493	1,757,616	406,995	1,956,202	2,817,488	3,713,818
Total revenues	2,654,859	3,252,526	9,297,602	4,528,536	11,952,461	7,781,062
Program expenses						
General government	636,925	331,582	-	-	636,925	331,582
Highways and streets	453,036	376,817	-	-	453,036	376,817
Cemetery services	10,519	-	-	-	10,519	-
Planning	420,813	207,756	-	-	420,813	207,756
Tourism	90,013	62,748	-	-	90,013	62,748
Urban renewal	31,428	14,371	-	-	31,428	14,371
Interest expense	14,483	14,996	126,436	36,083	140,919	51,079
Utility services			1,496,309	1,474,326	1,496,309	1,474,326
Total program expenses	1,657,217	1,008,270	1,622,745	1,510,409	3,279,962	2,518,679
Transfers	(400,000)	(215,000)	400,000	215,000	-	-
Change in net position	\$ 597,642	\$ 2,029,256	\$ 8,074,857	\$ 3,233,127	\$ 8,672,499	\$ 5,262,383

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the City/ The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

For the current year, business-type activities increased the City's net position by approximately \$4,8141,730. Business-type revenues totaled \$8,890,607 and consisted primarily of charges for services (approximately 38%) and capital grants and contributions (approximately 62%).

Financial Analysis of the City's Funds:

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. An unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Governmental Funds: As the City completed the year, its governmental funds reported a combined fund balance of \$7,290,470, an increase of \$556,375. The fund balance constitutes restricted, committed, assigned, and unassigned amounts. Of the current fund balances, \$3,653,701 is restricted, \$657,606 is committed to community development projects and cemetery projects, \$521,785 is assigned, and \$2,454,301 is unassigned and available for spending at the City's discretion.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$22,454,031. The total fund balance of the General Fund increased by \$13,858 during the fiscal year, ending at \$3,036,703.

Proprietary Funds: The City's enterprise funds ended the fiscal year with a net position of \$24,022,305. Included is an unrestricted net position of \$(1,096,459), a decrease of \$2,645,442. The enterprise funds also report \$708,999 in restricted net position with \$509,104 for capital projects. The enterprise net position includes \$24,409,765 invested in capital assets, net of the related debt.

Budgetary Highlights: During the fiscal year, the budgeted resources for the General Fund were anticipated to be available in the amount of \$1,956,305. However, the actual resources available amounted to \$1,079,909, which was below the budget by \$876,396. In addition, the General Fund expenditures budget was underspent by \$1,415,229. Thus, the ending fund balance exceeded the budget by \$2,121,952, with a final balance of \$3,060,747.

During the fiscal year under review, the Water Fund balance experienced a decrease of \$723,678. This decrease was caused by the Fund's shortfall of \$727,730 in revenue, a shortfall from the initial budget. However, the Fund's financial position was reinforced by the actual expenses incurred during the year, which amounted to \$1,234,890. This outcome is particularly noteworthy as it represents a saving of \$9,266,236 from the budgeted expenses.

The Sewer Fund's actual revenues exceeded of the budgeted amount by \$84,612, and the expenses incurred were \$12,354,192 lower than the projected figure. Furthermore, the City received none of the anticipated \$11,302,500 in debt proceeds, resulting in a fund balance of (\$974,744).

The SDC fund balance increased by \$1,641,483 primarily from exceeding the budgeted revenue amount by \$875,000 causing the ending fund balance to be \$3,921,476.

Capital Assets: As of June 30, 2024, the City had invested, before net reduction for accumulated depreciation, \$50,016,920 in capital assets, including buildings, land, machinery and equipment, water and sewer utility systems, construction in progress, and other intangible assets. This amount represents an increase of \$13,913,686 from the prior year. In the governmental activities, there were \$181,731 in additions and no deletions in the current year. In the business-type activities, there were \$13,406,079 in additions and no in deletions/

Total depreciation expense for the year was \$540,293 of which \$214,417 is associated with general government activities, \$163,706 from water utilities, and \$162,170 from sewer utilities.

Additional information on the City's capital assets can be found in the Capital Asset Note of the Notes to the Basic Financial Statements section of this report.

As of June 30, 2024, the City had invested \$42,308,282 million in capital assets, net of depreciation as reflected in the following table:

	Governmental	Business	
	Activities	Type	
	Activities	Activities	Total
Land	321,528	\$ 879,252	\$ 1,200,780
Intangible assets	34,088	24,514	
Building and building improvements	89,182	37,998,201	38,087,383
Machinery & equipment	1,503,185	92,364	1,595,549
Master plan	49,637	169,767	219,404
Infrastructure	1,137,506	9,058	1,146,564
Total	\$ 3,135,126	\$ 39,173,156	\$ 42,249,680

Long-Term Debt:

As of June 30, 2024, the City added new debt issues amounting to \$20,345,723 to their existing debt. Consequently, the total long-term debt outstanding is \$23,833,291. During this period, the City paid a principal amount of \$9,489,866 towards the existing debt, while the interest paid on the total debt amounted to \$120,058.

Additional information on the City's long-term debt can be found in the Long-Term Debt Note of the Notes to the Basic Financial Statements.

Economic Factors and Next Year’s Budget:

The budget process is governed by the City Charter, City Ordinances, and State of Oregon Budget Laws

The City's budget for the fiscal year ending on June 30, 2024, has been set at \$30,249,993, reflecting a decrease of \$7,959,276 from the previous years budget. Out of the total budget, \$20,065,616 has been appropriated for various purposes. Among the appropriated funds, \$2,027,805 has been allocated to the General Fund, \$1,998,575 to the Streets Fund, \$4,922,386 to the Water Fund, \$5,747,373 to the Sewer Fund and \$2,550,000 to the SDC Fund. The remaining \$2,819,477 has been allocated to the Cemetery Fund, Tourism Fund, Community Development Fund and Economic Development Fund. The remaining budget of \$10,184,377 has been allocated to unappropriated and reserved amounts

The permanent rate levy was \$1.98 per \$1,000 of assessed value.

Major Capital Projects for the 2023-24 Budget include: improvements to Palmerton Park and water reclamation there; Police vehicle outfitting; Water Treatment Plant Building improvements; the remainder of the Safe Drinking Water Revolving Loan Fund project consisting of the addition of 13 additional fire hydrants and a new reservoir; Wastewater Treatment screen and aeration basin upgrades; City property storage and safety features; substantial work on the City's Water and Wastewater expansion in to the Cagle and Glenwood subdivision, enhanced police force services, the Eastside 97 Highway improvements design, the City's Comprehensive Plan update, the Newberry Lift Station upgrade and design on the Urban Renewal Agency's archway; and System Development planning.

REQUESTS FOR INFORMATION

The City's financial statements are designed to present users with a general overview of the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to City of La Pine, Attention: City Manager, PO Box 2460, La Pine, Oregon 97739.

BASIC FINANCIALS STATEMENTS

GOVERNMENT – WIDE FINANCIAL STATEMENTS

CITY OF LA PINE
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and investments	\$ 9,641,293	\$ 9,936,977	\$ 19,578,270
Accounts receivable - net	239,061	784,961	1,024,022
Property taxes receivable	12,896	-	12,896
Prepaid expenses	714	1,428	2,142
Inventory	2,633	104,148	106,781
Total current assets	<u>9,896,597</u>	<u>10,827,514</u>	<u>20,724,111</u>
Non-current Assets:			
Tower lease receivable	155,495	-	155,495
Restricted cash	-	199,895	199,895
Total other assets	<u>155,495</u>	<u>199,895</u>	<u>355,390</u>
Capital assets, not being depreciated			
Land	321,528	879,252	1,200,780
Construction in progress	89,182	36,874,999	36,964,181
Capital assets			
Infrastructure	6,759,500	11,178,011	17,937,511
Buildings & improvements	1,708,563	376,265	2,084,828
Equipment & vehicles	137,486	640,879	778,365
Other capital assets	-	43,000	43,000
Intangible assets	34,088	24,514	58,602
Less: accumulated depreciation	<u>(5,915,221)</u>	<u>(10,843,764)</u>	<u>(16,758,985)</u>
Total capital assets	<u>3,135,126</u>	<u>39,173,156</u>	<u>42,308,282</u>
Total assets	<u>\$ 13,187,218</u>	<u>\$ 50,200,565</u>	<u>\$ 63,387,783</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 315,605	\$ 427,228	\$ 742,833
Retainage payable	-	1,618,154	1,618,154
Customer deposits	742,698	141,292	883,990
Compensated absences	25,938	20,988	46,926
Payroll liabilities	25,092	31,752	56,844
Unearned revenue	1,513,650	-	1,513,650
Interest payable	-	105,555	105,555
Interim construction financing	-	12,869,795	12,869,795
Current portion of long-term debt	30,000	275,441	305,441
Total current liabilities	<u>2,652,983</u>	<u>15,490,205</u>	<u>18,143,188</u>
Long-term debt	<u>215,000</u>	<u>10,688,055</u>	<u>10,903,055</u>
Total liabilities	<u>2,867,983</u>	<u>26,178,260</u>	<u>29,046,243</u>
DEFERRED INFLOW OF RESOURCES:			
Deferred tower lease revenue	155,495	-	155,495
Total deferred inflows of resources	<u>\$ 155,495</u>	<u>\$ -</u>	<u>\$ 155,495</u>
NET POSITION:			
Net investment in capital assets	\$ 2,890,126	\$ 24,409,765	27,299,891
Restricted for:			
Highways & streets	1,880,371	-	1,880,371
Economic and industrial	514,294	-	514,294
Urban renewal	857,866	-	857,866
Tourism	401,170	-	401,170
Capital projects	-	509,104	509,104
Debt service	-	199,895	199,895
Unrestricted	<u>3,619,913</u>	<u>(1,096,459)</u>	<u>2,523,454</u>
Total net position	<u>\$ 10,163,740</u>	<u>\$ 24,022,305</u>	<u>\$ 34,186,045</u>

See accompanying notes to basic financial statements

CITY OF LA PINE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 636,925	\$ 16,213	\$ -	\$ -	\$ (620,712)
Cemetery services	10,519	-	-	-	(10,519)
Highways and streets	453,036	-	-	-	(453,036)
Tourism	90,013	-	-	-	(90,013)
Planning	420,813	228,153	-	-	(192,660)
Urban renewal	31,428	-	-	-	(31,428)
Interest on long-term debt	14,483	-	-	-	(14,483)
Total governmental activities	<u>1,657,218</u>	<u>244,366</u>	<u>-</u>	<u>-</u>	<u>(1,412,852)</u>
Business-type activities:					
Water utilities	718,147	1,899,962	-	4,509,813	\$ 5,691,628
Sewer utilities	778,162	1,506,277	-	974,555	1,702,670
Interest on long-term debt	126,436	-	-	-	(126,436)
Total business-type activities	<u>1,622,745</u>	<u>3,406,239</u>	<u>-</u>	<u>5,484,368</u>	<u>7,267,862</u>
Total primary government	<u>\$ 3,279,963</u>	<u>\$ 3,650,605</u>	<u>\$ -</u>	<u>\$ 5,484,368</u>	<u>\$ 5,855,010</u>
			<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CHANGES IN NET POSITION:					
Net (expense) revenue			<u>\$ (1,412,852)</u>	<u>\$ 7,267,862</u>	<u>\$ 5,855,010</u>
General Revenues:					
Property taxes, levied for general purposes			784,566	-	784,566
Transient room tax			190,966	-	190,966
Intergovernmental tax turnovers			459,761	-	459,761
Franchise taxes			416,965	-	416,965
Interest and investment earnings			332,828	323,294	656,122
Licenses and permits			33,385	-	33,385
Other revenue			192,022	83,701	275,723
Interfund transfers			(400,000)	400,000	-
Total general revenue and transfers			<u>2,010,493</u>	<u>806,995</u>	<u>2,817,488</u>
Change in net position			<u>597,641</u>	<u>8,074,857</u>	<u>8,672,498</u>
Beginning net position, previously reported			9,632,703	15,995,982	25,628,685
Prior period adjustments - see Note 11			(66,604)	(48,534)	(115,138)
Beginning net position balance, as adjusted			<u>9,566,099</u>	<u>15,947,448</u>	<u>25,513,547</u>
Net position - ending			<u>\$ 10,163,740</u>	<u>\$ 24,022,305</u>	<u>\$ 24,619,946</u>

See accompanying notes to basic financial statements

BASIC FINANCIAL STATEMENTS

GOVERNMENTAL FUND

FINANCIAL STATEMENTS

CITY OF LA PINE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	Component Unit						
	General Fund	Street Fund	Community Development Fund	Urban Renewal Agency Fund	Economic Industrial Fund	Tourism Fund Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and investments	\$ 3,254,407	\$ 2,499,366	\$ 595,680	\$ 856,428	\$ 2,045,189	\$ 390,223	\$ 9,641,293
Receivables:							
Business license	7,958	-	-	-	-	-	7,958
Other receivables	84,501	110,389	19,044	-	-	17,169	231,103
Property tax	8,172	-	-	4,729	-	-	12,901
Lease receivable	155,495	-	-	-	-	-	155,495
Prepaid expenses	714	-	-	-	-	-	714
Inventory	-	2,633	-	-	-	-	2,633
Total Assets	\$ 3,511,247	\$ 2,612,388	\$ 614,724	\$ 861,157	\$ 2,045,189	\$ 407,392	\$ 10,052,097
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:							
Liabilities:							
Accounts payable	\$ 287,555	\$ 14,138	\$ 4,744	\$ -	\$ 2,945	\$ 6,222	\$ 315,604
Payroll payable	7,550	4,996	12,547	-	-	-	25,093
Deposits payable	4,502	710,250	-	-	27,950	-	742,702
Unearned revenue	13,650	-	-	-	1,500,000	-	1,513,650
Total liabilities	313,257	729,384	17,291	-	1,530,895	6,222	2,597,049
Deferred inflows of resources:							
Unavailable property taxes	5,792	-	-	3,291	-	-	9,083
Unearned lease payments	155,495	-	-	-	-	-	155,495
Total deferred inflows of resources	161,287	-	-	3,291	-	-	164,578
Fund Balances:							
Nonspendable	714	2,633	-	-	-	-	3,347
Restricted for:							
Highways and streets	-	1,880,371	-	-	-	-	1,880,371
Urban renewal	-	-	-	857,866	-	-	857,866
Economic and industrial	-	-	-	-	514,294	-	514,294
Tourism	-	-	-	-	-	401,170	401,170
Committed for:							
Cemetery maintenance	60,173	-	-	-	-	-	60,173
Community development	-	-	597,433	-	-	-	597,433
Assigned for:							
Appropriated ending fund balance	521,785	-	-	-	-	-	521,785
Unassigned	2,454,031	-	-	-	-	-	2,454,031
Total fund balances	3,036,703	1,883,004	597,433	857,866	514,294	401,170	7,290,470
Total liabilities, deferred inflows of resources & fund balances	\$ 3,511,247	\$ 2,612,388	\$ 614,724	\$ 861,157	\$ 2,045,189	\$ 407,392	\$ 10,052,097

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

CITY OF LA PINE
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS
JUNE 30, 2024

Total Fund Balances - Governmental Funds	\$ 7,290,470	
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 9,050,347	
Accumulated depreciation	<u>(5,915,221)</u>	3,135,126
Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:		
Property taxes		9,082
Long-term liabilities are not due or payable in the current period and therefore are not reported in the governmental funds.		
		(245,000)
Accrued compensated absences		<u>(25,938)</u>
Net Position of Governmental Activities		<u>\$ 10,163,740</u>

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

CITY OF LA PINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	Component Unit							Total Governmental Funds
	General Fund	Street Fund	Community Development Fund	Urban Renewal Agency	Economic Industrial Fund	Tourism Fund	Other Aggregate Funds	
Revenues:								
Taxes and assessments	\$ 467,636	\$ -	\$ -	\$ 314,190	\$ -	\$ -	\$ -	\$ 781,826
Intergovernmental	223,882	235,879	-	-	-	-	-	459,761
Franchise fees	128,270	288,695	-	-	-	-	-	416,965
Licenses & permits	14,510	-	-	-	18,875	-	-	33,385
Transient room tax	57,290	-	-	-	-	133,676	-	190,966
Charges for service	5,960	-	228,153	-	10,253	-	-	244,366
Investment revenue	127,343	81,182	18,707	27,715	65,402	12,479	-	332,828
Miscellaneous and other revenue	63,046	95,637	3,022	-	29,771	-	-	191,476
Total Revenues	1,087,937	701,393	249,882	341,905	124,301	146,155	-	2,651,573
Expenditures:								
Current:								
General government	579,739	-	-	-	-	-	-	579,739
Cemetery services	10,519	-	-	-	-	-	-	10,519
Highway and streets	-	280,416	-	-	-	-	-	280,416
Tourism	-	-	-	-	-	87,912	-	87,912
Community development	-	-	355,809	-	65,004	-	-	420,813
Urban renewal	-	-	-	31,428	-	-	-	31,428
Debt service	44,483	-	-	-	-	-	-	44,483
Capital outlay	39,338	108,306	34,088	-	-	-	-	181,732
Total expenditures	674,079	388,722	389,897	31,428	65,004	87,912	-	1,637,042
Other financing sources (uses):								
Transfers in	20,000	-	-	-	-	-	-	20,000
Transfers out	(420,000)	-	-	-	-	-	-	(420,000)
Total other financing sources (uses)	(400,000)	-	-	-	-	-	-	(400,000)
Net change in fund balances	13,858	312,671	(140,015)	310,477	59,297	58,243	-	614,531
Fund balance - July 1, 2023	3,107,137	1,551,128	733,989	547,389	-	-	794,452	6,734,095
Prior year restatement - see Note 11	(84,292)	19,205	3,459	-	454,997	342,927	(794,452)	(58,156)
Fund balance, July 1, 2023 as restated	3,022,845	1,570,333	737,448	547,389	454,997	342,927	-	6,675,939
Fund balance - June 30, 2024	\$ 3,036,703	\$ 1,883,004	\$ 597,433	\$ 857,866	\$ 514,294	\$ 401,170	\$ -	\$ 7,290,470

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

CITY OF LA PINE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2024

CITY OF LA PINE
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Net Changes in Fund Balances - Total Governmental Funds		\$ 614,531
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capitalized assets	\$ 181,731	
Less current year depreciation	<u>(214,417)</u>	(32,686)
Change in accrued compensated absences not recognized in the governmental funds		(16,944)
<p>Certain receivables that will not be available to pay for current-period expenditures are not recognized in the governmental funds:</p>		
Property taxes		2,740
<p>Principal repayments are on expenditure in the governmental fund presentation. In the Statement of Activities, these debt repayments are reclassified to the statement of net activities as a reduction of debt.</p>		
Principal repayments		<u>30,000</u>
Change in Net Position of Governmental Activities		<u><u>\$ 597,641</u></u>

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

BASIC FINANCIAL STATEMENTS

PROPRIETARY FUND
FINANCIAL STATEMENTS

CITY OF LA PINE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Water Fund	Sewer Fund	Sewer Reserve Fund	SDC Fund	Total Proprietary Funds
ASSETS:					
Current assets:					
Cash and investments	\$ 3,139,276	\$ 2,060,551	\$ 509,104	\$ 4,228,046	\$ 9,936,977
Accounts receivable, net	288,610	452,921	-	43,430	784,961
Inventory	84,863	19,291	-	-	104,154
Prepaid expense	714	714	-	-	1,428
Total current assets	<u>3,513,463</u>	<u>2,533,477</u>	<u>509,104</u>	<u>4,271,476</u>	<u>10,827,520</u>
Non-current assets:					
Restricted cash	199,895	-	-	-	199,895
Capital Assets:					
Land	33,500	845,752	-	-	879,252
Intangible assets	24,514	-	-	-	24,514
Construction in progress	16,109,975	20,765,024	-	-	36,874,999
Infrastructure	6,262,860	4,915,151	-	-	11,178,011
Buildings & improvements	219,953	156,312	-	-	376,265
Equipment & vehicles	188,430	452,449	-	-	640,879
Other capital assets	22,500	20,500	-	-	43,000
Less: accumulated depreciation	<u>(5,867,589)</u>	<u>(4,976,175)</u>	<u>-</u>	<u>-</u>	<u>(10,843,764)</u>
Total capital assets	<u>16,994,143</u>	<u>22,179,013</u>	<u>-</u>	<u>-</u>	<u>39,173,156</u>
Total assets	<u>\$ 20,707,501</u>	<u>\$ 24,712,490</u>	<u>\$ 509,104</u>	<u>\$ 4,271,476</u>	<u>\$ 50,200,571</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	133,018	294,215	-	-	427,233
Retainage payable	719,255	898,899	-	-	1,618,154
Interest payable	34,809	70,746	-	-	105,555
Compensated absences	10,494	10,494	-	-	20,988
Customer deposits	57,516	83,776	-	-	141,292
Payroll liabilities	15,876	15,876	-	-	31,752
Interim construction financing	-	12,869,796	-	-	12,869,796
Current portion of long-term debt	271,828	3,613	-	-	275,441
Total Current liabilities	<u>1,242,796</u>	<u>14,247,415</u>	<u>-</u>	<u>-</u>	<u>15,490,211</u>
Long-term debt, net of current portion	<u>9,710,397</u>	<u>977,658</u>	<u>-</u>	<u>-</u>	<u>10,688,055</u>
Total liabilities	<u>10,953,193</u>	<u>15,225,073</u>	<u>-</u>	<u>-</u>	<u>26,178,266</u>
NET POSITION:					
Net investment in capital assets	16,003,060	8,406,705	-	-	24,409,765
Restricted for:					-
Capital projects	-	-	509,104	-	509,104
Debt service	199,895	-	-	-	199,895
Unrestricted	<u>(6,448,647)</u>	<u>1,080,712</u>	<u>-</u>	<u>4,271,476</u>	<u>(1,096,459)</u>
Total net position	<u>\$ 9,754,308</u>	<u>\$ 9,487,417</u>	<u>\$ 509,104</u>	<u>\$ 4,271,476</u>	<u>\$ 24,022,305</u>

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

CITY OF LA PINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Water/ Sewer Reserve Fund</u>	<u>SDC Fund</u>	<u>Total Proprietary Funds</u>
Operating revenues:					
Charges for services & fees	\$ 969,104	\$ 930,858	\$ -	\$ -	\$ 1,899,962
SDC income	-	-	-	1,506,277	1,506,277
Miscellaneous & other income	72,590	11,111	-	-	83,701
Total revenues	<u>1,041,694</u>	<u>941,969</u>	<u>-</u>	<u>1,506,277</u>	<u>3,489,940</u>
Operating expenses:					
Personnel services	348,382	347,588	-	-	695,970
Materials and supplies	206,059	268,404	-	-	474,463
Depreciation expense	163,706	162,170	-	-	325,876
Total operating expenses	<u>718,147</u>	<u>778,162</u>	<u>-</u>	<u>-</u>	<u>1,496,309</u>
Income (loss) from operations	323,547	163,807	-	1,506,277	1,993,631
Non-operating revenues (expenses):					
Investment revenue	106,332	65,476	16,280	135,206	323,294
Intergovernmental - grants	4,509,813	974,555	-	-	5,484,368
Interest expense	(70,560)	(55,876)	-	-	(126,436)
Total non-operating rev. (exp.)	<u>4,545,585</u>	<u>984,155</u>	<u>16,280</u>	<u>135,206</u>	<u>5,681,226</u>
Income before transfers	4,869,132	1,147,962	16,280	1,641,483	7,674,857
Transfers:					
Transfers from other funds	400,000	-	300,000	350,000	1,050,000
Transfers (to) other funds	-	(650,000)	-	-	(650,000)
Changes in net position	<u>5,269,132</u>	<u>497,962</u>	<u>316,280</u>	<u>1,991,483</u>	<u>8,074,857</u>
Beginning net position, previously reported	4,510,508	9,012,657	192,824	2,279,993	15,995,982
Prior period adjustments	(25,332)	(23,202)	-	-	(48,534)
Beginning net position balance, as adjusted	<u>4,485,176</u>	<u>8,989,455</u>	<u>192,824</u>	<u>2,279,993</u>	<u>15,947,448</u>
Net position - June 30, 2024	<u>\$ 9,754,308</u>	<u>\$ 9,487,417</u>	<u>\$ 509,104</u>	<u>\$ 4,271,476</u>	<u>\$ 24,022,305</u>

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

CITY OF LA PINE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2024

	Water Fund	Sewer Fund	Water/Sewer Reserve Fund	SDC Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from user charges	\$ 916,222	\$ 564,987	\$ -	\$ 1,805,110	\$ 3,286,319
Cash payments for employee services	(342,465)	(352,719)	-	-	(695,184)
Cash payments to suppliers	(357,451)	(1,440,025)	-	-	(1,797,476)
Net cash provided (used) by operating activities	<u>216,306</u>	<u>(1,227,757)</u>	<u>-</u>	<u>1,805,110</u>	<u>793,659</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Transfer from other funds	400,000	(650,000)	-	-	(250,000)
Interest income	99,939	65,476	16,280	135,206	316,901
Transfer to other funds	-	-	300,000	350,000	650,000
Net cash provided (used) by non-capital financing activities	<u>499,939</u>	<u>(584,524)</u>	<u>316,280</u>	<u>485,206</u>	<u>400,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Debt proceeds	2,931,321	9,414,403	-	-	12,345,724
Grant funding	4,509,813	974,555	-	-	5,484,368
Acquisition of capital assets	(6,235,168)	(6,904,598)	-	-	(13,139,766)
Principal paid on long term debt	(1,489,866)	-	-	-	(1,489,866)
Interest paid on long term debt	(38,324)	-	-	-	(38,324)
Net cash provided (used) by capital and related financing activities	<u>(322,224)</u>	<u>3,484,360</u>	<u>-</u>	<u>-</u>	<u>(8,225,721)</u>
CASH AND INVESTMENTS at July 1, 2023	<u>2,745,255</u>	<u>388,472</u>	<u>192,824</u>	<u>1,937,730</u>	<u>5,264,281</u>
CASH AND INVESTMENTS at June 30, 2024	<u>\$ 3,139,276</u>	<u>\$ 2,060,551</u>	<u>\$ 509,104</u>	<u>\$ 4,228,046</u>	<u>\$ (1,767,781)</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Income from operations	\$ 323,547	\$ 163,807	\$ -	\$ 1,506,277	\$ 1,993,631
Adjustments to reconcile income from operations to net cash provided by operating activities:					
Depreciation	163,706	162,170	-	-	325,876
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(139,926)	(381,756)	-	298,833	(222,849)
Decrease (increase) in inventory	(64,844)	(18,364)	-	-	(83,208)
Increase (decrease) in accounts payable	(86,548)	(1,153,971)	-	-	(1,240,519)
Increase (decrease) in payroll liabilities	5,917	5,131	-	-	11,048
Increase (decrease) in customer deposits	14,454	(4,774)	-	-	9,680
Net cash provided (used) by operating activities	<u>\$ 216,306</u>	<u>\$ (1,227,757)</u>	<u>\$ -</u>	<u>\$ 1,805,110</u>	<u>\$ 793,659</u>
NON-CASH TRANSACTIONS					
Refinancing of interim construction loans	<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,000,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1: Summary of Significant Accounting Policies

The City of La Pine, Oregon (City) is a municipal corporation incorporated under the laws of the State of Oregon. The City is governed by an elected Mayor and an elected council. Administrative functions are delegated to the City Manager who reports to and is responsible to the mayor and council. The chief administrative officer is the City Manager.

The financial statements of the City of La Pine, Oregon (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the City's accounting policies are described below.

The financial reporting entity: In determining the financial reporting entity, the City of La Pine includes La Pine Urban Renewal Agency (Agency) as a blended component unit in its financial statements. The Agency is a legally separate entity, which is governed by a board comprised of one member of the La Pine City Council and four members of the Public at large as stipulated in the Agency's bylaws. The City Council has the ability to impose its will on the Agency as determined based on budget adoption, taxing authority, and funding for the Agency. Complete financial statements for the Agency can be obtained from the Finance Department of the City.

Basis of Presentation:

Government-wide financial statements: The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees 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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. The City does not allocate indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Net Position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors, or laws) or through constitutional provisions or enabling resolutions.

Fund financial statements: The fund financial statements provide information about the city's funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

Governmental Funds: Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City reports the following major governmental funds:

General fund: The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund. Within the Balance Sheet and Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, the General Fund is combined with the Cemetery Fund. The cemetery fund is utilized to account for cemetery activities.

Street fund: This Fund provides for street and bridge repairs and maintenance within the City. The primary source of revenue is from state gas tax turnovers and franchise fees collected by the City.

Community Development Fund: The purpose of this fund is to provide Public Planning/Land Use Services both in terms of current development and shaping the future of La Pine through long-range planning efforts.

Urban Renewal Agency Fund: This fund accounts for the General Fund revenues and expenditures of the Urban Renewal Agency.

Additionally, the City also reports non-major funds within the governmental fund type.

Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Non-major special revenue funds include the Tourism Fund and the Industrial/Economic Development Fund.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Proprietary Funds: Enterprise Funds: Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the Statement of Net Position. The City has presented the following major proprietary funds:

Water Fund: The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water system and billing and collection activities. Within the Statement of Net Position – Proprietary Funds and the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, the Water Fund is combined with the Debt Reserve Fund – Water. The Debt Reserve Fund – Water is utilized to hold the long-term debt service reserve required by the USDA on the Water Fund revenue bonds.

Sewer Fund: The Sewer Fund is used to account for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the sewer system and billing and collection activities.

Water/Sewer Reserve Fund: The Water/Sewer Reserve Fund is used to account for the acquisition or construction of sewer and water utility projects.

SDC Fund: Water/Sewer/Transportation: The SDC fund is used to account for the water, sewer system, and transportation development charges which have been collected over the years. As capital projects and other qualifying expenditures are incurred that can legally be paid with SDC funds, the City will pay the expenditure directly from the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

Government-wide 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. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

position available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest, and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and is recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgeting: A budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, contingencies, and debt service by the fund are the levels of control. The detailed budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at June 30. Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the city council. The city does not utilize encumbrance accounting for budgeted funds.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Cash and cash equivalents: For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The City does not have an investment policy. However, Oregon statutes authorize that the City's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings.

Accumulated compensated absences: Accumulated vested vacation and compensatory pay is accrued as it is earned. For governmental funds, compensation not expected to be liquidated with the current resources are reported as liabilities in the government-wide statements and represent a reconciling item between the fund level and government-wide presentations. In business-type funds both the current and long-term liabilities are recorded. Sick pay, which does not vest, is recognized in applicable funds when leave is taken.

Receivables: Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the City. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts. Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow of resources.

Long-term lease receivable: The City leases land for a cellular phone tower in a long-term, non-cancelable leasing arrangement. The City reports a receivable related to the lease, measured at its net present value based on cash flows expected to be received during the lease term, and a discount equal to the City's estimated borrowing rate.

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. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows at year end.

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 two types of items that qualify for reporting in this category, rent income and other income not available. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

Inventory: Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The costs of proprietary fund type inventories are recorded as expenditures when consumed rather than when purchased.

Capital assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost, or estimated cost when the original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized, but rather are charged to expenditures in the funds.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method over the following estimated useful lives:

Buildings and improvements	5-50 years
Equipment and vehicles	3-15 years
Water and wastewater systems	30-50 years
Infrastructure	5-20 years
Master plan	10 years

Long-term debt: All bonds to be paid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Use of 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 amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Equity classifications:

Government-wide Statements: Equity is classified as net position, which represents the difference between assets and liabilities, and deferred accounts. Net position is 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 borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The City’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund financial statements: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City’s nonspendable resources may include inventory and prepaid expenses.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for various projects that are to be used for governmental purposes.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the City Council, and does not lapse at year-end. The City has committed resources for various projects and purposes.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

The City's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

Property taxes: The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

Inter-fund transactions: Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Note 2: Cash and cash equivalents

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized in the Cash and Cash Equivalents note under the Summary of Significant Accounting Policies.

Deposits: All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Custodial Credit Risk for Deposits: Custodial credit risk for deposits exists when, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2024, the reported amount of the City's deposits was \$19,777,855 and the bank balance was \$20,821,832. The City also held \$310 in petty cash. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

Investments: Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The City has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk: Credit risk exists when there is a possibility the issuer or other counterparty to an Investment may be unable to fulfill its obligations. As of June 30, 2024, the City had no investments.

Concentration of Credit Risk: An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The City places no limit on the amount that may be invested in any one issuer. There were no investments as of June 30, 2024.

Note 3: Lease Receivable

The City is the lessor in an agreement to lease land in a site ground agreement. The initial lease term commenced December 22, 2003 for a five-year period, with an additional five options to renew for five-year terms each. The final option period expires January 31, 2034. The lessee exercised its most recent option period, with monthly rent of \$1,227 per month. The agreement is generally non-cancellable at the option of the lessor, however the lessee has options to cancel the agreement at each five-year option period, and includes 3% escalation of monthly rent, annually.

Because the exercise of options to continue the lease are solely at the discretion of the lessee, the City has recorded a lease receivable at its net present value for the length of the lease through January 31, 2034 using its estimated borrowing rate of 1.5%. The total recognized and deferred related to this lease was \$173,258, with a balance as of June 30, 2024 of \$155,495.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 4: Capital Assets

The following is a summary of capital asset activity for governmental activities for the fiscal year ended June 30, 2024:

For the Fiscal Year Ended June 30, 2024				
Governmental Activities:	Balance			Balance
	June 30, 2023	Additions	Disposals	June 30, 2024
Capital assets not being depreciated:				
Land	\$ 321,528	\$ -	\$ -	\$ 321,528
Construction in progress	-	89,182	-	89,182
Intangible assets	-	34,088	-	34,088
Total capital assets not being depreciated	<u>321,528</u>	<u>123,270</u>	<u>-</u>	<u>444,798</u>
Capital assets being depreciated:				
Buildings & improvements	1,678,348	30,215	-	1,708,563
Machinery & equipment	109,240	28,246	-	137,486
Infrastructure	6,759,500	-	-	6,759,500
Total capital assets being depreciated	<u>8,547,088</u>	<u>58,461</u>	<u>-</u>	<u>8,605,549</u>
Less accumulated depreciation for:				
Buildings & improvements	167,706	37,672	-	205,378
Machinery & equipment	78,010	9,839	-	87,849
Infrastructure	5,455,088	166,906	-	5,621,994
Total accumulated depreciation	<u>5,700,804</u>	<u>214,417</u>	<u>-</u>	<u>5,915,221</u>
Total capital assets being depreciated, net	<u>2,846,284</u>	<u>(155,956)</u>	<u>-</u>	<u>2,690,328</u>
Total capital assets governmental activities, net	<u>\$ 3,167,812</u>	<u>\$ (32,686)</u>	<u>\$ -</u>	<u>\$ 3,135,126</u>

Depreciation expense was charged to the functions of governmental activities as follows:

General government	\$ 39,696
Public works	172,620
Tourism	<u>2,101</u>
Total Deprecation Expense	<u>\$ 214,417</u>

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

The following is a summary of capital asset activity for business-type activities for the fiscal year ended June 30, 2024:

Depreciable Assets Schedule					
For the Fiscal Year Ended June 30, 2024					
Business-type Activities:	Balance				Balance
	June 30, 2023	Restatement	Additions	Disposals	June 30, 2024
Capital assets not being depreciated:					
Land	\$ 879,252	\$ -	\$ -	\$ -	\$ 879,252
Construction in progress	22,190,058	1,025,967	13,658,971	-	36,874,996
Intangible assets	24,514	-	-	-	24,514
Total capital assets not being depreciated	23,093,824	1,025,967	13,658,971	-	37,778,762
Capital assets being depreciated:					
Utility systems	11,178,014	-	-	-	11,178,014
Building and improvements	376,265	-	-	-	376,265
Machinery and equipment	567,895	-	72,984	-	640,879
Master plan	43,000	-	-	-	43,000
Total capital assets being depreciated	12,165,174	-	72,984	-	12,238,158
Less accumulated depreciation for:					
Utility systems	9,773,535	-	281,274	-	10,054,809
Building and improvements	268,753	-	15,148	-	283,901
Machinery and equipment	445,958	-	25,154	-	471,112
Master plan	29,642	-	4,300	-	33,942
Total accumulated depreciation	10,517,888	-	325,876	-	10,843,764
Total capital assets being depreciated, net	1,647,286	-	(252,892)	-	1,394,394
Total capital assets business-type activities, net	\$ 24,741,110	\$ 1,025,967	\$ 13,406,079	\$ -	\$ 39,173,156

Depreciation expense was charged to the functions of business-type activities as follows:

Water fund	\$ 163,706
Wastewater fund	<u>162,170</u>
Total depreciation expense	\$ <u>325,876</u>

As further described in Footnote 11, construction in progress for the water and wastewater funds was restated to reflect amounts incurred related to construction retainage that were not recorded in the previously issued financial statements.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 5: Long-Term Debt

A summary of debt transactions for the year ended June 30, 2024, is as follows:

Bank of New York Mellon Certificate of Participation, Series 2011: A Bank of New York Mellon Certificate of Participation Series 2011A dated 2011, for the amount of \$520,000 for the purchase and improvements to a building for use as a new City Hall. Fixed interest rates vary on outstanding bonds from 3.0% to 5.7%.

Full Faith and Credit Series 2024: This debt issuance of \$1,174,366 refunded the outstanding balance of the Water Revenue Refunding Bond, Series 2016. The obligation is payable in semi-annual installments of approximately \$98,000, including interest at 5.86% per annum, with a final payment of \$54,931 due at maturity on June 2, 2031.

DEQ Wastewater Improvement Loan: On March 2, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality for wastewater improvements. The contract of the loan is for \$1,000,000 and carries an interest rate of 1.10% with a .5% service fee. The City must set up a reserve of \$19,845. \$500,000 of this loan was forgiven during the year ended June 30, 2023. The loan has not been finalized and no amortization schedule has been established.

Oregon Business Development Loans: The City entered into a loan agreement with Oregon Business Development Department for water and wastewater improvements. The loans have been fully drawn down and bear interest at a rate of 1.0% once the repayment term commences. The loans include a forgivable amount upon project completion. The project has not been completed as of June 30, 2024 and no amortization schedule has been established.

Water Revenue Refunding Bond #1: On May 14th, 2024, the City refinanced the outstanding interim loan agreement with the USDA / CoBank for water system improvements with issuance of water revenue bonds in the amount of \$5,286,000. The bonds are payable in annual installments of \$193,257, including interest 2.0% per annum. The bonds mature on May 17, 2064. The loan agreement with USDA requires the establishment of debt service reserves in the amount of \$193,257, deposited monthly in the amount of \$1,610 until the reserve amount has accumulated. Additionally, the loan agreement requires the establishment of a short-lived asset reserve, requiring annual deposits of \$10,933 for the life of the loan to fund repairs and/or replacement of major system assets. Prior written consent is not required before funds may be withdrawn from the account.

Water Revenue Refunding Bond #2: On May 14th, 2024, the City refinanced the outstanding interim loan agreement with the USDA / CoBank for water system improvements with issuance of water revenue bonds in the amount of \$2,714,000. The bonds are payable in annual installments of \$90,730, including interest 1.5% per annum. The bonds mature on May 17, 2064. The loan agreement with USDA requires the establishment of debt service reserves in the amount of \$90,730, deposited monthly in the amount of \$756 until the reserve amount has accumulated.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

USDA / DEQ Wastewater Interim Financing: The City is obligated under an agreement with USDA, funded by DEQ, for interim financing related to the wastewater infrastructure project. The loan accrues interest of .69% per annum, incurred as of the first drawdown. The loan has a maximum drawdown of \$13,000,000 is required to be repaid, with accrued interest, in a lump sum payments upon issuance of permanent funding revenue bonds through USDA. The balance as of June 30, 2024 is reported in these statements as current, as payment in full is expected during the fiscal year ending June 30, 2025.

The table below presents the current year's changes in long-term obligations. Governmental and business-type activities are shown separately:

	Outstanding Balance July 1, 2023	New Issues	Principal Paid	Outstanding Balance June 30, 2024	Due Within One Year
<u>Governmental long-term debt</u>					
Bonds payable:					
Bank of New York Mellon certificate of participation, Series 2011 A	\$ 275,000	\$ -	\$ 30,000	\$ 245,000	\$ 30,000
Total bonds payable	<u>275,000</u>	<u>-</u>	<u>30,000</u>	<u>245,000</u>	<u>30,000</u>
Total governmental long-term debt	<u>\$ 275,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 245,000</u>	<u>\$ 30,000</u>
<u>Business-type long-term debt</u>					
Bonds payable:					
City of La Pine Water Revenue Refunding Bond, Series 2016	\$ 1,397,726	\$ -	\$ 1,397,726	\$ -	\$ -
Water Revenue Bond #1	-	2,714,000	-	2,714,000	87,537
Water Revenue Bond #2	-	5,286,000	-	5,286,000	50,020
Total Bonds Payable	<u>1,397,726</u>	<u>8,000,000</u>	<u>1,397,726</u>	<u>8,000,000</u>	<u>137,557</u>
Direct borrowings:					
DEQ Wastewater Improvement Loan	500,000	-	-	500,000	3,613
RD Wastewater Loan - USDA/DEQ - In Drawdown	3,455,392	9,414,403	-	12,869,795	12,869,795
FFC Refunding, Series 2024 (FIB)	-	1,174,365	92,140	1,082,225	134,271
RD Water Loan - USDA/CoBank	6,243,045	1,756,955	8,000,000	-	-
Business Oregon Sewer Loan	481,271	-	-	481,271	-
Business Oregon Water Loan	900,000	-	-	900,000	-
Total notes from direct borrowings	<u>11,579,708</u>	<u>12,345,723</u>	<u>8,092,140</u>	<u>15,833,291</u>	<u>13,007,679</u>
Total business-type long-term debt	<u>\$ 12,977,434</u>	<u>\$ 20,345,723</u>	<u>\$ 9,489,866</u>	<u>\$ 23,833,291</u>	<u>\$ 13,145,236</u>

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Debt service to maturity requirements for governmental activities are as follows:

Certificate of Participation, Series 2011

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 30,000	\$ 12,908	\$ 42,908
2026	30,000	11,333	41,333
2027	30,000	9,548	39,548
2028	30,000	7,553	37,553
2029	30,000	5,558	35,558
2030	30,000	3,420	33,420
2031	30,000	1,140	31,140
2032	30,000	-	30,000
Total	<u>\$ 240,000</u>	<u>\$ 51,460</u>	<u>\$ 291,460</u>

Debt service to maturity requirements for business-type activities are as follows:

Water Revenue Bond #1

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	87,537	105,720	193,257
2026	89,288	103,969	193,257
2027	91,073	102,184	193,257
2028	92,895	100,362	193,257
2029	94,753	98,504	193,257
2030-2034	502,960	463,325	966,285
2035-2039	555,308	410,977	966,285
2040-2044	613,105	353,180	966,285
2045-2049	676,917	289,368	966,285
2050-2054	747,372	218,913	966,285
2055-2059	825,159	141,126	966,285
2060-2064	909,633	55,343	964,977
Total	<u>\$ 5,286,000</u>	<u>\$ 2,442,972</u>	<u>\$ 7,728,972</u>

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Water Revenue Bond #2

Year Ending June 30,	Principal	Interest	Total
2025	50,020	40,710	90,730
2026	50,770	39,960	90,730
2027	51,532	39,198	90,730
2028	52,305	38,425	90,730
2029	53,089	37,641	90,730
2030-2034	277,634	176,016	453,650
2035-2039	299,090	154,560	453,650
2040-2044	322,205	131,445	453,650
2045-2049	347,107	106,543	453,650
2050-2054	373,932	79,718	453,650
2055-2059	402,831	50,819	453,650
2060-2064	433,484	19,686	453,170
Total	<u>\$ 2,714,000</u>	<u>\$ 914,720</u>	<u>\$ 3,628,720</u>

Full Faith and Credit Series 2024

Year Ending June 30,	Principal	Interest	Total
2025	134,271	62,339	196,610
2026	142,254	30,839	227,338
2027	152,712	45,670	198,382
2028	159,674	36,678	196,352
2029	169,167	26,959	196,126
2030-2031	326,147	22,988	349,135
Total	<u>\$ 1,084,225</u>	<u>\$ 225,473</u>	<u>\$ 1,363,943</u>

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 6: Deferred Compensation and Defined Contribution Plans

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees with at least three months of continuous employment, permits them to defer a portion of their salary until future years. The City also offers its employees retirement benefits under Internal Revenue Code Section 401 (a). The Plan, available to all City employees with at least three months of continuous employment and upon completion of 1,000 hours of service, provides for employer contributions up to 6% of employee wages.

The assets for both of these plans are held in trust for the exclusive benefit of the Plan participants and their beneficiaries. The plans are administered by AIG. The assets cannot be diverted for any other purpose. The City has little administrative involvement and does not perform the investing functions for these plans.

Employer contributions to the plan for the year ended June 30, 2024 were \$36,673.18. Employee contributions to the plan were \$24,025.

Note 7: Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. 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 cannot be determined at this time although the City expects such amount, if any, to be immaterial.

Note 8: Risk Management

There is exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

In 1981 the League of Oregon Cities joined together with the Association of Oregon Counties to form City County Insurance Services (CCIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. An annual premium is paid to CCIS for general insurance coverage and to SAIF for workers' compensation insurance coverage. CCIS and SAIF are self-sustaining through member premiums.

The City has obtained commercial insurance for risks of loss, including employee health and accident insurance, and for errors and omissions insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 9: Interfund Transfers

Interfund transfers for the year ended June 30, 2024, were as follows:

Fund	Transfers Out	Transfers In
General Fund	\$ 420,000	\$ -
Cemetery Fund	-	20,000
Water Fund	-	400,000
Total	\$ 420,000	\$ 420,000

Note 10: Commitments

The City was obligated under two construction contracts for work related to the water and sewer infrastructure projects in progress. The total construction contract obligation outstanding as of June 30, 2024 was \$3,719,325.

Note 11: Changes to previously issued financial statements

During the year, due to increased activity in the Economic Development Fund, the City reported changes in its financial reporting entity, where for the year ended June 30, 2024, all governmental funds were reported as major, with the exception of the Cemetery Fund, which does not qualify as a reporting fund under GAAP and is reported with the General Fund. The changes to fund balance as a result in this change are described in the following tables.

Additionally, management identified errors in the previously issued financial statements, and has corrected the beginning fund balance and net position accordingly. The changes to fund balance are described in the following tables.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

The following table describes changes to governmental fund balances and governmental activities' net position:

	General Fund	Street Fund	Tourism Fund	Community Development Fund	Economic Development Funds	Other Aggregate Funds	Governmental Activities
Major fund balances and net position, as previously reported	\$ 3,107,137	\$ 1,551,128	\$ -	\$ 733,989	\$ -	\$ 794,452	\$ 9,632,703
Changes in the financial reporting entity							
During the current year, the Economic Development Fund's total assets and revenues qualified the fund as major for reporting purposes	-	-	-	-	468,631	(468,631)	-
The Tourism Fund did not qualify as major, however, was the only fund remaining not reported as major, so management chooses to report as major	-	-	325,821	-	-	(325,821)	-
Error corrections							
Pooled cash allocation errors	-	(1,775)	1,775	-	-	-	-
Accounts receivable not recorded	112,597	20,980	15,331	3,459	216	-	152,583
Accounts payable not recorded	(214,672)	-	-	-	-	-	(214,672)
Retirement contribution liability payments reported as expense	17,783	-	-	-	-	-	17,783
Economic development event deposits recognized as revenue in error	-	-	-	-	(13,850)	-	(13,850)
Provision for accrued compensated absences	-	-	-	-	-	-	(8,448)
Major fund balances and net position, as restated	<u>\$ 3,022,845</u>	<u>\$ 1,570,333</u>	<u>\$ 342,927</u>	<u>\$ 737,448</u>	<u>\$ 454,997</u>	<u>\$ -</u>	<u>\$ 9,566,099</u>

The following table describes changes to the proprietary funds' net position:

	<u>Water Fund</u>	Waste <u>Water Fund</u>
Net position, as previously reported	\$ 4,510,508	\$ 9,012,657
Error corrections		
Record accrued compensated absences	(8,332)	(8,332)
Accrued interest on Department of Environmental Quality interim financing		(14,870)
Correct balance of interim loan financing incurred	<u>(17,000)</u>	<u>-</u>
Fund balance and net position, as restated	<u>\$ 4,485,176</u>	<u>\$ 8,989,455</u>

Management identified an additional error in its previously issued financial statements related to unrecorded retainage for the water and wastewater infrastructure projects. The correction did not impact beginning net position in the funds, however increased the balance of the infrastructure projects in process in the water and wastewater funds by \$449,213 and \$576,574, respectively. The correction's impact on construction in progress is illustrated in Note 3 to the financial statements.

CITY OF LA PINE
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 12: Subsequent events

The City refinanced its interim construction loan for the sewer infrastructure project in November 2024 with an issuance of two waste water bonds totaling \$13,000,000.

In September of 2024, the Urban Renewal Agency signed a contract to Open Concept Architecture for services to be performed for the architectural design of the new Gateway entry sign for La Pine, Oregon. The contract was for \$49,850 and is expected to be completed in Spring of 2025.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA PINE
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive (Negative)
Revenues:				
Property taxes and assessments	\$ 477,330	\$ 477,330	\$ 467,636	\$ (9,694)
Transient room tax	55,000	55,000	57,290	2,290
State revenue sharing	200,000	200,000	223,882	23,882
Franchise taxes	90,775	90,775	128,270	37,495
Licenses, permits and fees	17,700	17,700	14,510	(3,190)
Investment revenue	75,000	75,000	125,275	50,275
Grants	1,000,000	1,000,000	-	(1,000,000)
Rents	38,000	38,000	40,166	2,166
Miscellaneous revenue	2,500	2,500	22,880	20,380
Total revenues	1,956,305	1,956,305	1,079,909	(876,396)
Expenditures:				
General administration	1,619,395	1,619,395	609,954	(1,009,441)
Debt service	38,695	38,695	44,483	(5,788)
Contingency	400,000	400,000	-	(400,000)
Total expenditures	2,058,090	2,058,090	654,437	(1,415,229)
Other financing sources (uses):				
Operating transfers out	(420,000)	(420,000)	(420,000)	-
Total other financing sources (uses)	(420,000)	(420,000)	(420,000)	-
Net change in fund balance	(521,785)	(521,785)	5,472	538,833
Fund balance - July 1, 2023	2,562,172	2,562,172	2,971,058	1,594,770
Fund balance - June 30, 2024	\$ 2,040,387	\$ 2,040,387	\$ 2,976,530	\$ 2,133,603
Reconciliation to governmental fund balance				
Cemetery fund balance			60,173	
General fund balance			<u>\$ 3,036,703</u>	

CITY OF LA PINE
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
STREET FUND
YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive (Negative)
Revenues:				
State gas funds	\$ 175,000	\$ 175,000	235,879	\$ 60,879
Franchise fees	210,525	210,525	288,695	78,170
Investment revenue	16,000	16,000	81,182	65,182
Other revenue	-	-	95,637	95,637
Total revenues	<u>401,525</u>	<u>401,525</u>	<u>701,393</u>	<u>204,231</u>
Expenditures:				
Streets program	675,841	675,841	388,722	(287,119)
Contingency	300,000	300,000	-	(300,000)
Total expenditures	<u>975,841</u>	<u>975,841</u>	<u>388,722</u>	<u>(587,119)</u>
Net change in fund balance	<u>(574,316)</u>	<u>(574,316)</u>	<u>312,671</u>	<u>791,350</u>
Fund balance - July 1, 2023	<u>1,456,315</u>	<u>1,456,315</u>	<u>1,570,333</u>	<u>523,458</u>
Fund balance - June 30, 2024	<u>\$ 881,999</u>	<u>\$ 881,999</u>	<u>\$ 1,883,004</u>	<u>\$ 1,314,808</u>

City Of La Pine
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL
 INDUSTRIAL AND ECONOMIC DEVELOPMENT FUND
 YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Industrial site leases	\$ 20,000	\$ 20,000	\$ 18,875	\$ (1,125)
Industrial site sales & options	100,000	100,000	10,253	(89,747)
Business sponsorship	45,000	45,000	29,771	(15,229)
Investment income	4,700	4,700	65,402	60,702
Miscellaneous	2,500	2,500	-	(2,500)
Total revenues	<u>172,200</u>	<u>172,200</u>	<u>124,301</u>	<u>(47,899)</u>
Expenditures:				
Economic development	383,225	383,225	65,004	(318,221)
Contingency	25,000	25,000	-	(25,000)
Total expenditures	<u>408,225</u>	<u>408,225</u>	<u>65,004</u>	<u>(343,221)</u>
Net change in fund balance	<u>(236,025)</u>	<u>(236,025)</u>	<u>59,297</u>	<u>295,322</u>
Fund balance - July 1, 2023	533,100	533,100	468,631	(64,469)
Prior year restatement	-	-	(13,634)	(13,634)
Fund balance - June 30, 2024	<u>\$ 297,075</u>	<u>\$ 297,075</u>	<u>\$ 514,294</u>	<u>\$ 217,219</u>

City Of La Pine
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Planning fees	\$ 125,000	\$ 125,000	\$ 231,175	\$ 106,175
Interest income	8,100	8,100	18,707	10,607
Total revenues	<u>133,100</u>	<u>133,100</u>	<u>249,882</u>	<u>116,782</u>
Expenditures:				
Community development program	422,733	422,733	355,809	(66,924)
Capital outlay	-	75,000	34,088	(40,912)
Contingency	75,000	-	-	-
Total expenditures	<u>497,733</u>	<u>497,733</u>	<u>389,897</u>	<u>(107,836)</u>
Net change in fund balance	<u>(364,633)</u>	<u>(364,633)</u>	<u>(140,015)</u>	<u>224,618</u>
Fund balance - July 1, 2023	724,359	724,359	733,989	9,630
Prior year restatement - see Note 11	-	-	3,459	3,459
Fund balance, July 1, 2023 as restated	<u>724,359</u>	<u>724,359</u>	<u>737,448</u>	<u>13,089</u>
Fund balance - June 30, 2024	<u>\$ 359,726</u>	<u>\$ 359,726</u>	<u>\$ 597,433</u>	<u>\$ 237,707</u>

City Of La Pine
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
TOURISM FUND
YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Motel tax revenue	\$ 120,000	\$ 120,000	133,676	\$ 13,676
Investment revenue	3,600	3,600	12,479	8,879
Total revenues	<u>123,600</u>	<u>123,600</u>	<u>146,155</u>	<u>22,555</u>
Expenditures:				
Tourism program	195,700	195,700	87,912	(107,788)
Contingency	25,000	25,000	-	(25,000)
Total expenditures	<u>220,700</u>	<u>220,700</u>	<u>87,912</u>	<u>(132,788)</u>
Net change in fund balance	(97,100)	(97,100)	58,243	155,343
Fund balance -July 1, 2023	302,150	302,150	325,821	23,671
Prior year restatement - see Note 11	-	-	17,106	17,106
Fund balance, July 1, 2023 as restated	<u>-</u>	<u>-</u>	<u>342,927</u>	<u>40,777</u>
Fund balance - June 30, 2024	<u>\$ 205,050</u>	<u>\$ 205,050</u>	<u>\$ 401,170</u>	<u>\$ 196,120</u>

SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS

CITY OF LA PINE
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
URBAN RENEWAL AGENCY
YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues				
Property taxes	\$ 205,243	\$ 205,243	\$ 314,190	\$ 108,947
Investment revenue	4,500	4,500	27,715	23,215
Total revenues	<u>209,743</u>	<u>209,743</u>	<u>341,905</u>	<u>132,162</u>
Expenditures				
Materials and services	92,500	92,500	31,428	(61,072)
Capital outlay	<u>250,000</u>	<u>250,000</u>	-	<u>(250,000)</u>
Total expenditures	<u>342,500</u>	<u>342,500</u>	<u>31,428</u>	<u>(311,072)</u>
Net change in fund balance	(132,757)	(132,757)	310,477	443,234
Fund balance - beginning of year	<u>521,266</u>	<u>521,266</u>	<u>547,389</u>	<u>35,548</u>
Fund balance - end of year	<u>\$ 388,509</u>	<u>\$ 388,509</u>	<u>\$ 857,866</u>	<u>\$ 478,782</u>

CITY OF LA PINE
COMBINING BALANCE SHEET
GENERAL AND CEMETERY FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund	Cemetery Fund	Totals
Assets:			
Cash and investments	\$ 3,189,734	\$ 64,673	\$ 3,254,407
Receivables:			
Business license	7,958	-	7,958
Other receivables	84,501	-	84,501
Lease receivable	155,495	-	155,495
Property tax	8,172	-	8,172
Prepaid expenses	714	-	714
Total assets	<u>3,446,574</u>	<u>64,673</u>	<u>3,511,247</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE:			
Liabilities:			
Accounts payable	287,557	-	287,557
Payroll payable	7,550	-	7,550
Deposits payable	-	4,500	4,500
Unearned revenue	13,650	-	13,650
Total liabilities	<u>308,757</u>	<u>4,500</u>	<u>313,257</u>
Deferred inflows of resources:			
Delinquent property tax revenue	5,792	-	5,792
Unearned lease payments	155,495	-	155,495
Total deferred inflows of resources	<u>161,287</u>	<u>-</u>	<u>161,287</u>
Fund Balances:			
Nonspendable	714	-	714
Committed for:			
Cemetery maintenance	-	60,173	60,173
Appropriated ending fund balance	521,785	-	521,785
Unassigned	2,454,031	-	2,454,031
Total fund balances	<u>2,976,530</u>	<u>60,173</u>	<u>3,036,703</u>
Total liabilities, deferred inflows of resources & fund balances	<u>\$ 3,446,574</u>	<u>\$ 64,673</u>	<u>\$ 3,511,247</u>

CITY OF LA PINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE
GENERAL AND CEMETERY FUNDS
YEAR ENDED JUNE 30, 2024

	<u>General</u> <u>Fund</u>	<u>Cemetery</u> <u>Fund</u>	<u>Totals</u>
Revenues:			
Property taxes and assessments	\$ 467,636	\$ -	\$ 467,636
Transient room tax	57,290	-	57,290
Intergovernmental	223,882	-	223,882
Franchise taxes	128,270	-	128,270
Licenses, permits and fees	14,510	-	14,510
Charges for services	-	5,960	5,960
Investment revenue	125,275	2,068	127,343
Miscellaneous revenue	63,046	-	63,046
	<u>1,079,909</u>	<u>8,028</u>	<u>1,087,937</u>
Expenditures:			
Current operating:			
General government	579,739	-	579,739
Cemetery services	-	10,519	10,519
Debt services	44,483	-	44,483
Capital outlay	30,215	9,123	39,338
	<u>654,437</u>	<u>19,642</u>	<u>674,079</u>
Excess (deficiency) of			
Revenues over expenditures	425,472	(11,614)	413,858
Other Financing Sources (Uses):			
Operating transfer in	-	20,000	20,000
Operating transfer (out)	(420,000)	-	(420,000)
	<u>(420,000)</u>	<u>20,000</u>	<u>(400,000)</u>
Total other financing			
Sources (uses)	<u>(420,000)</u>	<u>20,000</u>	<u>(400,000)</u>
Change in fund balance	5,472	8,386	13,858
Fund balance - July 1, 2023	3,055,350	51,787	3,107,137
Prior year restatement - see Note 11	(84,292)	-	(84,292)
Fund balance, July 1, 2023 as restated	<u>2,971,058</u>	<u>51,787</u>	<u>3,022,845</u>
Fund balance - June 30, 2024	<u>\$ 2,976,530</u>	<u>\$ 60,173</u>	<u>\$ 3,036,703</u>

CITY OF LA PINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CEMETERY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues:				
Cemetery plot sales	\$ 1,200	\$ 1,200	\$ 5,960	\$ 4,760
Interest income	700	700	2,068	1,368
Total revenues	<u>1,900</u>	<u>1,900</u>	<u>8,028</u>	<u>6,128</u>
Expenditures:				
Cemetery program	44,900	44,900	19,642	(25,258)
Contingency	<u>10,000</u>	<u>10,000</u>	-	<u>(10,000)</u>
Total expenditures	<u>54,900</u>	<u>54,900</u>	<u>19,642</u>	<u>(35,258)</u>
Excess (deficiency) of Revenues Over expenditures	<u>(53,000)</u>	<u>(53,000)</u>	<u>(11,614)</u>	<u>41,386</u>
Other financing sources (uses):				
Operating transfer in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	<u>(33,000)</u>	<u>(33,000)</u>	<u>8,386</u>	<u>41,386</u>
Fund balance - July 1, 2023	<u>48,422</u>	<u>48,422</u>	<u>51,787</u>	<u>41,386</u>
Fund balance - June 30, 2024	<u>\$ 15,422</u>	<u>\$ 15,422</u>	<u>\$ 60,173</u>	<u>\$ 82,772</u>

SUPPLEMENTARY INFORMATION

PROPRIETARY FUNDS

CITY OF LA PINE
COMBINING STATEMENT OF NET POSITION
WATER AND DEBT RESERVE FUND
JUNE 30, 2024

	Water Fund	Debt Reserve Fund	Total Water Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Current assets:			
Cash and investments	\$ 3,139,276	\$ -	\$ 3,139,276
Accounts receivable, net	288,610	-	288,610
Inventory	84,863	-	84,863
Prepaid expense	714	-	714
	<u>3,513,463</u>	<u>-</u>	<u>3,513,463</u>
Total current assets			
Non-current assets:			
Restricted cash	-	199,895	199,895
Capital assets:			
Land	33,500	-	33,500
Intangible assets	24,514	-	24,514
Construction in progress	16,109,975	-	16,109,975
Infrastructure	6,262,860	-	6,262,860
Buildings & improvements	219,953	-	219,953
Equipment & vehicles	188,430	-	188,430
Other capital assets	22,500	-	22,500
Less: accumulated depreciation	(5,867,589)	-	(5,867,589)
	<u>16,994,143</u>	<u>-</u>	<u>16,994,143</u>
Total capital assets			
Total assets			
	<u>20,507,606</u>	<u>199,895</u>	<u>20,707,501</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	133,018	-	133,018
Interest payable	34,809	-	34,809
Retainage payable	719,255	-	719,255
Compensated absences	10,494	-	10,494
Customer deposits	57,516	-	57,516
Payroll liabilities	15,876	-	15,876
Current portion of long-term obligations	271,828	-	271,828
	<u>1,242,796</u>	<u>-</u>	<u>1,242,796</u>
Total current liabilities			
Long-term obligations:			
Long-term debt, net of current portion	9,710,397	-	9,710,397
	<u>9,710,397</u>	<u>-</u>	<u>9,710,397</u>
Total long-term liabilities			
Total liabilities			
	<u>10,953,193</u>	<u>-</u>	<u>10,953,193</u>
NET POSITION:			
Net investment in capital assets	16,003,060	-	16,003,060
Restricted for:			
Debt service	-	199,895	199,895
Unrestricted	(6,448,647)	-	(6,448,647)
	<u>9,554,413</u>	<u>199,895</u>	<u>9,754,308</u>
Total net position			
	<u>\$ 9,554,413</u>	<u>\$ 199,895</u>	<u>\$ 9,754,308</u>

CITY OF LA PINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
WATER AND DEBT RESERVE FUND
JUNE 30, 2024

	Water Fund	Debt Reserve Fund	Total Proprietary Funds
OPERATING REVENUES:			
Charges for services & fees	\$ 969,104	\$ -	\$ 969,104
Miscellaneous & other income	72,590	-	72,590
Total revenues	<u>1,041,694</u>	<u>-</u>	<u>1,041,694</u>
OPERATING EXPENSES:			
Personnel services	348,382	-	348,382
Materials and supplies	206,059	-	206,059
Depreciation expense	163,706	-	163,706
Total operating expenses	<u>718,147</u>	<u>-</u>	<u>718,147</u>
Income (loss) from operations	323,547	-	323,547
NON-OPERATING REVENUES (EXPENSES):			
Intergovernmental - grants	4,509,813	-	4,509,813
Investment revenue	99,940	6,392	106,332
Interest expense	(70,560)	-	(70,560)
Total non-operating revenue (expense)	<u>4,539,193</u>	<u>6,392</u>	<u>4,545,585</u>
Income before transfers	4,862,740	6,392	4,869,132
TRANSFERS:			
Transfers from other funds	400,000	-	400,000
Transfers (to) other funds	-	-	-
Changes in net position	<u>5,262,740</u>	<u>6,392</u>	<u>5,269,132</u>
Beginning net position, previously reported	4,317,005	193,503	4,510,508
Prior period restatement	(25,332)	-	(25,332)
Beginning net position balance, as adjusted	<u>4,291,673</u>	<u>193,503</u>	<u>4,485,176</u>
Net position - June 30, 2024	<u>\$ 9,554,413</u>	<u>\$ 199,895</u>	<u>\$ 9,754,308</u>

CITY OF LA PINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
WATER FUND
June 30, 2024

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ 824,950	\$ 824,950	\$ 969,104	\$ 144,154
Grants	-	-	4,509,813	4,509,813
Investment revenue	35,000	35,000	99,940	64,940
Other revenue	1,500	1,500	72,590	71,090
Total revenues	861,450	861,450	5,651,447	4,789,997
Expenditures:				
Water utility services program	10,471,691	10,471,691	6,789,609	(3,682,082)
Debt service	193,073	193,073	1,560,426	1,367,353
Contingency	200,000	200,000	-	(200,000)
Total expenditures	10,864,764	10,864,764	8,350,035	(2,514,729)
Other financing sources (uses):				
Transfers in	400,000	400,000	400,000	-
Loan proceeds in	9,347,526	9,347,526	2,931,320	6,416,206
Total other financing sources (uses)	9,747,526	9,747,526	3,331,320	6,416,206
Net change in fund balance	(255,788)	(255,788)	632,732	888,520
Fund balance - July 1, 2023	809,725	809,725	4,291,674	1,325,430
Fund balance - June 30, 2024	\$ 553,937	\$ 553,937	\$ 4,924,406	\$ 2,213,950
Reconciliation to generally accepted accounting principles basis ending net position:				
Debt repayment - principal			1,489,866	
Capital asset additions			6,235,168	
Depreciation expense			(163,706)	
Proceeds from debt			(2,931,321)	
Net position			\$ 9,554,413	

CITY OF LA PINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
SEWER FUND
JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues:				
Charges for services	\$ 800,000	\$ 800,000	\$ 930,858	\$ 130,858
Grants	-	-	974,555	974,555
Investment revenue	10,000	10,000	65,476	55,476
Other revenue	500	500	11,111	10,611
Total revenues	810,500	810,500	1,982,000	1,171,500
Expenditures:				
Sewer utility services program	12,160,472	12,160,472	7,576,466	(4,584,006)
Special payments	150,000	150,000	-	(150,000)
Contingency	400,000	400,000	-	(400,000)
Total expenditures	12,710,472	12,710,472	7,576,466	(5,134,006)
Other financing sources (uses):				
Operating transfers out	(650,000)	(650,000)	(650,000)	-
Debt proceeds	11,302,500	11,302,500	9,414,403	(1,888,097)
Total other financing sources	10,652,500	10,652,500	8,764,403	(1,888,097)
Net change in fund balance	(1,247,472)	(1,247,472)	3,169,937	4,417,409
Fund balance - July 1, 2023	1,661,094	1,661,094	8,989,455	7,328,361
Fund balance - June 30, 2024	\$ 413,622	\$ 413,622	\$ 12,159,392	\$ 11,745,770
Reconciliation to generally accepted accounting principles basis ending net position:				
Capital asset additions			6,904,598	
Depreciation expense			(162,170)	
Proceeds from debt			(9,414,403)	
Net position			\$ 9,487,417	

CITY OF LA PINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
SDC FUND
JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues:				
SDC income - water	\$ 200,000	\$ 200,000	\$ 260,368	\$ 60,368
SDC income - transportation	250,000	250,000	739,129	489,129
SDC income - sewer	300,000	300,000	454,590	154,590
SDC income - lift stations	-	-	52,190	52,190
Investment revenue	15,983	15,983	135,206	119,223
Total revenues	<u>765,983</u>	<u>765,983</u>	<u>1,641,483</u>	<u>875,500</u>
Other financing sources (uses):				
Operating transfers in	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Net change in fund balance	1,115,983	1,115,983	1,991,483	875,500
Fund balance - July 1, 2023	<u>2,845,840</u>	<u>1,343,285</u>	<u>2,279,993</u>	<u>936,708</u>
Fund balance - June 30, 2024	<u>\$ 3,961,823</u>	<u>\$ 2,459,268</u>	<u>\$ 4,271,476</u>	<u>\$ 1,812,208</u>

CITY OF LA PINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
WATER DEBT RESERVE FUND
JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues:				
Interest income	\$ -	\$ -	\$ 6,392	\$ 6,392
Total revenues	-	-	6,392	6,392
Net change in fund balance	-	-	6,392	6,392
Fund balance - July 1, 2023	193,503	193,503	193,503	-
Fund balance - June 30, 2024	<u>\$ 193,503</u>	<u>\$ 193,503</u>	<u>\$ 199,895</u>	<u>\$ 6,392</u>

CITY OF LA PINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
WATER AND SEWER RESERVE FUND
JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues:				
Investment revenue	\$ -	\$ -	\$ 16,280	\$ 16,280
Total revenues	-	-	16,280	16,280
Other financing sources (uses)				
Transfers in	300,000	300,000	300,000	-
Net change in fund balance	300,000	300,000	316,280	16,280
Fund balance - July 1, 2023	126,000	126,000	192,824	66,824
Fund balance - June 30, 2024	\$ 426,000	\$ 426,000	\$ 509,104	\$ 83,104



INDEPENDENT AUDITORS' REPORT

To the Governing Body
City of La Pine La Pine, Oregon

We have audited the basic financial statements of the City of La Pine as of and for the year ended June 30, 2024 and have issued our report thereon dated January 30, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

In connection with our testing, we noted the City has an ongoing contract with a landscaping contractor which has been renewed for several years without obtaining an adequate number of quotes required under intermediate procurement methods.

Except for the non-compliance described above, nothing came to our attention that caused us 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 our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City internal control over financial reporting.

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

Respectfully,

Brenda Bartlett

Sensiba LLP
Bend, OR

January 30, 2025

CITY OF LA PINE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2024

Federal Grantor and Pass-through Agency	Assistance Listing Number	Pass-through Agency Number	Federal Expenditures	Loan Balance at Beginning of Period
US Environmental Protection Agency State of Oregon Business Development Department Capitalization Grants for Drinking Water State Revolving Funds	66.468		\$ 9,091,886	\$ 3,455,392
US Department of Agriculture State of Oregon Business Development Department Water and Waste Disposal Systems for Rural Communities	10.760		\$ 13,254,006	\$ 6,243,045
US Department of Treasury COVID-19 Coronavirus Relief Fund	21.019		129,212	
Oregon Department of Administrative Services COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	8239	<u>43,510</u>	
Total federal financial assistance			<u>\$ 22,518,614</u>	

CITY OF LA PINE
NOTES TO THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes federal awards activity of the City of La Pine (City) under programs of the federal government for the year ended June 30, 2024. The information presented in this schedule is presented in accordance with the requirements of Title 2 US 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, it is not intended to and does not present the financial position, change in net position, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported as federal loan proceeds are disbursed. For expenditures related to grant revenue, expenditures on the SEFA are reported in the year in which they are incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The City has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – LOAN PROGRAMS

The balance of federal loans as of June 30, 2024 was \$21,369,795.



Independent Auditor's Report

City Council and Management
City of La Pine, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Pine, Oregon (City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated January 30, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described as items 2024-001 through 2024-003 in the accompanying schedule of findings and questioned costs to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-004 and 2024-005 to be significant deficiencies.

Report on Compliance and Other Matters

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


City of La Pine, Oregon’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,



Sensiba LLP
Bend, OR

January 30, 2025



Independent Auditor's Report

City Council and Management
City of La Pine, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of La Pine, Oregon (City)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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

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

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

Respectfully,



Sensiba LLP
Bend, OR

January 30, 2025

CITY OF LA PINE, OREGON
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiencies? Yes

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>Assistance Listing No.</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Fund
10.760	Water and Waste Disposal Systems for Rural Communities

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

Auditee qualified as low-risk auditee? No

CITY OF LA PINE, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings

Finding 2024-001

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Condition: The City has documented financial closing procedures for month and year end processes. During the planning of our audit, we noted not all significant account balances were addressed in the City’s documented internal controls.

Context: During the course of our audit, we identified misstatements related primarily to non-recurring account balances. The City’s internal control system related to recurring transactions was sufficient to prevent and detect misstatement.

Cause: The City’s resources in the accounting and finance areas are limited due to the size of its staff and non-recurring transaction internal controls are much more time-intensive than those in place for recurring transactions.

Effect: Material misstatements in the City’s financial statements were not prevented or detected.

Recommendation: The City should continue its efforts to improve its system of internal controls to include non-recurring, complex transactions to be analyzed and recorded at year end. We recommend the City review the list of proposed adjusting entries to implement an annual checklist of transactions to consider at the closing of each year.

Views of Responsible Officials: City staff agree with this finding and have taken action to segregate duties more effectively by distributing them amongst the Finance Director, City Recorder and Administrative Assistant. More specifically, the checklist for year-end has been updated and the duties of the review of these transactions has been assigned to the City Recorder and Finance Director for a secondary review.

Finding 2024-002

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Condition and context: During the planning of our audit, we noted the City has documented processes for review of manual journal entries assigned to City Manager, but reviews did not appear to be done consistently and/or timely.

CITY OF LA PINE, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Cause: The City Manager's responsibilities appear to leave little time for direct participation in the daily internal control processes related to review of accounting reconciliations and transactions.

Effect: Journal entries could be used to obscure fraud or errors in the financial statements.

Recommendation: The City has recently added a Finance Director to its management team, dedicated to oversight of the accounting and finance functions. We recommend the City revise its internal control processes where City staff would be responsible initiating manual journal entries, with Finance Director taking over the review function.

Views of Responsible Officials: City staff agree with this finding and have since implemented internal controls whereby the Finance Director is responsible for reviewing all journal entries. Under the new process journal entries are recommended by the Administrative Assistant, approved by the Finance Director, and entered into the system by the City Recorder.

Finding 2024-003

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Condition: The City's controls over bank account transfers do not incorporate preventative bank-level account controls.

Context: The City maintains multiple bank accounts, whereby transfers are made from one to the other based on the needs of the City for various activities. Initiation for transfers is performed by the Finance Director, who also has signatory authority over the various bank accounts, and access to the accounting system. City Manager reviews and approves transfers in a manual process.

Cause: We are unsure of the cause.

Effect: Bank transfers could be made without a secondary approval due to the manual process currently in place.

Recommendation: We recommend the City work with their banks to implement automatic, dual authorization transfer approval where notification is sent to the approver from the bank upon initiation, and the transfer is not completed until authorization from the second individual has been received. Additionally, we recommend the City remove the Finance Director's bank account signing authority. While it is appropriate for a Finance Director to have bank signatory authority, in a small finance office where Finance Director also has access to the accounting software as needed by the position's duties, the custody and recording duties should be segregated.

CITY OF LA PINE, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Views of Responsible Officials: The City agrees with this finding. However, due to limited staff, the process in place is the one that works most effectively. We have begun conversations with our financial institutions surrounding the controls for transferring funds between accounts. Once those controls have been vetted, the Finance Director will be removed as a signer from the account.

Finding 2024-004

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Condition: During the planning of our audit, we noted the City has documented processes for review of various payroll reconciliations and transactions assigned to City Manager, but noted the reviews were not consistently performed in a timely manner. We also noted the payroll system set up within the software was not consistently posting information to the general ledger, creating additional work for management to reconcile the payroll related accounts and transactions.

Context: During our testing of payroll, we noted several transactions and balances where management discovered errors in the software's calculations of various transactions and balances, resulting in significant manual adjustment to year end liabilities because the payroll module was not properly posting to the general ledger.

Causes: The City Manager's responsibilities appear to leave little time for direct participation in the daily internal control processes related to review of accounting reconciliations and transactions. An additional cause is the payroll accounting system's automatic posting to the general ledger appears to have set up issues with management needing to correct at year end with manual reconciliations and adjustments.

Effect: Errors in computing and reporting wages, related payroll taxes, and benefits may not be prevented or detected in a timely manner; amounts reported for various expenses in the general ledger are not consistent with amounts reported in the payroll module.

Recommendation: The City has recently added a Finance Director to its management team, dedicated to oversight of the accounting and finance functions. We recommend the City revise its internal control processes where City staff would be responsible for most payroll related functions, and Finance Director would serve as the reviewer of the reconciliations, set up, and transactions. Alternatively, because payroll is complex and administrative staff may not have capacity to take on new duties, the City might consider assigning the review of various payroll reconciliations and transactions to a City staff member outside of the payroll function. To ensure the control is effective, management should devise a checklist for review which lists the important items to review, which should be retained as support of the review function. We further recommend the City contact its software provider to assess the payroll set up and revise as necessary to ensure it is properly reporting to the general ledger the payroll activity, which currently appears to cause significant manual work related to payroll that should be seamless within the system.

CITY OF LA PINE, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Views of Responsible Officials: City staff agrees with this finding and have since implemented internal controls whereby the Finance Director is responsible for reviewing all payroll transactions with no access to the payroll functions. Under the new process, payroll is processed by the Administrative Assistant and approved by the Finance Director. Changes to the payroll module will be done by the City Recorder and reviewed by the Finance Director.

Secondly, City staff is coordinating with the software system to find a remedy to these issues with the posting of transactions to the General Ledger.

Finding 2024-005

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Condition / Context: During the planning of our audit, we noted the City has documented processes for review of the bank account reconciliations, prepared by the Finance Director, assigned to City Manager, but we were unable to find documentation that the reviews were consistently conducted in a timely manner.

Cause: The City Manager's responsibilities appear to leave little time for direct participation in the daily internal control processes related to review of accounting reconciliations and transactions.

Effect: The City's internal control over bank reconciliations does not include a review of the reconciliation.

Recommendation: We recommend the City assign the review of the bank reconciliation to a senior staff member who has no access to the general ledger. To ensure the control is effective, management should devise a checklist for review of the bank reconciliation which lists the important items to review, which should be retained with the bank reconciliation.

Views of Responsible Officials: City staff agrees with this finding and have since implemented internal controls whereby the Finance Director is responsible for reviewing all bank reconciliations. Under the new process bank reconciliation is processed by the Administrative Assistant.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.



Corrective Action Plan

Finding 2024-001

Description: The City has documented financial closing procedures for month and year end processes. During the planning of our audit, we noted not all significant account balances were addressed in the City's documented internal controls. During the course of our audit, we identified misstatements related primarily to non-recurring account balances. The City's internal control system related to recurring transactions was sufficient to prevent and detect misstatement.

Cause: The City's resources in the accounting and finance areas are limited due to the size of its staff and non-recurring transaction internal controls are much more time-intensive than those in place for recurring transactions.

Corrective Action: The City has begun segregating financing duties between the Finance Director, City Recorder and Administrative assistant. More specifically, the Administrative Assistant is responsible for reconciling and proposing journal entries, the Finance Director will then review the entries, and the City Recorder will enter them. Furthermore, the City has updated the year end checklist to recognize these additional steps in the year end closing process.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this process began in January 2025.

Finding 2024-002

Description: During the planning of our audit, we noted the City has documented processes for review of manual journal entries assigned to City Manager, but reviews did not appear to be done consistently and/or timely. The City Manager's responsibilities appear to leave little time for direct participation in the daily internal control processes related to review of accounting reconciliations and transactions.

Corrective Action: The Administrative Assistant is responsible for reconciling and proposing journal entries, the Finance Director will then review the entries, and the City Recorder will enter them. Monthly, the Finance Director will, as part of the monthly close, review the journal entries and reconcile those to the entry reports provided by the Administrative Assistant and City Recorder.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this began in January 2025.

Finding 2024-003

Description: The City's controls over bank account transfers do not incorporate preventative bank-level account controls. The City maintains multiple bank accounts, whereby transfers are made from one to the other based on the needs of the City for various activities. Initiation for transfers is performed by the Finance Director, who also has signatory authority over the various bank accounts, and access to the accounting system. City Manager reviews and approves transfers in a manual process.

Cause: The City's resources in the accounting and finance areas are limited due to the size of its staff.

Corrective Action: The City is exploring methods of dual approval at this time. The Finance Director is also being removed as a signing authority from all bank accounts. In the future, transfers will be proposed by the Finance Director to the City Manager. The City Manager will approve the transfers. Transfers will be initiated by the City Recorder or Administrative Assistant. The City Recorder, Administrative Assistant or Utility Billing Clerk will be responsible for secondary approval of those transactions.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this process are currently underway.

Finding 2024-004

Description: During the planning of our audit, we noted the City has documented processes for review of various payroll reconciliations and transactions assigned to City Manager, but noted the reviews were not consistently performed in a timely manner. We also noted the payroll system set up within the software was not consistently posting information to the general ledger, creating additional work for management to reconcile the payroll related accounts and transactions. During our testing of payroll, we noted several transactions and balances where management discovered errors in the software's calculations of various transactions and balances, resulting in significant manual adjustment to year end liabilities because the payroll module was not properly posting to the general ledger.

Causes: The City Manager's responsibilities appear to leave little time for direct participation in the daily internal control processes related to review of accounting reconciliations and transactions. An additional cause is the payroll accounting system's automatic posting to the general ledger appears to have set up issues with management needing to correct at year end with manual reconciliations and adjustments.

Corrective Action: The Administrative Assistant is responsible for processing payroll and the City Recorder is responsible for changes made to employee files and pay codes. The Finance Director

will be responsible for reviewing payroll processing prior to check issuance. Any adjustments to personnel will be reviewed by the Finance Director prior to entry.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this began in January 2025.

Finding 2024-005

Description: During the planning of our audit, we noted the City has documented processes for review of the bank account reconciliations, prepared by the Finance Director, assigned to City Manager, but we were unable to find documentation that the reviews were consistently conducted in a timely manner. The City Manager's responsibilities appear to leave little time for direct participation in the daily internal control processes related to review of accounting reconciliations and transactions.

Corrective Action: The Administrative Assistant is responsible for preparing the bank reconciliations, the Finance Director will then review reconciliations.

Responsible Party: Finance Director, Ashley Ivans

Timeline: Changes to this began in February 2025.



CITY OF LA PINE

STAFF REPORT

Meeting Date: March 12, 2025

TO: City Council

FROM: Ashley Ivans, Finance Director *Ashley Ivans*

SUBJECT: Appointment of Budget Officer & Budget Calendar Discussion

<input type="checkbox"/>	Resolution	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	No Action – Report Only	<input type="checkbox"/>	Public Hearing
<input checked="" type="checkbox"/>	Formal Motion	<input type="checkbox"/>	Other/Direction:

Councilmembers:

As you are aware, March is when the City’s budget process formally begins. From now until June staff will be preparing the budget by gathering information and looking at historical data regarding the City’s finances.

Attached to this memorandum is the budget calendar. I will go over in detail what some of these items are, how they affect the City Council, and how they may differ from prior years.

March – The City Council will need to appoint the Budget Officer. A formal motion is recommended at the end of this Memorandum.

April – The City Council will need to appoint the Budget Committee members. This may be only a quorum of yourselves; however, it would be beneficial to find 5 more **City Residents** that would be interested in participating in this process. There is information on the City’s website about joining the Budget Committee. If you know someone who is interested, please send them my way and I would be happy to discuss this commitment with them.

Staff will be preparing advertisements for the Budget Meetings during the month of April as well. There are very specific rules around publishing notices for the Budget Committee Meetings that are outlined as a part of the Oregon Local Budget law. There is nothing the Council needs to do to accommodate these notices, however, it is helpful that you are aware of this process.

May – During the second week of May the City will host 3 meetings to accommodate the approval of the budget. The first meeting will be for members of the public that intend to request community sponsorship. We have received sponsorship requests from some local event organizers. I have been communicating with requesters throughout the year, letting them know the City’s new process implemented in 2024. If you know of other events or entities that would

like to request sponsorship, please send them my way and I can go over this process with them.

Once all of the presentations have been completed, the budget committee and staff will review these sponsorships as a whole and determine which ones should be budgeted for in FY 25-26. We will have this discussion on the 13th after all the presentations are completed. If need be, decisions for sponsorships can be tabled to the evening of the 14th, prior to the Public Hearing being held.

The May 14th public hearing is a formality to receive State Shared Revenues. The city receives between \$150,000 and \$200,000 in state shared revenues that are credited to the General Fund, and an estimated \$150,000 in State Gas Funds revenue. This income is crucial to many parts of the City's General and Street Fund operations. Prior to the hearing, which is expected to be very brief, we will go through the Budget. This is where the Committee has the opportunity to make recommendations they have regarding the budget. Ideally, we would approve the budget this same evening. However, we have planned another evening, May 15th, to meet again if it is needed.

June – In June the City Council will adopt the budget as approved and make appropriations by resolution. This will be brief as well.

My door is always open to comments and concerns about this process. I understand that it is lengthy, however, my experience has been that it is relatively painless.

Motion Recommendation: *I move that we appoint Ashley Ivans as Budget Officer for the FY2024-25 budget, followed by a second and a roll call vote.*



Budget Calendar Fiscal Year 2025-2026

Appoint Budget Officer	March 12, 2025
Appoint Budget Committee	April 23, 2025
Publish 1 st Notice of Budget Committee Meeting And Public Hearing for Comments from Public (Bend Bulletin)	April 22, 2025
Publish 2 nd Notice of Budget Committee Meeting And Public Hearing for Use of State Revenue Sharing (Website Only)	April 29, 2025
Budget Message and Budget Committee Meeting Community Sponsorship Presentations	May 13, 2025 5:30 p.m.
2 rd Budget Committee Meeting and Public Hearing For Use of State Revenue Sharing	May 14, 2025 5:30 p.m.
3 rd Budget Committee Meeting and Public Hearing (<i>Only If Necessary</i>)	May 15, 2025 5:30 p.m.
Publish Notice of Budget Hearing (Bend Bulletin)	May 28, 2025
Budget Hearing & Adoption of the Budget Make Appropriations, Impose and Categorize Taxes (City Council)	June 11, 2025 5:30 p.m.

Budget Officer: Ashley Ivans, Assistant City Manager / Finance Director


Finance Staff: Geoff Wullschlager, Amanda Metcalf and Tina Kemp

Budget Committee: Jeannine Earls, Courtney Ignazzito, Mike Shields, Karen Morse, and Janis Curtis - Thompson



CITY OF LA PINE

STAFF REPORT

Meeting Date: March 12, 2025
TO: City Council
FROM: Geoff Wullschlager, City Manager 
SUBJECT:

- | | | | |
|-------------------------------------|-------------------------|-------------------------------------|------------------|
| <input type="checkbox"/> | Resolution | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | No Action – Report Only | <input type="checkbox"/> | Public Hearing |
| <input checked="" type="checkbox"/> | Formal Motion | <input checked="" type="checkbox"/> | Other/Direction: |
-

Councilmembers:

Camp Fire of Central Oregon, a registered public benefit nonprofit organization has asked the City to recognize “Absolutely Incredible Kid Day”, which is set for March 20, 2025. This day of recognition encapsulates Camp Fire’s vision where young people are celebrated for thriving and being provided equitable opportunities for self-discovery, community connectivity, and engagement with nature.

In the efforts of furthering their vision and mission in celebrating youth and making conscious efforts in affirming the region’s commitment to youth support and encouragement, the organization has asked the City to help expand recognition of this event by making a proclamation of the date.

This action holds no political deference to any policy initiative or legislation.

Action:

If there is interest in supporting this effort, please make the following motion:

“I make a motion to support the recognition of “Absolutely Incredible Kid Day” through the adoption of Proclamation 2025-01.”

Please follow this with **a Second**, and a roll call vote.



Mayor Jeannine Earls
Mayor, City of Bend
16345 6th St.
La Pine, OR 97739

February 21, 2025

Dear Mayor Earls:

I hope this message finds you well. I have the privilege of representing the Camp Fire Council in the City of Bend, Oregon, which has been in our region since 1916—and is thriving all these years later! Every year in March, we honor the youth in this community on a special day called the “[Absolutely Incredible Kid Day](#).”

Camp Fire’s “Absolutely Incredible Kid Day” honors our nation’s youth by asking adults to write letters of encouragement and inspiration to the incredible kids in their lives. It is a simple, meaningful way to let youth know how much they are appreciated. We are asking the City of La Pine to join Camp Fire on March 20, 2025 in celebration of the amazing kids who impact our community and other communities around the country. Youth will be recognized at Camp Fire Council events around the nation, on social media (Facebook and Twitter), with video on YouTube, and at live events. It is a simple, meaningful way to let youth know how much they are appreciated. Lives are changed by this simple act of love and kindness.

Camp Fire is requesting that a proclamation be issued from the Mayor’s office declaring March 20, 2025 as “Absolutely Incredible Kid Day.” We would also like to request a photo op with the Mayor, with us receiving the proclamation from him. A formal proclamation brings more media attention to the event — we would like the entire city and region to help in honoring the amazing kids in our lives. Also, this would be the ninth year “Absolutely Incredible Kid Day” will be a State Proclaimed Day. So many young adolescents all across this state go unnoticed, and we are asking the Mayor to be a part of this day. Simply writing a letter to the youth of La Pine would definitely show kids we have them on our minds, and their interest at heart. It would be an honor to shake the mayor’s hand, as he officially declares

March 20, 2025 as “Absolutely Incredible Kid Day.”

Please see the example proclamation for reference, and thanks for your consideration!

A handwritten signature in blue ink that reads "Kubota".

Kecia Kubota
Executive Director
Camp Fire Central Oregon
kecia@campfireco.org

P.O Box 7031 | Bend, Oregon
97708 | (541)382-4682 | www.campfireco.org | Tax ID: 93-6015296



PROCLAMATION 2025-01

A Proclamation Declaring March 20, 2025 "Absolutely Incredible Kid Day"

WHEREAS, on March 20, 2025, the national youth development organization Camp Fire, joined by Camp Fire Central Oregon, will celebrate the 28th annual "Absolutely Incredible Kid Day;" and

WHEREAS, Camp Fire provides a nurturing, encouraging, and fun environment for young people to explore and discover their skills, passions, and unique attributes; and

WHEREAS, as part of the celebration of children on this day, adults are encouraged to write and post letters of love and appreciation to young people in their lives; and

WHEREAS, the Camp Fire mission pledges a firm commitment to provide the experience youth need to discover who they are; and

WHEREAS, parents, grandparents, aunts, uncles, teachers, mentors, and adults alike are urged to participate in "Absolutely Incredible Kid Day" and make a difference in the life of a child.

NOW, THEREFORE, We, the Common Council of the City of La Pine, do hereby proclaim March 20, 2025, to be "Absolutely Incredible Kid Day".

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the City of La Pine, in the County of Deschutes, this 12th day of March 2025.

APPROVED by the City Council and **SIGNED** by the Mayor this 12th day of March 2025.

Mayor Jeannine Earls

Attest:

Amanda Metcalf, City Recorder