



City of Baker City Oregon



For the Fiscal Year Ended
June 30, 2020



Annual Financial Report

BAKER CITY
 Annual Financial Report
 Year Ended June 30, 2020

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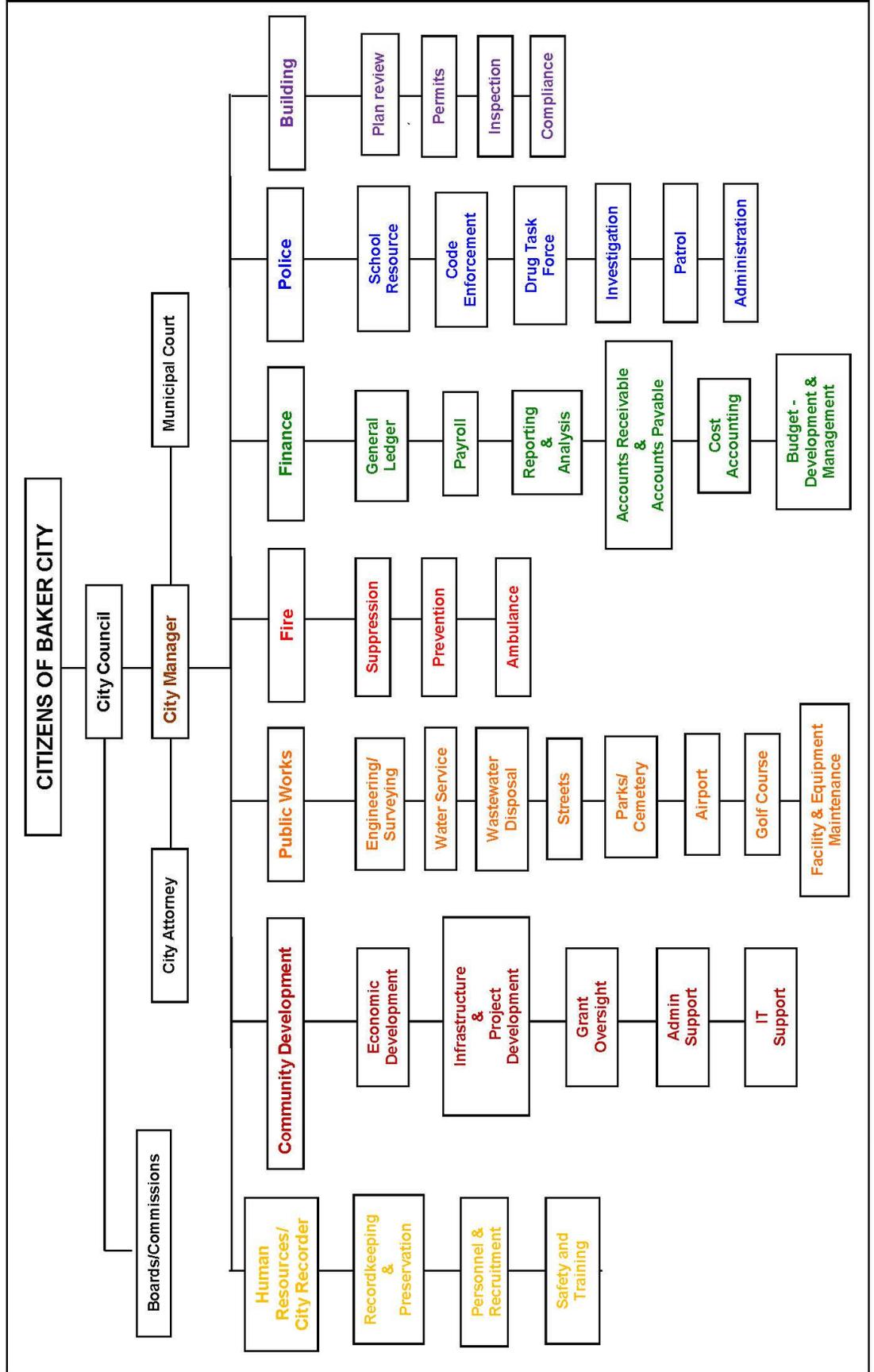
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City of Baker City



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**ELECTED MAYOR AND CITY COUNCIL
AS OF JUNE 30, 2020**

<u>Mayor:</u>	<u>Term Expiration</u>
Loran Joseph 2464 Baker Street	December 31, 2020
 <u>Council Members:</u>	
Lynette Perry 2545 College Street	December 31, 2022
Arvid Andersen 1400 Colorado Avenue	December 31, 2020
Doneita Bruland 1246 Broadway Avenue	December 31, 2020
Larry Morrison 730 H Street	December 31, 2020
Randall Schiewe 530 Foothill Drive	December 31, 2020
Jason Spriet 1195 F Steet	December 31, 2020

**APPOINTED CITY OFFICERS
AS OF JUNE 30, 2020**

<u>City Manager:</u> Fred Warner Jr	<u>City Finance Director:</u> Jeanie Dexter
<u>City Attorney:</u> Dan Van Thiel	<u>Municipal Judge:</u> Brent Kerns



Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Baker City, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Baker City, Oregon (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 14 and the budgetary comparison, pension and other post-employment benefit information on pages 50 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City's basic financial statements. The introductory section on pages 1 and 2, combining and individual nonmajor fund financial statements and budgetary comparison schedule on pages 57 through 75, the schedule of property tax transactions on page 77, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget comparison schedules, schedule of property tax transactions, and the schedule of expenditures of federal awards are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements, budget comparison schedules, schedule of property tax transactions, and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2021 on our consideration of the City of Baker 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 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 of Baker City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated May 25, 2021, on our consideration of the City of Baker City, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Gaslin Accounting

Gaslin Accounting
Certified Public Accountants, PC
Baker City, Oregon
May 25, 2021

By: *Robert C Gaslin*
Robert C. Gaslin, CPA

BAKER CITY
Management's Discussion and Analysis
Year Ended June 30, 2020

The management of the City of Baker City, Oregon (City) presents this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. This Management's Discussion and Analysis (MD&A) is based upon currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include: The Statement of Net Position. The statement of net position presents information on all of the assets and liabilities of the City at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities. The statement of activities presents information showing how the net position of the City changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., **uncollected** taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City as a whole. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains thirteen governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Street Fund, LID Repayment Fund, and State and Federal Grants Fund which are considered to be major funds. The basic governmental fund financial statements can be found on pages 18-21 of this report. Data from the other governmental funds are combined into a single, aggregated presentation on these statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 59-60.

Proprietary funds - the City maintains six proprietary funds. Functions that are intended to recover all or a significant portion of their costs through user fees and charges are accounted for in proprietary funds. Proprietary funds are further designated as either enterprise funds or internal service funds.

BAKER CITY
Management's Discussion and Analysis
Year Ended June 30, 2020

Enterprise funds are used to account for services provided to outside entities. Four of the City's proprietary funds are Enterprise funds. These funds are used to account for financial transactions related to the City's water utility, wastewater utility, building inspections, and golf course.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses two internal service funds to account for its equipment maintenance and replacement and inventory functions.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-48 of this report.

Other statements – Major funds are included within the basic financial statements, where nonmajor funds are presented here as “combining statements”. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances. A final type of report is the budgetary comparison schedules. These are presented for all funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Baker City, assets and deferred outflows exceeded liabilities and deferred inflows by \$55,976,297 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (84 percent) reflects its investment in capital assets (e.g. land, buildings, and equipment) less any related debt that is still outstanding that was used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following is a summary of net position:

Summary of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and Other Assets	\$ 7,088,160	\$ 6,636,149	\$ 8,214,024	\$ 9,685,783	\$ 15,302,184	\$ 16,321,932
Capital Assets, net	21,877,034	20,313,875	27,732,641	24,410,988	49,609,675	44,724,863
Total Assets	<u>28,965,194</u>	<u>26,950,024</u>	<u>35,946,665</u>	<u>34,096,771</u>	<u>64,911,859</u>	<u>61,046,795</u>
DEFERRED OUTFLOWS	<u>2,155,583</u>	<u>1,976,777</u>	<u>702,542</u>	<u>653,500</u>	<u>2,858,125</u>	<u>2,630,277</u>
LIABILITIES						
Long-Term Liabilities	99,109	-	1,345,088	1,418,424	1,444,197	1,418,424
Other Liabilities	6,927,545	5,765,710	2,553,262	2,210,389	9,480,807	7,905,278
Total Liabilities	<u>7,026,654</u>	<u>5,765,710</u>	<u>3,898,350</u>	<u>3,628,813</u>	<u>10,925,004</u>	<u>9,394,523</u>
DEFERRED INFLOWS	<u>611,790</u>	<u>796,434</u>	<u>237,002</u>	<u>301,978</u>	<u>848,792</u>	<u>1,098,412</u>
NET POSITION						
Invested in Capital Assets,						
Net of Related Debt	21,777,925	20,313,875	26,314,217	24,410,988	48,092,142	44,724,863
Restricted	1,113,470	1,109,573	275,000	275,000	1,388,470	1,384,573
Unrestricted	590,938	941,209	5,924,638	6,133,492	6,515,576	7,074,701
Total Net Position	<u>\$ 23,482,333</u>	<u>\$ 22,364,657</u>	<u>\$ 32,513,855</u>	<u>\$ 30,819,480</u>	<u>\$ 55,996,188</u>	<u>\$ 53,184,137</u>

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An additional portion of the City's net position (2.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$6,515,576) may be used to meet the City's ongoing obligations to citizens and creditors. Net position for the City as a whole increased by \$2,812,051 during the fiscal year ended June 30, 2020. The following is an analysis of this increase.

Summary of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues						
Charges for Services	\$ 1,381,452	\$ 1,317,362	\$ 5,258,420	\$ 4,871,986	\$ 6,639,872	\$ 6,189,348
Operating Grants/Contrib.	1,174,888	1,204,885	-	-	1,174,888	1,204,885
Capital Grants/Contrib.	2,083,396	308,875	-	-	2,083,396	308,875
General Revenues:					-	
Property Taxes	3,747,065	3,534,573	-	-	3,747,065	3,534,573
Franchise Taxes	944,540	912,827	-	-	944,540	912,827
Investment Earnings	115,694	140,048	146,923	157,558	262,617	286,685
SAIF Refunds	23,738	23,739	-	-	23,738	23,739
Unrestricted Grants/Contrib.	306,849	283,685	-	-	306,849	283,685
Rental Income	38,657	32,396	60,388	60,751	99,045	93,147
Miscellaneous	49,681	70,437	247,841	157,457	297,522	227,894
Total Revenues	9,865,960	7,798,827	5,713,572	5,247,752	15,579,532	13,046,579
EXPENSES						
General Government	553,456	566,833	-	-	553,456	566,833
Public Safety	5,544,406	4,741,294	-	-	5,544,406	4,741,294
Transportation and Streets	1,547,569	1,524,447	-	-	1,547,569	1,524,447
Culture & Recreation	343,895	355,250	-	-	343,895	355,250
Economic Development	302,940	118,194	-	-	302,940	118,194
Cemetery	157,655	153,306	-	-	157,655	153,306
Airport	253,358	220,475	-	-	253,358	220,475
Hydro-Electric Plant	3,223	10,078	-	-	3,223	10,078
Interest on Long-Term Debt	1,782	3,126	-	-	1,782	3,126
Water	-	-	2,174,860	2,053,994	2,174,860	2,053,994
Wastewater	-	-	1,299,226	1,137,747	1,299,226	1,137,747
Golf Course	-	-	69,645	87,700	69,645	87,700
Building Department	-	-	515,466	321,413	515,466	321,413
Total Expenses	8,708,284	7,693,003	4,059,197	3,600,854	12,767,481	11,293,857
Operating Transfers	(40,000)	(30,000)	40,000	30,000	-	-
Change in Net Position	1,117,676	105,824	1,694,375	1,676,898	2,812,051	1,782,722
Net Position—Beginning	22,364,657	22,258,833	30,819,480	29,142,582	53,184,137	51,401,415
Net Position—Ending	<u>\$ 23,482,333</u>	<u>\$ 22,364,657</u>	<u>\$ 32,513,855</u>	<u>\$ 30,819,480</u>	<u>\$ 55,996,188</u>	<u>\$ 53,184,137</u>

Analysis of Changes in Net Position

Governmental Activities: During the fiscal year ended June 30, 2020, net position of the governmental activities increased by \$1,117,676. This increase is mainly due to the receipt of federal, state and other capital grants and contributions of \$2,083,396 which were used to fund airport improvements, all-abilities playground equipment, street improvements and other capital assets which are recorded as assets and depreciated over the useful life of each asset as they are placed in service.

These increases were partially offset by an increase in PERS expense of \$775,664 due to the requirement of GASB Statement No. 68. GASB 68 requires municipalities to account for the portion of the change in net pension liability or asset and the changes in deferred inflows and outflows related to its pension plan with Oregon Public Employees System (PERS).

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Business-type activities: During the fiscal year ended June 30, 2020, net position of the business-type activities increased by \$1,694,375. The majority of the increase was in the Water Utility Fund (\$880,096) and the Wastewater Utility Fund (\$664,845). The City is currently setting aside funds in order to complete several significant infrastructure projects. Included in the projects are the repair and replacement of transmission and distribution lines for the water system; establishing a secondary water source; and the Department of Environmental Quality's (DEQ) mandatory wastewater storage and effluent disposal project.

The effort to improve infrastructure is demonstrated by the fact that during the fiscal year ended June 30, 2020, the City added capital assets in the business-type activities of \$2,430,455 while depreciation expense totaled only \$787,726. The difference between assets capitalized and current year depreciation expense accounts for \$1,642,729 of the increase in net position for the business-type activities. The City has set utility rates at a level that will provide enough revenue to pay for operational costs and necessary infrastructure improvements.

Net position in the Building Inspection Fund increased by \$47,172. This increase was due to a concerted effort by City management to build reserves which allow the City to maintain consistent services during the times when building is temporarily slowed down due to changes in the seasons and/or the economy.

FUND ANALYSIS

The following is an analysis of the difference in the ending fund balance of each of the City's major funds.

Major Governmental Funds

General Fund: During the fiscal year ended June 30, 2020, the ending fund balance of the General Fund increased from \$1,119,182 to \$1,618,730. The General Fund is on the modified accrual basis of accounting where revenue is recognized when both measurable and available. Revenues are determined to be available if they are received within two months of the end of the reporting period. Certain revenue in the General Fund was not received within two months of the end of the fiscal year and was, therefore, not reported in the fiscal year ended June 30, 2020. This included \$29,090 from Baker County 5J School District for the School Resource Officer contribution; \$52,529 in grant disbursements from the SAFER grant; and \$16,412 in contributions due from Baker County for emergency medical services provided in the county. These revenues were all received and will be recorded in the fiscal year ended June 30, 2021. During the fiscal year ended June 30, 2020, the General Fund collected property taxes of approximately \$118,000 which had been held by the County due to potential refund credits arising from property tax litigation. In addition, approximately \$179,000 in public safety utility fees in an effort to help offset the rising costs of personnel, technology, equipment and other costs in order to maintain police, fire and emergency medical services in the City at the current service level.

State Tax Street Fund: The ending fund balance of the Street Fund increased from \$1,479,133 to \$1,685,020. This increase was due in part to the receipt of approximately \$27,500 due to the release of prior year property taxes held by Baker County in a potential refund credit (explained in the General Fund above). Even with the increase in gas taxes from House Bill 2017, the Street Fund still only has enough funding to do significant street improvement projects every other year. The street overlay project completed in the fiscal year ended June 30, 2020 was recorded as a fixed asset and will be depreciated based on the useful life of the underlying asset.

LID Repayment Fund: The deficit ending fund balance of the LID Repayment Fund decreased from (\$60,713) to (\$26,699) due to the receipt of LID repayments.

State and Federal Grants Fund: The ending fund balance of the State and Federal Grants Fund increased from \$85,374 to \$168,618. This increase was due to the recognition of an additional \$92,500 in grant revenue carried over from the fiscal year ended June 30, 2019. This revenue was deferred in the fiscal year ended June 30, 2019 due to the timing of when it was received (see General Fund above for an explanation on the recognition of revenue on the modified accrual basis of accounting).

Enterprise Funds

Water Fund: The ending net position of the Water Fund increased from \$21,804,826 to \$22,684,922. The water utility rates have been set at a level that provides funding for major infrastructure improvements. The City is currently in the process of replacing miles of distribution lines that bring water into the City from the watershed. The City is also in the process of establishing a secondary water source to provide water in the event of wildfire or other natural disasters that may damage the watershed which is the sole source of water for the City.

BAKER CITY
Management's Discussion and Analysis
Year Ended June 30, 2020

Wastewater Fund: The ending net position of the Wastewater Fund increased from \$6,901,656 to \$7,566,501. The City is working on raising wastewater rates to a level that will provide funding for infrastructure improvements including construction costs and debt service for the future wastewater storage and effluent disposal project that is required by DEQ.

Golf Fund: The ending net position of the Golf Fund increased from \$1,136,627 to \$1,160,870. The golf course is operated by a concessionaire that works closely with City management in a joint effort to make this valuable city asset self-sustaining.

Building Inspections Fund: The ending net position of the Building Inspections Fund increased from \$348,334 to \$395,506 due to an increase in revenue from commercial and residential permit sales which was partially offset by an increase in personnel, contracted services, state surcharge fees, and other costs that increase in conjunction with an increase in permit sales.

BUDGETARY HIGHLIGHTS

The following are explanations for budget resolutions that were approved by City Council throughout the fiscal year to make changes to the 2019-20 adopted budget:

- The City established Ordinance No. 3370 allowing the General Fund to recover the costs of specific fire services for non-residents and as a result incurred an additional \$5,000 in overtime costs and \$11,600 in pass-through costs to agencies that provided mutual aid. Although these costs were offset by the related charges for services an additional \$16,500 was transferred from General Fund Contingency to the General Fund's Fire Department in order to appropriate the majority of these unanticipated costs.
- A fire command vehicle was in an automobile accident resulting in the other driver's insurance reimbursing the City for the \$1,000 deductible for the repairs. The \$1,000 was included in revenue and appropriated in the General Fund's Fire Department.
- The General Fund's Fire Department had approximately \$13,000 in unanticipated expenditures for the cost of vacation and comp benefits (including payroll taxes and other costs) which were paid on unplanned terminations. This resulted in a transfer of \$13,000 of General Fund Contingency to the General Fund's Fire Department.
- The airport aviation fueling station required unanticipated repairs of \$9,765 which resulted in appropriations being transferred from General Fund Contingency to the General Fund's Airport Department.
- The General Fund's Planning Department incurred \$1,000 in unanticipated personnel costs due to a higher than normal amount of site review services being requested from the Baker County Planning Department which resulted in the transfer of \$1,000 from General Fund Contingency to General Fund's Planning Department.
- In July 2019, the City entered into an intergovernmental agreement with Malheur County to provide plan review services due to a lack of certified plan reviewers in the Building Inspections Fund. The \$45,000 in permit revenue for these services was recognized and appropriated in the Building Inspections Fund's Building Inspections Department. In addition, the Building Inspections Fund collected an additional \$16,500 in State of Oregon surcharge fees which are required by law to be passed through to the State of Oregon. These state surcharge fees were added to revenue and appropriated in the Building Inspections Fund's Building Inspections Department.
- The State and Federal Grants Fund was awarded a Business Oregon Broadband grant to install fiber optics at the Elkhorn View Industrial Park. These special purpose grant funds of \$50,567 were carried over into the 2019-20 State and Federal Grants Fund revenue and were appropriated in the Elkhorn Industrial Park Improvements Department.
- The City was awarded a Certified Local Government grant of which \$4,000 was passed through to a downtown business. The business did not complete the requirements for the reimbursement until fiscal year 2019-20 so the \$4,000 special purpose grant was added to General Fund revenue and appropriated in the General Fund's Administrative Services Department.
- The Sam-O-Swim Center required significant and unforeseen repair costs for the heat exchangers in both the large pool and the training pool. The General Fund provides funding to the Sam-O-Swim Fund; therefore, \$25,000 was transferred from the General Fund Contingency to the Sam-O-Swim Fund as revenue and appropriations for Swimming Pool Operations in order to provide funding for these repairs and keep the swimming pools open to the public.

BAKER CITY
 Management's Discussion and Analysis
 Year Ended June 30, 2020

BUDGETARY HIGHLIGHTS (Continued)

The City's final amended General Fund budget for the fiscal year ended 2019-20 included Contingency of \$28,735 and Unappropriated Ending Fund Balance of \$941,631, for a total of \$970,366. The actual balance carried forward to 2019-20 was \$1,618,730. The difference of \$648,364 between the 2019-20 final revised budget and the 2019-20 actual revenue and expenditures is explained below:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Explanation of Significant Differences</u>
REVENUE				
Property Tax Revenue	\$ 2,853,835	\$ 3,176,857	\$ 323,022	Baker County delayed property tax turnovers due to litigation with property tax owners. Of the amount held \$117,552 was related to a potential refund credit but additional turnovers due were not made by the County until November 2019.
Franchise Taxes	923,902	944,540	20,638	Overall, the City received slightly more franchise revenue from franchisees except Century Link franchise taxes which continued to decline.
Intergovernmental	618,411	633,519	15,108	In the prior fiscal year, several intergovernmental revenue sources were received but not within two months of the fiscal year end and therefore, were not subject to accrual – Baker County 5J \$16,041, SAFER grant \$69,049 and Baker County for community development support \$22,000. These were offset in part by related intergovernmental revenue not received within two months of 6/30/20 – Baker County 5J \$29,090, SAFER grant \$52,529, and Baker County for EMS support \$16,412.
Charges for Services	925,150	1,172,233	247,083	Received approximately \$204,000 more in ambulance revenue due to an increase in call volume; additional Medicaid payments for new cost reimbursement program of \$80,322 and conservative budgeting. Received approx. \$45,000 in additional administrative fees than anticipated due to conservative budgeting.
Other Revenue	748,603	797,754	49,151	Slight differences in various other revenues.
Total Revenue Increase			<u>655,002</u>	
EXPENDITURES				
Personal Services	4,726,702	4,613,512	(113,190)	Savings in the Police Dept. of \$116,696 due to staff vacancy and variables in anticipated employee benefits chosen and PERS eligibility
Materials and Services	1,459,303	1,361,208	(98,095)	Savings in materials and services in cemetery \$20,000 and parks department \$11,000 due to complexity of estimating burials, irrigation issues, etc. Various other savings – Admin \$13,000, Police \$28,000, Fire \$11,000, Airport \$5,000 and small savings in other departments.
Capital Outlay	68,020	60,027	(7,993)	Minor savings in capital outlay \$1,800 for police vehicle and \$4,200 for generator prep work and \$2,250 in savings for City Hall heating system
Total Expenditures Decrease			<u>(219,278)</u>	
Operating Transfers In	23,005	15,392	(7,613)	Received less cemetery trust interest than anticipated due to declining interest rate.
Operating Transfers Out	(206,000)	(206,000)	-	Interfund transfers were made as budgeted.
Beginning Fund Balance	1,337,485	1,119,182	(218,303)	Less carryover from budgeted amount mainly due to timing on prior year revenues received including property taxes and intergovernmental revenues.
Budget and Actual Difference			<u>\$ 648,364</u>	

BAKER CITY
Management's Discussion and Analysis
Year Ended June 30, 2020

BUDGETARY HIGHLIGHTS (Continued)

- The City was awarded several unanticipated grants which included \$164,202 from Oregon Parks and Recreation Department; \$25,000 from the Leo Adler Foundation; and \$23,010 from the Ford Family Foundation to be used for the all-inclusive playground equipment at Geiser Pollman Park. These special purpose grants were appropriated in the State and Federal Grants Fund's Playground & Parks Improvement Department.
- The Building Inspections Fund incurred a significant increase in contracted electrical inspector costs and State of Oregon surcharge fees when an unanticipated solar farm was constructed in Baker County. These costs resulted in a transfer of \$60,000 in appropriations from contingency to Building Inspections.
- The State and Federal Grants Fund received \$15,000 in intergovernmental grant revenue which was appropriated for the installation of fiber optics and electrical conduit at the Elkhorn View Industrial Park. This project was carried over in to the fiscal year 2019-20 due to lengthy and unanticipated delays caused by the Union Pacific Railroad crossing.
- The General Fund's Hydro-Electric Plant Department incurred unanticipated repair costs of \$5,000 in order to rebuild leaking seals in the 1904 Pelton Wheel hydro-electricity generator. The \$5,000 in appropriations required for the repairs was transferred from the General Fund Contingency to the General Fund's Hydro-Electric Plant Department.

CAPITAL ASSET AND DEBT ACTIVITY

Capital asset activity for the fiscal year ended June 30, 2020 is summarized in the notes to the financial statements. The following is a summary of the assets purchased, constructed or received through contributions during the fiscal year:

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	\$ 278,414	\$ 896,463	\$ 1,174,877
Elkhorn View Industrial Park Broadband Install (Additional Costs)	25,817	-	25,817
Elkhorn View Industrial Park Conduit Install (Additional Costs)	48,391	-	48,391
Washington Avenue Overlay	153,493	-	153,493
Washington Avenue Curbs & Sidewalks	132,609	-	132,609
Police Generator Pad and Transfer Switch	21,653	-	21,653
South Taxiway Apron Rehabilitation Project (Additional Costs)	1,385,189	-	1,385,189
Rehabilitation of Runway #13-31 (In Process)	34,807	-	34,807
2012 F450 Lifeline Ambulance Including New Transmission	70,067	-	70,067
2008 Ram 5500 Diesel Bucket Truck	32,224	-	32,224
1986 Diesel Six-Wheel Truck	21,000	-	21,000
Samo Swim Main Pool Heat Exchanger	15,960	-	15,960
1999 Kenworth Dump Truck T800	39,187	-	39,187
2012 International Terrastar Service Truck	18,352	-	18,352
2018 RAM 5500 Bucket Truck	32,224	-	32,224
Cimline Crack Fill Machine	84,999	-	84,999
Metal Pipe Storage Shed (Split Water and Wastewater Funds)	-	18,252	18,252
Leo Adler Memorial Pathway Labyrinth (Donated to the City)	35,000	-	35,000
Geiser Pollman Park All-Inclusive Playground Equipment	282,984	-	282,984
Mountain Line Pipeline System Elk Creek to Forebay (Additional Costs)	-	455,412	455,412
Mountain Line Pipeline System Lil Salmon to Elk Creek (In Process)	-	682,302	682,302
GSI Groundwater Evaluation & Design (In Process)	-	159,490	159,490
8" Water Main Installation at Court Street (Additional Costs)	-	133,712	133,712
Water System Enhancements	-	167,502	167,502
Stormwater Pipe Curing Church – Madison	-	28,389	28,389
Wastewater Pipe Curing	-	152,938	152,938
H Street Wastewater Lift Station	-	232,219	232,219
Wastewater Lateral 1635 4th Street	-	10,135	10,135
Wastewater System Improvements	-	56,281	56,281
Effluent Water Storage and Disposal Design (In Process)	-	137,385	137,385
Effluent Water Storage and Disposal Land Purchase	-	123,017	123,017
Effluent Water Disposal Easement	-	37,900	37,900
2019 Chevrolet Tahoe PPV	60,000	-	60,000
2019 Dodge Charger Police AWD	40,000	-	40,000
2019 Dodge Charger Police AWD	40,000	-	40,000
Other Capital Asset Additions (Under \$10,000 Cost)	57,013	35,521	92,534
Total Capital Asset Additions	<u>\$ 2,909,383</u>	<u>\$ 3,326,918</u>	<u>\$ 6,236,301</u>

BAKER CITY
 Management's Discussion and Analysis
 Year Ended June 30, 2020

CONDITIONS AFFECTING THE CITY'S FINANCIAL SITUATION

The following are currently known facts, decisions, or conditions that are expected to have a significant impact on the City's financial health:

- Measure 50, a tax limitation measure, established a permanent property tax rate of \$6.3314 per \$1,000 of assessed value. Growth in existing assessed value is limited to a maximum of three percent per year plus new construction's assessed value. In addition, Measure 5 limits the combined property tax rates to \$10 for all local governments except schools. The annual increase in property taxes is not enough to keep up with annual salary, health insurance and PERS benefits cost increases discussed below. On June 13, 2017, the City enacted an ordinance to create a public safety fee to help overcome this shortfall. Effective July 1, 2017 the public safety fee was set at \$3.00 per month for residential and \$6.00 per month for commercial properties. The ordinance which enacted the public safety fee was sunset on June 30, 2020.
- AFSCME (Baker City Employees Association) was negotiated for a three-year period beginning July 1, 2019. The police union's collective bargaining agreement was negotiated for a three-year period beginning July 1, 2020. The fire union's collective bargaining agreement is currently under negotiations. Increases for non-represented staff have not been set for future years.

	<u>Police</u>	<u>Fire</u>	<u>AFSCME</u>
July 1, 2020			
Salary Increase	2.00%	TBD	2.50%
July 1, 2021			
Salary Increase	2.00%	TBD	2.50%
July 1, 2022			
Salary Increase	2.00%	TBD	TBD

- The PERS rates, which are set for a period of two years, continue to change. Oregon PERS board has announced the rates for the two-year period beginning July 1, 2021 to June 30, 2023. These rates are based on a December 31, 2019 valuation and are shown in the table below:

	<u>Tier 1 and Tier 2</u>	<u>OPSRP General Service</u>	<u>OPSRP Police & Fire</u>
July 1, 2019 to June 30, 2021	27.21%	18.11%	22.74%
July 1, 2021 to June 30, 2023	26.80%	20.33%	24.69%

These rates have decreased from the initial PERS advisory rates mainly due to the new member redirect. This new member redirect takes a portion of the employees' IAP contributions (paid by the City) and redirects them from the employees' IAP accounts to a new PERS stabilization account. Although all the rates are substantially lower than the estimate two of the three group rates will still have significant increases beginning July 1, 2021.

	<u>Employee Contribution Paid by City</u>	<u>IAP Member Redirect Offset</u>	<u>Net Contribution to Employee's IAP Accounts</u>
IAP Tier I/Tier II Employee Contribution	6.00%	-2.45%	3.55%
IAP OPSRP General Service Employee Contribution	6.00%	-0.70%	5.30%
IAP OPSRP Police and Fire Employee Contribution	6.00%	-0.70%	5.30%

- The Street Fund's resources continue to be a topic of discussion with the rapid decline of the City's over 60 miles of asphalt streets. Even with the passage of House Bill 2017 the gas tax revenue and property taxes that fund the Street Fund are not sufficient enough to stop the deterioration of the City's streets. In the year 2000, over 97% of the City's streets were in the 'Good' or 'Very Good' categories. The 2019 Pavement Management Plan highlighted the issue with only 52% of the City's streets remaining in the 'Good' or 'Very Good' categories.

BAKER CITY
Management's Discussion and Analysis
Year Ended June 30, 2020

CONDITIONS AFFECTING THE CITY'S FINANCIAL SITUATION (Continued)

- On March 8, 2016, Council adopted the Water Facilities Master Plan prepared by Murray, Smith & Associates (MSA). This plan included a comprehensive review and evaluation of the City's water systems and consideration of needed capital improvement for the transmission, treatment and distribution systems. MSA identified the need for \$6.2 million in capital improvement projects over the 5-year horizon and a potential of \$33.4 million over the 6 to 20-year horizon due to an aging infrastructure.
- Due to state and federal regulatory requirements the City's wastewater system will undergo significant modifications and improvements in the future. The City received a DEQ approved plan which includes the requirement for the City to switch from its current effluent disposal method of discharging into the Powder River to a land application disposal method. The current wastewater reserves and user rates will not be sufficient to fund these required enhancements. City staff estimates that the project costs to be could be up to \$9,000,000. City Council approved borrowing from the Department of Environmental Quality (DEQ) which could include up to \$500,000 of forgivable principal. It is estimated that after forgivable principal and current reserves the City may still require funding up to \$6,000,000 which would require an estimated annual debt payment of \$245,000. The DEQ would also require the City's wastewater rates to be increased to no less than \$30.86 per month.

REQUESTS FOR INFORMATION

The City's financial statements are designed to present the users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Director at PO Box 650, Baker City, OR 97814.



Basic Financial Statements

BAKER CITY
Statement of Net Position
Year Ended June 30, 2020

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS:			
Cash and Cash Equivalents	\$ 5,633,171	\$ 7,084,820	\$ 12,717,991
Trade and Other Receivables, net	1,421,240	542,509	1,963,749
Prepaid Items	15,020	11,289	26,309
Internal Balances	(575,406)	575,406	-
Inventories	323,565	-	323,565
Capital Assets (Net of Accumulated Depreciation):			
Land	2,136,671	1,503,077	3,639,748
Construction in Process	45,622	1,524,980	1,570,602
Buildings	2,005,073	207,937	2,213,010
Improvements Other than Buildings	320,885	37,411	358,296
Machinery and Equipment	1,531,903	363,646	1,895,549
Infrastructure	15,836,880	24,095,590	39,932,470
Other Assets	270,570	-	270,570
Total Assets	<u>28,965,194</u>	<u>35,946,665</u>	<u>64,911,859</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,155,583</u>	<u>702,542</u>	<u>2,858,125</u>
LIABILITIES:			
Accounts Payable	271,352	198,685	470,037
Accrued Payroll Taxes and Benefits Payable	226,707	92,597	319,304
Accrued Interest Payable	-	29,373	29,373
Customer Deposits and Other Payables	1,005	47,342	48,347
Notes Payable			
Due within One Year	38,311	73,336	111,647
Due in More than One Year	60,798	1,345,088	1,405,886
Compensated Absences Payable	268,254	104,201	372,455
Net Post-Employment Benefits Liability	270,942	88,305	359,247
Net Pension Liability	5,889,285	1,919,423	7,808,708
Total Liabilities	<u>7,026,654</u>	<u>3,898,350</u>	<u>10,925,004</u>
DEFERRED INFLOWS OF RESOURCES	<u>611,790</u>	<u>237,002</u>	<u>848,792</u>
NET POSITION:			
Net Investment in Capital Assets	21,777,925	26,314,217	48,092,142
Restricted:			
Cemetery Care	274,061	-	274,061
2089 Celebration	3,181	-	3,181
Street Trees	53,274	-	53,274
Wastewater Debt Reserve	-	275,000	275,000
Nonexpendable	782,954	-	782,954
Unrestricted	590,938	5,924,638	6,515,576
Total Net Position	<u>\$ 23,482,333</u>	<u>\$ 32,513,855</u>	<u>\$ 55,996,188</u>

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

BAKER CITY
Statement of Activities
Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
Governmental Activities:							
General Government	\$ 553,456	\$ 57,396	\$ 150	\$ -	\$ (495,910)	\$ -	\$ (495,910)
Public Safety	5,544,406	1,206,368	328,884	86,233	(3,922,921)	-	(3,922,921)
Highways and Streets	1,547,569	11,742	794,835	-	(740,992)	-	(740,992)
Culture and Recreation	343,895	124	5,019	283,513	(55,238)	-	(55,238)
Airport	253,358	7,483	-	1,406,427	1,160,552	-	1,160,552
Cemetery	157,655	65,886	-	-	(91,769)	-	(91,769)
Hydro-electric Plant	3,223	32,453	-	-	29,230	-	29,230
Economic and Community Development	302,940	-	46,000	307,222	50,282	-	50,282
Interest on Long Term Debt	1,782	-	-	-	(1,782)	-	(1,782)
Total Governmental Activities	8,708,284	1,381,452	1,174,888	2,083,396	(4,068,549)	-	(4,068,549)
Business-type Activities:							
Water Utility	2,174,860	2,917,345	-	-	-	742,485	742,485
Wastewater Utility	1,299,226	1,790,926	-	-	-	491,700	491,700
Golf Operation	69,645	-	-	-	-	(69,645)	(69,645)
Building Inspection	515,466	550,149	-	-	-	34,683	34,683
Total Business-type Activities	4,059,197	5,258,420	-	-	-	1,199,223	1,199,223
Total Government	\$ 12,767,481	\$ 6,639,872	\$ 1,174,888	\$ 2,083,396	(4,068,549)	1,199,223	(2,869,326)
General Revenues:							
Property Taxes					3,747,065	-	3,747,065
Franchise Taxes					944,540	-	944,540
Grants and Contributions Not Restricted to a Particular Program					306,849	-	306,849
Rental Income					38,657	60,388	99,045
Interest on Investments					115,694	146,923	262,617
SAIF Refund					23,739	-	23,739
Miscellaneous					49,681	247,841	297,522
Transfers:							
Operating					(40,000)	40,000	-
Total General Revenue and Transfers					5,186,225	495,152	5,681,377
Change in Net Position					1,117,676	1,694,375	2,812,051
Net Position - Beginning					22,364,657	30,819,480	53,184,137
Net Position - Ending					\$ 23,482,333	\$ 32,513,855	\$ 55,996,188

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

BAKER CITY
Balance Sheets
Governmental Funds
Year Ended June 30, 2020

	General Fund	State Tax Street Fund	LID Repayment Fund	State and Federal Grants Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	\$ 1,601,947	\$ 1,665,952	\$ 15,972	\$ 183,907	\$ 1,769,967	\$ 5,237,745
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	458,087	-	-	11,154	-	469,241
Interest Receivable	-	-	209	-	-	209
SAIF Refund Receivable	2,701	74	-	-	-	2,775
Prepaid Items	7,897	2,930	-	-	-	10,827
Taxes Receivable	204,382	47,854	-	-	6,838	259,074
Contracts and Special Assessments Receivable	-	-	125,417	178,335	-	303,752
Due From Other Funds	-	-	-	-	47,826	47,826
Advances to Other Funds	-	-	-	-	30,781	30,781
Intergovernmental Receivable	171,054	44,398	-	108,717	-	324,169
Other Assets	269,682	-	-	-	888	270,570
Total Assets	\$ 2,715,750	\$ 1,761,208	\$ 141,598	\$ 482,113	\$ 1,856,300	\$ 6,956,969
Liabilities:						
Accounts Payable	\$ 95,752	\$ 12,057	\$ -	\$ 31,252	\$ 25,327	\$ 164,388
Customer Deposit	1,000	-	-	-	-	1,000
Wages, Payroll Taxes and Benefits Payable	194,031	19,471	-	1,706	1,956	217,164
Other Payables	5	-	-	-	-	5
Due to Other Funds	-	-	28,193	-	8,005	36,198
Advances from Other Funds	-	-	14,478	-	8,144	22,622
Total Liabilities	290,788	31,528	42,671	32,958	43,432	441,377
Deferred Inflows of Resources	806,268	44,660	125,626	280,537	6,374	1,263,465
Fund Balances (Deficit):						
Nonspendable	269,682	-	-	-	783,842	1,053,524
Restricted for 2089 Celebration	-	-	-	-	3,181	3,181
Restricted for Cemetery Care	-	-	-	-	274,061	274,061
Restricted for Street Trees	-	-	-	-	53,274	53,274
Restricted for Community Development	-	-	-	-	17,391	17,391
Restricted for Car Seat Program	-	-	-	1,370	-	1,370
Restricted for COVID Relief	-	-	-	12,318	-	12,318
Committed for Cemetery Care	-	-	-	-	506,359	506,359
Committed for Sidewalks	-	-	-	-	44,807	44,807
Assigned for Street Trees	-	-	-	-	5,190	5,190
Assigned for Big Deal Grants	-	-	-	5,000	-	5,000
Assigned for Wellness	-	-	-	1,247	-	1,247
Assigned for Public Safety	-	-	-	70,802	-	70,802
Assigned for Airport	-	-	-	-	-	-
Assigned for Skate Park	-	-	-	30,065	-	30,065
Assigned for Fire Equipment	-	-	-	-	114,885	114,885
Assigned for Public Art	-	-	-	6,411	-	6,411
Assigned for Parks	-	-	-	41,274	-	41,274
Assigned for Streets	-	1,685,020	-	-	-	1,685,020
Unassigned	1,349,048	-	(26,699)	131	3,504	1,325,984
Total Fund Balance (Deficit)	1,618,730	1,685,020	(26,699)	168,618	1,806,494	5,252,163
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,715,786	\$ 1,761,208	\$ 141,598	\$ 482,113	\$ 1,856,300	\$ 6,957,005

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

BAKER CITY
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
Year Ended June 30, 2020

Total Fund Balances of Governmental Funds \$ 5,252,163

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds. 1,263,465

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.

Cost of Capital Assets	\$ 55,091,613	
Accumulated Depreciation	(33,214,579)	
		21,877,034

Certain items not due and payable in the current period are not reported in the governmental Funds:

Compensated Absences	(268,254)	
Capital Lease Obligations	(99,109)	
Net Other Post-Employment Benefit (OPEB) Liability	(270,942)	
Net Pension Liability	(5,889,285)	
		(6,527,590)

Internal service funds are proprietary-type funds and are not reported with the governmental funds. However, because internal service funds are expected to benefit primarily governmental activities, their assets, liabilities, and net position are reported along with governmental activities in the Statement of Net Position.

Current assets and interfund receivable	831,238	
Current liabilities and interfund payable	(51,714)	
		779,524

That portion of internal service fund net position arising from transactions with enterprise-type funds are included in internal balances between governmental activities and business-type activities on the Statement of Net Position. (706,056)

Certain items are either prepaid or not available to pay for current period expenditures and deferred or not reported in the governmental funds:

Deferred Outflows of Resources Related to Pension Obligations	2,126,362	
Deferred Inflows of Resources Related to Pension Obligations	(572,122)	
Deferred Outflows of Resources Related to OPEB Obligations	29,221	
Deferred Inflows of Resources Related to OPEB Obligations	(39,668)	
		1,543,793

Net Position of Governmental Activities		\$ <u>23,482,333</u>
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BAKER CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

Revenue:	General Fund	State Tax	LID	State and	Other	Total
		Street Fund	Repayment Fund	Federal Grants Fund	Governmental Funds	Governmental Funds
Taxes:						
Property	\$ 3,176,857	\$ 743,818	\$ -	\$ -	\$ 106,224	\$ 4,026,899
Franchise	944,540	-	-	-	-	944,540
Licenses and Permits	7,177	-	-	-	-	7,177
Intergovernmental	633,519	794,834	-	1,724,577	-	3,152,930
Charges for Services	1,172,233	11,505	-	844	-	1,184,582
Fines and Forfeitures	35,552	-	-	-	-	35,552
Rental Income	35,057	-	-	-	-	35,057
Interest and Dividends	26,646	30,872	5,527	3,189	39,909	106,143
SAIF Refund	23,739	-	-	-	-	23,739
Public Safety Fee	179,155	-	-	-	-	179,155
Miscellaneous	43,692	211	30,290	174,082	77,157	325,432
Total Revenue	<u>6,278,167</u>	<u>1,581,240</u>	<u>35,817</u>	<u>1,902,692</u>	<u>223,290</u>	<u>10,021,206</u>
Expenditures:						
Current:						
General Government	424,236	-	21	202	-	424,459
Public Safety	4,702,739	-	-	58,027	43,767	4,804,533
Highways and Streets	-	1,050,776	-	-	-	1,050,776
Sidewalks	-	-	-	-	27,969	27,969
Parks and Recreation	98,682	-	-	2,504	81,909	183,095
Airport	62,756	-	-	-	-	62,756
Cemetery	150,173	-	-	-	-	150,173
Hydro-electric Plant	1,134	-	-	-	-	1,134
Economic and Community Development	39,158	-	-	2,527	19,169	60,854
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	1,782	-	-	1,782
Capital Outlay:						
General Government	-	-	-	-	-	-
Public Safety	37,969	-	-	-	70,067	108,036
Highways and Streets	-	156,860	-	-	-	156,860
Curbs and Sidewalks	-	167,717	-	-	-	167,717
Parks and Recreation	6,628	-	-	282,984	30,473	320,085
Airport	13,758	-	-	1,419,996	-	1,433,754
Economic and Community Development	-	-	-	74,208	-	74,208
Hydro-electric Plant	7,943	-	-	-	-	7,943
Total Expenditures:	<u>5,545,176</u>	<u>1,375,353</u>	<u>1,803</u>	<u>1,840,448</u>	<u>273,354</u>	<u>9,036,134</u>
Excess (Deficit) of Revenues Over Expenditures	<u>732,991</u>	<u>205,887</u>	<u>34,014</u>	<u>62,244</u>	<u>(50,064)</u>	<u>985,072</u>
Other Financing Sources (Uses):						
Debt Service Payments	(42,835)	-	-	-	-	(42,835)
Transfers In	15,392	-	-	21,000	145,000	181,392
Transfers Out	(206,000)	-	-	-	(15,392)	(221,392)
Total Other Financing Sources (Uses)	<u>(233,443)</u>	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>129,608</u>	<u>(82,835)</u>
Net Change in Fund Balance	499,548	205,887	34,014	83,244	79,544	902,237
Fund Balances (Deficit) - Beginning	1,119,182	1,479,133	(60,713)	85,374	1,726,950	4,349,926
Fund Balances (Deficit) - Ending	<u>\$ 1,618,730</u>	<u>\$ 1,685,020</u>	<u>\$ (26,699)</u>	<u>\$ 168,618</u>	<u>\$ 1,806,494</u>	<u>\$ 5,252,163</u>

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

BAKER CITY
 Reconciliation of the Statement of Revenues and Changes in Fund Balances
 to the Statement of Activities
 Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds		\$ 902,237
Governmental funds defer revenue that does not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.		(430,217)
Capital outlays net of dispositions, are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.		
Capital Asset Additions	2,769,383	
Depreciation Expense	<u>(1,067,810)</u>	1,701,573
Proceeds from the issuance of long-term debt provide current financial resources and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases or decreases in noncurrent liabilities in the Statement of Net Position.		
Change in compensated absences payable	(17,107)	
Repayment of Capital Lease Obligation	<u>40,891</u>	23,784
Internal Service Funds are used by management to charge the costs of certain activities, such as inventory and fleet management. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(228,727)
That portion of the change in net position of internal service funds arising from transactions with business-type funds is an adjustment to internal balances between governmental activities and business-type activities on the Statement of Net Position.		(78,019)
Other post-employment benefit costs are determined based on actuarially determined amounts. The change in the actuarially determined liability amount is reported as an increase or decrease in the Statement of Net Position.		(15,816)
Pension costs are determined based on actuarially determined amounts. The change in the actuarially determined liability amount is reported as an increase or decrease in the Statement of Net Position.		<u>(757,139)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,117,676</u>

BAKER CITY
Statement of Net Position
Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Golf Course Operation	Building Inspections	Totals	
Assets:						
Current Assets:						
Cash and Cash Equivalents	\$ 4,212,700	\$ 2,314,246	\$ 16,978	\$ 540,896	\$ 7,084,820	\$ 395,392
Trade and Accounts Receivable, net	333,553	179,533	6,672	150	519,908	-
Prepaid Items	2,866	3,827	-	4,596	11,289	1,418
Special Assessments Receivable	-	3,477	-	-	3,477	-
Note Receivable	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	51,710
Inventories	-	-	-	-	-	323,565
Total Current Assets	4,549,119	2,501,083	23,650	545,642	7,619,494	772,085
Noncurrent Assets:						
Advances to Other Funds	-	-	-	-	-	59,153
Special Assessments Receivable	-	22,601	-	-	22,601	-
Capital Assets:						
Land	180,258	264,715	1,058,104	-	1,503,077	-
Construction in Process	972,050	552,930	-	-	1,524,980	-
Buildings	302,376	44,163	106,146	-	452,685	58,399
Improvements other than Buildings	-	-	381,790	-	381,790	-
Infrastructure	28,501,389	10,286,961	-	-	38,788,350	-
Machinery, Equipment, and Vehicles	410,335	529,378	327,180	47,766	1,314,659	3,076,726
Less: Accumulated Depreciation	(9,624,085)	(5,975,464)	(603,284)	(30,067)	(16,232,900)	(2,282,512)
Net Capital Assets	20,742,323	5,702,683	1,269,936	17,699	27,732,641	852,613
Total Noncurrent Assets	20,742,323	5,725,284	1,269,936	17,699	27,755,242	911,766
Total Assets	25,291,442	8,226,367	1,293,586	563,341	35,374,736	1,683,851
Deferred Outflows of Resources	408,369	256,603	704	36,866	702,542	63,612
Liabilities:						
Current Liabilities:						
Accounts Payable	119,745	41,759	491	36,690	198,685	42,170
Customer Deposits	47,342	-	-	-	47,342	-
Due to Other Funds	-	-	63,338	-	63,338	-
Wages, Payroll Taxes and Benefits Payable	55,041	28,894	66	8,596	92,597	9,543
Compensated Absences Payable	62,023	36,190	-	5,988	104,201	11,418
Accrued Interest Payable	29,373	-	-	-	29,373	-
Current Portion of Long Term Debt	73,336	-	-	-	73,336	-
Total Current Liabilities	386,860	106,843	63,895	51,274	608,872	63,131
Long-Term Liabilities:						
Notes Payable	1,345,088	-	-	-	1,345,088	-
Advances From Other Funds	-	-	67,312	-	67,312	-
Total Long-Term Liabilities	1,345,088	-	67,312	-	1,412,400	-
Other Liabilities:						
Other Post-Employment Benefits Liability	51,330	32,253	89	4,633	88,305	7,995
Net Pension Liability	1,115,709	701,068	1,924	100,722	1,919,423	173,793
Total Other Liabilities	1,167,039	733,321	2,013	105,355	2,007,728	181,788
Total Liabilities	2,898,987	840,164	133,220	156,629	4,029,000	244,919
Deferred Inflows of Resources	115,902	72,828	200	48,072	237,002	18,053
Net Position:						
Net Investment in Capital Assets	19,323,899	5,702,683	1,139,286	17,699	26,183,567	852,613
Restricted for Wastewater Debt Reserve	-	275,000	-	-	275,000	-
Unrestricted	3,361,023	1,588,818	21,584	377,807	5,349,232	631,878
Total Net Position	\$ 22,684,922	\$ 7,566,501	\$ 1,160,870	\$ 395,506	31,807,799	\$ 1,484,491
Adjustment to Reflect the Consolidation of Internal Service Fund Activity					706,056	
Net Position of Business-Type Activities					\$ 32,513,855	

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

BAKER CITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Golf Course Operation	Building Inspections	Totals	
Operating Revenue:						
Charges for Sales and Services	\$ 2,917,345	\$ 1,790,926	\$ -	\$ 550,149	\$ 5,258,420	\$ 746,622
Miscellaneous	92,191	154,883	-	767	247,841	509
Total Operating Revenue	3,009,536	1,945,809	-	550,916	5,506,261	747,131
Operating Expenses:						
Cost of Sales and Services	1,637,196	1,128,341	-	512,655	3,278,192	522,819
Depreciation	536,500	198,516	-	2,811	737,827	106,841
Total Operating Expenses	2,173,696	1,326,857	-	515,466	4,016,019	629,660
Operating Income (Loss)	835,840	618,952	-	35,450	1,490,242	117,471
Nonoperating Revenue (Expense):						
Gain (Loss) on Property and Equipment Sale	-	-	-	-	-	526
Investment Earnings	92,658	42,111	432	11,722	146,923	9,921
Intergovernmental Grants	-	-	-	-	-	-
Gain on Sale of Equipment	-	-	-	-	-	-
Rental Income	3,000	3,782	53,606	-	60,388	-
Contributions	-	-	-	-	-	-
Loss on Junked Equipment	-	-	-	-	-	-
Capital Grants and Donations	-	-	-	-	-	-
Rental Property - Maintenance	-	-	(15,776)	-	(15,776)	-
Rental Property - Depreciation	-	-	(49,899)	-	(49,899)	-
Interest Expense	(51,402)	-	(4,120)	-	(55,522)	-
Total Nonoperating Revenue (Expense)	44,256	45,893	(15,757)	11,722	86,114	10,447
Income (Loss) Before Transfers	880,096	664,845	(15,757)	47,172	1,576,356	127,918
Other Financing Sources (Uses):						
Transfers In	-	-	40,000	-	40,000	-
Total Other Financing Sources	-	-	40,000	-	40,000	-
Change in Net Position	880,096	664,845	24,243	47,172	1,616,356	127,918
Net Position - Beginning	21,804,826	6,901,656	1,136,627	348,334		1,356,573
Net Position - Ending	\$ 22,684,922	\$ 7,566,501	\$ 1,160,870	\$ 395,506		\$ 1,484,491
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					78,019	
Change in Net Position of Business-Type Activities					\$ 1,694,375	

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

BAKER CITY
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds					Governmental
	Water Utility	Wastewater Utility	Golf Course Operation	Building Inspections	Totals	Activities - Internal Service Funds
Cash From Operating Activities:						
Receipts from Customers and Users	\$ 2,971,885	\$ 1,763,847	\$ -	\$ 549,122	\$ 5,284,854	\$ 4,018
Receipts from Interfund Services Provided	-	-	-	-	-	742,604
Other Receipts	92,191	154,883	-	767	247,841	903
Payments to Suppliers	(319,104)	(186,578)	-	(275,069)	(780,751)	(336,207)
Payments to Employees	(788,824)	(568,478)	-	(201,130)	(1,558,432)	(176,496)
Payments for Interfund Services Used	(369,684)	(267,045)	-	(36,236)	(672,965)	(130)
Net Cash Provided (Used) by Operating Activities	<u>1,586,464</u>	<u>896,629</u>	<u>-</u>	<u>37,454</u>	<u>2,520,547</u>	<u>234,692</u>
Cash Flows From Non Capital Financing Activities:						
Advances and Transfers from (to) Other Funds	-	-	40,000	-	40,000	-
Repayments from LID for Line Extension	-	3,477	-	-	3,477	-
Repayments from (to) Other Funds	-	-	-	-	-	48,024
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>3,477</u>	<u>40,000</u>	<u>-</u>	<u>43,477</u>	<u>48,024</u>
Cash Flows From Capital and Related Financing Activities:						
Receipts from the Sale of Capital Assets	-	-	-	-	-	526
Acquisition/Construction of Capital Assets	(1,559,698)	(906,650)	(8,700)	-	(2,475,048)	(187,366)
Principal Paid on Long Term or Interfund Debt	(70,821)	-	(59,029)	-	(129,850)	-
Interest Paid on Long Term or Interfund Debt	(52,869)	-	(4,120)	-	(56,989)	-
Net Cash Provided (Used) by Capital Financing Activities	<u>(1,683,388)</u>	<u>(906,650)</u>	<u>(71,849)</u>	<u>-</u>	<u>(2,661,887)</u>	<u>(186,840)</u>
Cash Flows From Investing Activities:						
Rental Income	2,500	3,782	53,640	-	59,922	-
Expenses Rental Property	-	-	(17,268)	-	(17,268)	-
Interest on Investments	92,658	42,111	432	11,722	146,923	9,921
Net Cash Provided (Used) by Investing Activities	<u>95,158</u>	<u>45,893</u>	<u>36,804</u>	<u>11,722</u>	<u>189,577</u>	<u>9,921</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,766)	39,349	4,955	49,176	91,714	105,797
Cash and Cash Equivalents - Beginning	4,214,466	2,274,897	12,023	491,720	6,993,106	289,595
Cash and Cash Equivalents - Ending	<u>\$ 4,212,700</u>	<u>\$ 2,314,246</u>	<u>\$ 16,978</u>	<u>\$ 540,896</u>	<u>\$ 7,084,820</u>	<u>\$ 395,392</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income	\$ 835,840	\$ 618,952	\$ -	\$ 35,450	\$ 1,490,242	\$ 117,471
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	536,500	198,516	-	2,811	737,827	106,841
(Increase) Decrease in:	-	-	-	-	-	-
Accounts Receivable Related to Operating Activities						
Net of Allowance for Uncollectible Accounts	55,868	(27,079)	-	50	28,839	394
Prepaid Items	(2,348)	(3,309)	-	(4,595)	(10,252)	(1,418)
Inventories	-	-	-	-	-	(34,117)
Increase (Decrease) in:						
Customer Deposits	(1,328)	-	-	-	(1,328)	-
Accounts Payable Related to Operating Activities	6,944	12,453	-	9,414	28,811	25,149
Payroll Taxes, Benefits and Withholdings Payable	6,084	(6,245)	-	(1,593)	(1,754)	(594)
Compensated Absences Asset/Liability	(244)	6,765	-	1,710	8,231	2,293
Deferred Inflows Related to Building Permits	-	-	-	(1,078)	(1,078)	-
Net Change in Other Post-Employment Benefits Liability	2,967	2,063	-	(995)	4,035	146
Net Change in Pension Asset/Liabilities	146,181	94,513	-	(3,720)	236,974	18,527
Total Adjustments	<u>750,624</u>	<u>277,677</u>	<u>-</u>	<u>2,004</u>	<u>1,030,305</u>	<u>117,221</u>
Net Cash Provided by Operating Activities	<u>\$ 1,586,464</u>	<u>\$ 896,629</u>	<u>\$ -</u>	<u>\$ 37,454</u>	<u>\$ 2,520,547</u>	<u>\$ 234,692</u>

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

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Baker City is an Oregon municipal corporation governed by a separately elected seven- member council, which includes a mayor. The current City Charter was adopted May 16, 2000 and is a Council-Manager form of Government. The accompanying financial statements present the City in its entirety. There are no other entities for which the City is considered to be financially accountable.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all activities of the City of Baker City, except fiduciary activities. Eliminations have been made to minimize the double counting of interfund 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) operating grants and contributions that are restricted to a particular function or segment and (3) capital grants or contributions that are restricted to a particular function or segment. Revenues that are not classified as program revenues, including property taxes and franchise taxes, are presented as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants, donations and similar items are recognized as revenues in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within two months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures related to compensated absences, claims and judgments and pension liabilities are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds.

Property taxes, franchise taxes, intergovernmental revenues, licenses, grants, airport revenue, ambulance revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- The State Tax Street Fund accounts for gas tax apportionments from the State of Oregon. These funds are designated by State law for use in maintenance of the City's street system. It also accounts for property taxes allocated by the City to be used for maintenance and repair of the City's street system.
- The LID Repayment Fund is used to track the payments and outstanding balances of local improvement district receivables.
- The State and Federal Grants Fund is used to track the receipt and disbursement of grant dollars.

The City reports the following major proprietary funds:

- The Water Utility Fund accounts for the operation and maintenance of the City's Water service and distribution facilities.
- The Wastewater Utility Fund accounts for the operation and maintenance of the City's sewer system including the collection lines and the sewage treatment lagoons.
- The Golf Course Operation Fund accounts for the revenues and expenses from the lease of the City's 18-hole golf course.
- The Building Inspections Fund accounts for county-wide building inspection activity.

Additionally, the City reports the following fund types:

- Special revenue funds account for funds restricted to a particular purpose. These include property taxes allocated to swimming pool operation, revenues dedicated to cemetery operation and improvements and revenues dedicated to economic and community development.
- The capital projects fund accounts for the accumulation of money for major fire and emergency medical supply (EMS) equipment purchases.
- Internal service funds account for fleet and inventory management provided to other departments or agencies of the City on a cost reimbursement basis.
- The City has three permanent funds: the One Hundred Year Trust Fund, the Mt. Hope Trust Fund and the Anthony Silvers Street Tree Trust Fund. The One Hundred Year Trust Fund was started with donations in 1989 and will be used to accumulate money to fund a public amenity, fund a community celebration in the year 2089, and provide seed money for another one-hundred-year trust. By city ordinance the Mt. Hope Trust Fund's trust corpus cannot be spent but the investment earnings are to be used for cemetery maintenance. The Anthony Silvers Street Tree Trust Fund was created by a bequest from Anthony Silvers and its corpus can never be spent but the investment earnings are to be used for planting and/or replanting of street trees within the City of Baker City.
- The debt service reserve fund was established to meet the Oregon Department of Environmental Quality's (DEQ) Clean Water State Revolving Fund loan requirements. These loan proceeds will be used for the City's wastewater treatment and effluent disposal improvement project that is currently in process.

The City has applied Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement codifies certain FASB and AICPA Pronouncements into GASB authoritative literature.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. For example, the General Fund charges other funds for centralized expenses. The revenue and expenses in the General Fund are reduced by the centralized expenses that are charged to other funds. Exceptions to this general rule are payments-in-lieu of franchise taxes and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 Water Utility, Wastewater Utility, and the Building Inspections funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, interest expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. For example, the revenue and expenses associated with the lease of the City's 18-hole golf course are non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Assets, Liabilities, and Net Position or Fund Balance

Cash, Cash Equivalents and Investments

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

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the City consisted of the State Treasurer's Investment Pool (LGIP). The City's investments are stated at cost which approximates fair value.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated for each type of receivable based on past collection history. Property taxes receivable are deemed to be 100% collectible as they are secured by a lien on real property with foreclosure proceedings to commence at four years past due.

Property taxes are levied July 1 on property values assessed as of January 1. The tax levy is divided into three installments: the first installment is due on November 15; the second installment is due February 15 and the third installment is due May 15. The taxes are considered past due after May 15, at which time the applicable property is subject to penalties and interest.

Inventories

All inventories are valued using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The construction of the U.V. treatment facility was funded in part by a \$1,750,000 note payable to the State of Oregon – Infrastructure Finance Authority. The interest accrued of \$7,251 while the U.V. treatment facility was under construction was included in the capitalized value of the asset.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives: Buildings & Improvements, 25-40 years; Land Improvements, 10-20 years; Machinery & Equipment, 5-10 years; Vehicles, 5-10 years; Utility Systems, 25-40 years; Infrastructure, 20-40 years.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. Vacation liabilities are accrued when earned.

Long-Term Obligations

In the government-wide financial statements and fund financial statements (proprietary funds) long-term debt and other long-term obligations are reported as liabilities of the applicable governmental activities. Business-type discounts and issuance costs are deferred and amortized over the life of the debt using the effective interest method. Debt payable is reported net of the applicable bond premium or discount. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize issuance costs, as well as premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Government-Wide Statements

Fund balance is classified as net position and displayed in the following four components:

- Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted net position – Consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.
- Nonexpendable – Includes permanent endowments and permanent fund principal amounts and is required to be retained in perpetuity.

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

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Fund Financial Statements

Proprietary fund balance is classified the same as in the government-wide statements. Governmental fund balance is classified in the following categories:

- Nonspendable – amounts that are not in a spendable form (such as inventory and electric cooperative capital credits) or are required to remain intact (such as the corpus of an endowment fund).
- Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed – amounts constrained to specific purposes by the City itself at the highest level of authority. This generally occurs by the adoption of an ordinance by the City Council.
- Assigned – amounts the City intends to use for a specific purpose. Assignment can be made by the designation of revenue sources to a particular fund, such as franchise fees designated to be received by the Street Fund, by informal motion of the City Council or by decision of management.
- Unassigned – amounts that are available for any purpose.

When more than one class of fund balance is available it is the City's policy to first expend the fund balance from the class with the highest level of restriction. Restricted fund balance is comprised of the following:

The will of John Schmitz bequeathed a sum of money to the City to be used exclusively to benefit Mt. Hope Cemetery. Ordinance No. 2663 requires that the John Schmitz Memorial Trust Funds be maintained for cemetery purposes and that the income earned from investments be used for maintenance, upkeep, improvements or other benefits of the cemetery. This is accomplished by transferring interest income into the General Fund. The City annually spends significantly more than this interest amount for cemetery maintenance.

On November 15, 1989, the City entered into a trust agreement which established the One- Hundred-Year Trust Fund. The terms of this agreement require the principal and interest to accumulate for 100 years. In the year 2089 the funds are to be used for a community-wide celebration, \$5,000 to establish the next One-Hundred-Year Trust Fund and construction of a public amenity related to public recreation.

The will of Anthony Silvers bequeathed a sum of money to the City and provided that the principal thereof be perpetually maintained in an account designated as the Anthony Silvers Street Tree Trust Fund and that the income thereof be used solely for the purpose of the planting and/or replanting of street trees within the City of Baker City.

Amounts restricted for community development and car seats were restricted by their grantors.

Use of Estimates

The preparation of the City's general-purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates.

Defining Operating Revenues and Expenses

The City's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of City's water, wastewater, and building inspection operations consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with Oregon Local Budget Law for Municipal Corporations for all funds. All annual appropriations lapse at fiscal year-end.

Before June 30, the proposed budget is presented to the City's budget committee for review. The Committee holds public hearings, makes changes as approved by the majority, and then approves the budget. The budget then goes to the City Council for an additional hearing, final changes and approval. The final budget must be prepared and adopted no later than June 30.

The budget is prepared by fund and program unit. The government's department heads may make transfers of appropriations within a program unit. Transfers of appropriations between program units require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the program unit, and where there is no clearly defined program unit legal budgetary control is by fund and category. The Council made several transfers of budgetary appropriations throughout the year.

Deficit Fund Balance

As of June 30, 2020, the LID Repayment Fund had a deficit fund balance of \$26,699. This deficit was funded through an interfund loan. On the budgetary basis of accounting the LID Repayment Fund did not have a deficit fund balance.

NOTE 3. DEPOSITS AND INVESTMENTS

At June 30, 2020, the City's carrying amount of deposits was \$369,031 and the bank balance was \$510,821. In addition, the City had \$11,331 of cash on hand. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no formal investment policy but does follow the requirements of Chapter 295 of the Oregon Revised Statutes (ORS) for managing custodial credit risk. Effective July 1, 2008, the Oregon State Treasurer became responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts. ORS Chapter 295 requires depository banks to deposit with a third-party bank custodian, securities which have a value of 10%, 25% or 110% of public funds on deposit in excess of FDIC insurance limits depending on the capitalization level of the depository bank. This collateral is to be in the name of the Oregon State Treasurer (Treasurer). Should a bank holding public funds in amounts in excess of FDIC insurance limits fail, the Treasurer shall have the authority to recover losses of public funds due to the bank failure from the collateral pledged by the failed bank to the Treasurer and if there is a deficiency, recover the deficient amount from collateral pledged by all banks participating in the public funds deposit collateral program. All of the City's banks participate in this program; however, since the collateral is not held in the City's name, deposits in excess of FDIC insurance are still considered to be exposed to custodial credit risk. As of June 30, 2020 the City's bank deposit balance was categorized by custodial credit risk as follows: Insured by FDIC, \$310,008; Uninsured and uncollateralized, \$200,813; Total, \$510,821.

At June 30, 2020, the City had an investment of \$12,337,629 in the Oregon Short Term Fund (OSTF), an external investment pool administered by the Oregon State Treasurer. The OSTF is regulated under the statutes of the State of Oregon (ORS 294.805-294.895). The OSTF invests in US Agency Securities, Corporate Bonds, Commercial Paper and Certificates of Deposit. The City considers its investment in the OSTF to be a cash equivalent since there is no limitation on the withdrawal of these funds.

Insured by Federal Deposit Insurance Corporation (FDIC)	\$ 310,008
Uninsured and Uncollateralized	<u>200,813</u>
Total	<u><u>\$ 510,821</u></u>

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 4. RECEIVABLES

Receivables as of year-end for the City's governmental individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities						
	General Fund	Street Fund	LID Repayment Fund	State and Federal Grants Fund	Non-Major and Other Funds	Total
Trade Accounts	\$ 631,058	\$ 5,324	\$ -	\$ 11,154	\$ -	\$ 647,536
Property Taxes	204,382	47,854	-	-	6,838	259,074
Franchise Taxes	35,581	-	-	-	-	35,581
Intergovernmental	235,848	41,968	-	108,717	-	386,533
Special Assessments	-	-	-	178,335	-	178,335
LID Receivables	-	-	125,417	-	-	125,417
Interest	-	-	209	-	-	209
Totals	<u>1,106,869</u>	<u>95,146</u>	<u>125,626</u>	<u>298,206</u>	<u>6,838</u>	<u>1,632,685</u>
Allowance for Uncollectibles	<u>(208,551)</u>	<u>(2,894)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(211,445)</u>
Total Receivables	<u>\$ 898,318</u>	<u>\$ 92,252</u>	<u>\$ 125,626</u>	<u>\$ 298,206</u>	<u>\$ 6,838</u>	<u>\$ 1,421,240</u>

Internal Service Funds had no trade account receivables at year-end.

Receivables as of year-end for the City's individual business-type major funds, including the applicable allowances for uncollectible accounts, are as follows:

Business-Type Activities					
	Water Utility Fund	Wastewater Utility Fund	Golf Course Operation Fund	Building Inspection Fund	Total
Trade Accounts	\$ 347,955	\$ 182,828	\$ 6,672	\$ -	\$ 537,455
Special Assessments, Current	-	3,477	-	-	3,477
Special Assessments, Noncurrent	-	22,601	-	-	22,601
Intergovernmental	-	-	-	150	150
Totals	<u>347,955</u>	<u>208,906</u>	<u>6,672</u>	<u>150</u>	<u>563,683</u>
Allowance for Uncollectibles	<u>(14,402)</u>	<u>(6,772)</u>	<u>-</u>	<u>-</u>	<u>(21,174)</u>
Total Receivables	<u>\$ 333,553</u>	<u>\$ 202,134</u>	<u>\$ 6,672</u>	<u>\$ 150</u>	<u>\$ 542,509</u>

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 5. CAPITAL ASSETS

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

Governmental Activities				
	July 1			June 30
	Balance	Increases	Decreases	Balance
<i>Capital Assets, Not Being Depreciated:</i>				
Construction in Process	\$ 278,414	\$ 45,622	\$ (278,414)	\$ 45,622
Land	2,136,671	-	-	2,136,671
Total Capital Assets, Not Being Depreciated	<u>2,415,085</u>	<u>45,622</u>	<u>(278,414)</u>	<u>2,182,293</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings	5,640,559	12,601	-	5,653,160
Improvements Other Than Buildings	119,151	311,265	-	430,416
Machinery and Equipment	5,678,263	446,784	(117,603)	6,007,444
Infrastructure	38,725,189	2,093,111	-	40,818,300
Total Capital Assets, Being Depreciated	<u>50,163,162</u>	<u>2,863,761</u>	<u>(117,603)</u>	<u>52,909,320</u>
<i>Less Accumulated Depreciated For:</i>				
Buildings	3,517,524	130,562	-	3,648,086
Improvements Other Than Buildings	107,499	2,032	-	109,531
Machinery and Equipment	4,359,983	233,161	(117,603)	4,475,541
Infrastructure	24,279,366	702,055	-	24,981,421
Total Accumulated Depreciation	<u>32,264,372</u>	<u>1,067,810</u>	<u>(117,603)</u>	<u>33,214,579</u>
Net Capital Assets, Being Depreciated	<u>17,898,790</u>	<u>1,795,951</u>	<u>-</u>	<u>19,694,741</u>
Net Capital Assets - Governmental Activities	<u>\$ 20,313,875</u>	<u>\$ 1,841,573</u>	<u>\$ (278,414)</u>	<u>\$ 21,877,034</u>

As of June 30, 2020, construction in process for governmental activities of \$45,622 is comprised of the following projects: the airport runway rehabilitation project in process of \$34,807; the First Street stormwater mainline upsized project in process of \$4,277; and the Geiser Pollman park dumpster pad project in process of \$6,538.

Business-Type Activities				
	July 1			June 30
	Balance	Increases	Decreases	Balance
<i>Capital Assets, Not Being Depreciated:</i>				
Construction in Process	\$ 1,442,266	\$ 979,177	\$ (896,463)	\$ 1,524,980
Land	1,342,160	160,917	-	1,503,077
Total Capital Assets, Not Being Depreciated	<u>2,784,426</u>	<u>1,140,094</u>	<u>(896,463)</u>	<u>3,028,057</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings	434,433	18,252	-	452,685
Improvements Other Than Buildings	381,790	-	-	381,790
Machinery and Equipment	1,284,959	29,700	-	1,314,659
Infrastructure	36,649,477	2,138,872	-	38,788,349
Total Capital Assets, Being Depreciated	<u>38,750,659</u>	<u>2,186,824</u>	<u>-</u>	<u>40,937,483</u>
<i>Less Accumulated Depreciated For:</i>				
Buildings	234,489	10,238	-	244,727
Improvements Other Than Buildings	332,913	11,466	-	344,379
Machinery and Equipment	883,586	67,447	-	951,033
Infrastructure	13,994,185	698,575	-	14,692,760
Total Accumulated Depreciation	<u>15,445,173</u>	<u>787,726</u>	<u>-</u>	<u>16,232,899</u>
Net Capital Assets, Being Depreciated	<u>23,305,486</u>	<u>1,399,098</u>	<u>-</u>	<u>24,704,584</u>
Net Capital Assets - Business-Type Activities	<u>\$ 26,089,912</u>	<u>\$ 2,539,192</u>	<u>\$ (896,463)</u>	<u>\$ 27,732,641</u>

As of June 30, 2020, construction in process for business-type activities of \$1,524,980 is comprised of \$552,930 for the wastewater effluent disposal project; \$277,813 for the groundwater evaluation and design project; \$11,935 for the water management and conservation plan; and \$682,302 for the Mountain Line improvement project.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 42,372
Hydro-Electric Plant	2,053
Public Safety	135,940
Highway and Streets, Including General Infrastructure Assets	429,147
Culture and Recreation	154,077
Economic and Community Development	3,859
Airport	188,945
Cemetery	4,576
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on the Usage of the Asset	106,841
Total Depreciation Expense - Governmental Activities	<u>\$ 1,067,810</u>
Business-Type Activities	
Water Utility	\$ 536,500
Wastewater Utility	198,516
Building Inspections	2,811
Golf Operations	49,899
Total Depreciation Expense - Business-Type Activities	<u>\$ 787,726</u>

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable	Payable	
Equipment and Vehicle Fund	Golf Course Operations Fund	\$ 43,705
Anthony Silvers Street Tree Trust	LID Repayment Fund	28,193
Mt Hope Trust	Golf Course Operations Fund	19,633
Equipment and Vehicle Fund	Sam-O-Swim Maintenance Fund	8,005
		<u>\$ 99,536</u>

Advances from/to other funds (interfund loans due after one year);

Advances From	Advances To	
Equipment and Vehicle Fund	Golf Course Operations Fund	\$ 51,009
Anthony Silvers Street Tree Trust	LID Repayment Fund	14,478
Mt Hope Trust	Golf Course Operations Fund	16,303
Equipment and Vehicle Fund	Sam-O-Swim Maintenance Fund	8,144
		<u>\$ 89,934</u>

Interfund balances are primarily used to fund activities that would normally be financed with loans from outside sources. The City has determined that it is in the City's economic interest for the City funds with excess cash to loan money to funds short on cash and pay interest internally rather than pay interest to outsiders.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Routine transfers made during the year ended June 30, 2020 are as follows:

Transferred From	Transferred To	Purpose		
General Fund	State/Federal Grants Fund	Operations	\$	21,000
General Fund	Enterprise Funds	Operations		40,000
General Fund	Non-Major Governmental Funds	Operations		145,000
Non-Major Governmental Funds	General Fund	Operations		15,392
			<u>\$</u>	<u>221,392</u>

The City uses interfund transfers on a routine basis to transfer interest earnings from the permanent funds to be used for cemetery maintenance; for matching grant funds; to transfer funds to pay for capital assets.

NOTE 7. CONTRACTS, NOTES AND CAPITAL LEASE OBLIGATIONS

Governmental Activities

Capital lease obligation payable to The Bancorp in 3 annual installments of \$20,970 including interest at 3.714 interest. Due in December, 2021. Secured by Police Department vehicle. Total capitalized value of \$60,000, plus a \$2,909 interest factor.

Capital lease obligation payable to The Bancorp in 4 annual installments of \$21,865 including interest at 5.134 interest. Due in December, 2022. Secured by 2 Police Department vehicle. Total capitalized value of \$80,000, plus a \$7,460 interest factor.

Governmental long-term liability activity for the year was as follows:

Governmental Activities					
	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Compensated Absences	\$ 251,147	\$ 307,165	\$ (290,058)	\$ 268,254	\$ 268,254
Capital Lease Obligations	-	140,000	(40,891)	99,109	38,311
Totals	<u>\$ 251,147</u>	<u>\$ 447,165</u>	<u>\$ (330,949)</u>	<u>\$ 367,363</u>	<u>\$ 306,565</u>

The following is a summary of the debt maturities of the governmental activity long-term debt:

Debt Maturities					
Year	Interest	Principal	Total Payment	June 30 Balance	
2020-21	\$ 4,524	\$ 38,311	\$ 42,835	\$ 60,798	
2021-22	2,834	40,001	42,835	20,797	
2022-23	1,068	20,797	21,865	-	
Totals	<u>\$ 8,426</u>	<u>\$ 99,109</u>	<u>\$ 107,535</u>		

The compensated absences liability for the Internal Service Funds is \$11,418 and is included in the above totals for governmental activities.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 7. CONTRACTS, NOTES AND CAPITAL LEASE OBLIGATIONS (Continued)

Business-Type Activities

Note Payable to the Oregon Infrastructure Finance Authority (IFA) for \$1,750,000 dated May 16, 2014 for the construction of the U.V. Treatment Facility, the first annual installment of \$130,940 was due December 1, 2015 with annual installments of \$123,690 due December 1, thereafter, including interest at 3.55%. The note payable is secured by the pledge of the City's full faith and credit and taxing power within the limitations of Article XI, section 11 and 11b, of the Oregon Constitution and by the "Net Revenues" of the City's water system after payment of operation and maintenance costs of the system.

Business-type long-term liability activity for the year was as follows:

Business-Type Activities					
	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Compensated Absences	\$ 95,971	\$ 101,092	\$ (92,862)	\$ 104,201	\$ 104,201
Note Payable	1,489,245	-	(70,821)	1,418,424	73,336
Totals	\$ 1,585,216	\$ 101,092	\$ (163,683)	\$ 1,522,625	\$ 177,537

The following is a summary of the debt maturities of the business-type activity long-term debt:

Debt Maturities					
Year	Interest	Principal	Total Payment	June 30 Balance	
2020-21	\$ 50,354	\$ 73,336	\$ 123,690	\$ 1,345,088	
2021-22	47,750	75,939	123,689	1,269,149	
2022-23	45,055	78,635	123,690	1,190,514	
2023-24	42,263	81,427	123,690	1,109,087	
2024-25	39,373	84,317	123,690	1,024,770	
2026-2030	149,784	468,666	618,450	556,104	
2031-2035	60,473	556,104	616,577	-	
Totals	\$ 435,052	\$ 1,418,424	\$ 1,853,476		

NOTE 8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters for which the City carries commercial insurance. There have been no significant decreases in coverage from the prior year and settlements have not exceeded coverage in the past three years. The City obtains most of its insurance coverage through Citycounty Insurance Services (CIS) under an insurance pooling arrangement in which many cities and counties in Oregon participate. The City maintains a retrospective liability plan with CIS for its general liability insurance. This type of plan provides for a reduced upfront premium cost with the City repaying CIS for any liability claims up to a set amount each plan year. The City has a related contingent liability of \$68,036 for the plan year ended June 30, 2020 and \$77,308 for the plan year ended June 30, 2019. The City also has a contingent liability for future claims (including certain claims with no statute of limitations) that may be filed related to plan years ending June 30, 2018 and prior of \$265,429, where a contingent liability still remains. The City believes that any such future payments will not be significant.

Subsequent Events

Subsequent to year end but before the date of the audit report, the City entered into a contract for the construction of a new sewage treatment plant. This contract is expected to cost the City \$5.6 million.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In the governmental fund statements, amounts that will not be collected within two months of the fiscal year end are considered deferred inflows. These amounts include past due property taxes, franchise fees, intergovernmental revenues, ambulance revenue and trade accounts receivable.

Amounts shown on the government-wide financial presentation consist of the following:

Source	Governmental Activities		Business-Type Activities		Total Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Obligations	\$ 2,126,362	\$ 572,122	\$ 693,018	\$ 186,465	\$ 2,819,380	\$ 758,587
OPEB Obligations	29,221	39,668	9,524	11,929	38,745	51,597
Building Permits Unearned Revenue	-	-	-	38,608	-	38,608
Totals	\$ 2,155,583	\$ 611,790	\$ 702,542	\$ 237,002	\$ 2,858,125	\$ 848,792

In the proprietary fund and government-wide statements deferred inflows and outflows relate to pension activity, other post-employment retirement plans (OPEB) and building permits with outstanding inspections. For purposes of measuring the net pension liability; the net OPEB liability; deferred outflows of resources and deferred inflows of resources related to pensions and OPEB; pension expense; OPEB expense; information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and the Retiree Health Insurance Account (RHIA) and additions to/deductions from OPERS's fiduciary net position (OPERS and RHIA) have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms and investments are reported at fair value.

Total OPEB Liability, deferred inflows and deferred outflows of resources related to OPEB, and OPEB expenses for the City's Implicit Rate Subsidy Plan have been determined by an actuarial valuation prepared by Milliman in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75. For this purpose, deferred outflows of resources relate to the expected benefit payments (related to the estimated additional health care cost for active employees) in the current fiscal year.

Building permit revenue (including plumbing, mechanical and electrical permits) received by June 30, 2020 are considered deferred inflows if building inspections required by those permits are still outstanding at June 30, 2020. Deferred inflows for these permits are estimated by multiplying the estimated number of inspections remaining by the inspection billing rate. Revenue is recognized in the Building Inspection Fund as outstanding inspections for building permits are completed.

Governmental funds report deferred inflows of resources in connection with receivables when revenues are not considered available to pay liabilities for the fiscal period ended June 30. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Governmental Activities	
Trade Accounts Receivable	\$ 258,810
Intergovernmental Receivable	189,539
Delinquent Property Taxes	241,473
Special Assessments Not Due	178,335
Local Improvement District Receivables Not Due	125,417
Interest Receivable	209
Oregon Trail Electric Cooperative Capital Credits	269,682
Total Unearned Revenues	\$ 1,263,465

Of these deferred revenues, the Oregon Trail Electric Cooperative capital credits (recorded as an Other Asset) of \$269,682 special assessments receivable in the amount of \$178,335 and the local improvement district receivables of \$125,417 are not expected to be collected within one year.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB On Financials
Net OPEB Asset (Liability)	\$ -	\$ 67,366	\$ 67,366
Contributions After the Measurement Date	10,081	2,237	12,318
Total OPEB Liability	426,612	-	426,612
Deferrences Between Expected and Actual Experience	-	8,884	8,884
Net Difference Between Projected and Actual Earnings	-	4,158	4,158
Changes in Proportionate Share	-	175	175
Change in Assumptions	(39,309)	70	(39,239)
OPEB Expense (Credit) *	40,805	(8,544)	32,261

* Included in program expenses on the Statement of Activities

Implicit Rate Subsidy Plan

General Information – Plan Description

The City’s defined benefit postemployment healthcare plan is administered by Citycounty Insurance Services (CIS), a public entity insurance trust. CIS was formed by the League of Oregon Cities and the Association of Oregon Counties to meet the risk management and employee benefit needs of Oregon cities, counties and other eligible local governments. The CIS Board of Trustees administers the CIS Trust which includes the CIS Property/Casualty Trust and the two CIS Benefits trusts: EBS (cities) and AOCIT (counties). The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. Implicit employer subsidies generally represent the increase in premiums the City must pay on behalf of its active employees as a consequence of providing access to retirees’ OPEB.

Funding Policy

The City has not established a trust fund to supplement the cost for the net OPEB obligation. Contribution requirements are negotiated between the City and union representatives. Eligible members receiving postemployment benefits are responsible for all their healthcare premiums.

Benefits Provided

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

Inactive Employees or Beneficiaries Receiving Benefits	3
Active Employees	63
Total	<u>66</u>

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

The City's total OPEB liability of \$426,612 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. For the fiscal year ended June 30, 2020, the City recognized OPEB expense from this plan of \$40,805. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the entry age actuarial cost method with Service Cost expressed as a level percent of pay, an amount actuarially determined in accordance with the guidance of GASB Statement No. 75. The Present Value of Benefits is the present value of projected benefits (projected costs less retiree contributions) discounted at the valuation interest rate. Under the Entry Age Actuarial Cost Method, the Present Value of Benefits is allocated over the service for each active employee from the date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent multiplied by pay is referred to as the Service Cost, and is that portion of the Present Value of Benefits attributable to an employee's service in a current year. The Service Cost equals \$0 for retired members.

At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

OPEB - Implicit Rate Subsidy Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 12,583	\$ -
Changes of Assumptions	12,964	39,309
Employer Contributions Subsequent to the Measurement Date	10,081	-
Totals	\$ 35,628	\$ 39,309

Deferred outflows of resources related to OPEB of \$10,081 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Implicit Rate Subsidy Plan	
Year Ended	Amount
June 30	
2021	\$ (2,275)
2022	(2,275)
2023	(2,275)
2024	(2,275)
2025	(2,275)
Thereafter	(2,387)
Total	\$ (13,762)

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Assumption	Entry Age Normal
Inflation Rate	2.50 percent
Investment Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Healthcare Cost Trend Rate	Medical and vision: 7% per year decreasing to 4.75%. Based on a model circulated by the Society of Actuaries.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, Beginning	\$ 392,281
Changes for the Year:	
Service Cost	27,285
Interest on Total OPEB Liability	15,795
Effect of Changes to Benefit Terms	-
Effect of Economic/Demographic Gains or Losses	-
Effect of Assumptions Changes or Inputs	14,301
Benefit Payments	(23,050)
Balance, Ending	<u>\$ 426,612</u>

The Total OPEB Liability is the Present Value of Benefits less the actuarial present value of future Service Costs and represents the liabilities allocated to service up to the valuation date. For retirees, the Total OPEB Liability is equal to the Present Value of Benefits.

Change in assumptions is the result of the change in the discount rate from 3.87% to 3.50%.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the Total OPEB Liability

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

Implicit Rate Subsidy Plan			
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Discount Rate			
Total OPEB Liability	\$ 466,760	\$ 426,612	\$ 389,607
	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Healthcare Cost Trend			
Total OPEB Liability	\$ 375,939	\$ 426,612	\$ 486,417

PERS Retirement Health Insurance Account (RHIA)

Plan Description

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post- employment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. OPERS issues publicly available financial statements and required supplementary information. That report may be obtained online at 2020-CAFR.pdf (oregon.gov).

Benefits Provided

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

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the July 1, 2018 actuarial valuation. The City's 2019-20 contribution rate which is based on a percentage of payroll is 0.06%. The City's total contributions for the year ended June 30, 2020 were \$2,237.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

At June 30, 2020, the City reported an asset of \$67,366 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2020. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2020, the City's proportionate share was 0.03486%, a decrease from its proportion of 0.03647% as of June 30, 2019. For the year ended June 30, 2020, the City recognized an OPEB expense credit of \$8,544. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan as follows:

OPEB - PERS RHIA	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 8,884
Changes of Assumptions	-	70
Net Difference Between Projected and Actual Earnings	-	4,158
Changes in Proportionate Share	879	175
Employer Contributions Subsequent to the Measurement Date	2,237	-
Totals	\$ 3,116	\$ 13,287

Deferred outflows of resources related to OPEB of \$2,237 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

PERS RHIA	
Year Ended	
June 30	Amount
2021	\$ (6,478)
2022	(5,630)
2023	(728)
2024	428
2025	-
Thereafter	-
Total	\$ (12,408)

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Methods and Assumptions

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

Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>
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All other actuarial methods and assumptions are consistent with those disclosed for the OPERS Pension Plan. See Note 4 Pension Plan/Actuarial Assumptions for additional information on actuarial assumptions and methods; the long-term expected rate of return; and the discount rate.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.2%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1- percentage-point lower (6.2%) or 1-percentage-point higher (8.2%) than the current rate:

	PERS RHIA		
	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (52,226)	\$ (67,366)	\$ (80,266)

OPEB Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report available online at 2020-CAFR.pdf (oregon.gov).

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 11. PUBLIC EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS

General Information - Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (PERS or the System) a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003.

The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS' issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits provided

Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit is a result.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

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

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 11. PUBLIC EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS (Continued)

OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

- Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

Benefits

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

Disability Benefits

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

Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

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

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

Death Benefits

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

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 11. PUBLIC EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS (Continued)

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation which became effective July 1, 2020. Employer contributions for the year ended June 30, 2020 were \$861,866, excluding amounts to fund employer specific liabilities. Additional contributions of \$225,018 were made to the OPSRP IAP for the year ended June 30, 2020.

The rates in effect for the fiscal year ended June 30, 2020 were 22.00 percent for Tier One/Tier Two Members, 15.13 percent for OPSRP Pension Program General Service Members, 19.76 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2020, the City reported a liability of \$7,808,708 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was 0.04514329 percent, which was increased from its proportion of 0.04164206 percent measured as of June 30, 2019.

For the year ended June 30, 2020, the City's recognized pension expense (income) of \$1,011,840. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 430,627	\$ -
Changes of Assumptions	1,059,340	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	221,369
Changes in Proportionate Share	333,242	474,363
Differences Between Employer Contributions and Employer's Proportionate Share of System Contributions	134,305	62,855
Employer Contributions Subsequent to the Measurement Date	861,866	-
Totals	<u>\$ 2,819,380</u>	<u>\$ 758,587</u>

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ 813,135	\$ 151,324
2022	533,150	483,102
2023	387,298	166,888
2024	194,099	(45,242)
2025	29,832	2,515
Thereafter	-	-
Total	<u>\$ 1,957,514</u>	<u>\$ 758,587</u>

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 11. PUBLIC EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS (Continued)

Actuarial Assumptions

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

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

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

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2017 Experience Study which reviewed experience for the four-year period ending on December 31, 2017.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 11. PUBLIC EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS (Continued)

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation *	Annual Arithmetic Return	Compounded Annual Return (Geometric)	Standard Deviation
Core Fixed Income	8.00%	3.59%	3.49%	4.55%
Short-Term Bonds	8.00%	3.42%	3.38%	2.70%
Bank/Leveraged Loans	3.00%	5.34%	5.09%	7.50%
High Yield Bonds	1.00%	6.90%	6.45%	10.00%
Large/Mid Cap US Equities	15.75%	7.45%	6.30%	16.25%
Small Cap US Equities	1.31%	8.49%	6.69%	20.55%
Micro Cap US Equities	1.31%	9.01%	6.80%	22.90%
Developed Foreign Equities	13.13%	8.21%	6.71%	18.70%
Emerging Market Equities	4.12%	10.53%	7.45%	27.35%
Non-US Small Cap Equities	1.88%	8.67%	7.01%	19.75%
Private Equity	17.50%	11.45%	7.82%	30.00%
Real Estate (Property)	10.00%	6.15%	5.51%	12.00%
Real Estate (REITS)	2.50%	8.26%	6.37%	21.00%
Hedge Fund of Funds - Diversified	2.50%	4.36%	4.09%	7.80%
Hedge Fund - Event-driven	0.63%	6.21%	5.86%	8.90%
Timber	1.88%	6.37%	5.62%	13.00%
Farmland	1.88%	6.90%	6.15%	13.00%
Infrastructure	3.75%	7.54%	6.60%	14.65%
Commodities	1.86%	5.43%	3.84%	18.95%
Total	100.00%			
Assumed Inflation - Mean			2.50%	1.85%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20- year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values.

GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

BAKER CITY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 11. PUBLIC EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS (Continued)

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.20 percent) or 1-percent higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,504,953	\$ 7,808,708	\$ 3,878,598

Pension Plan Fiduciary Net Position

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

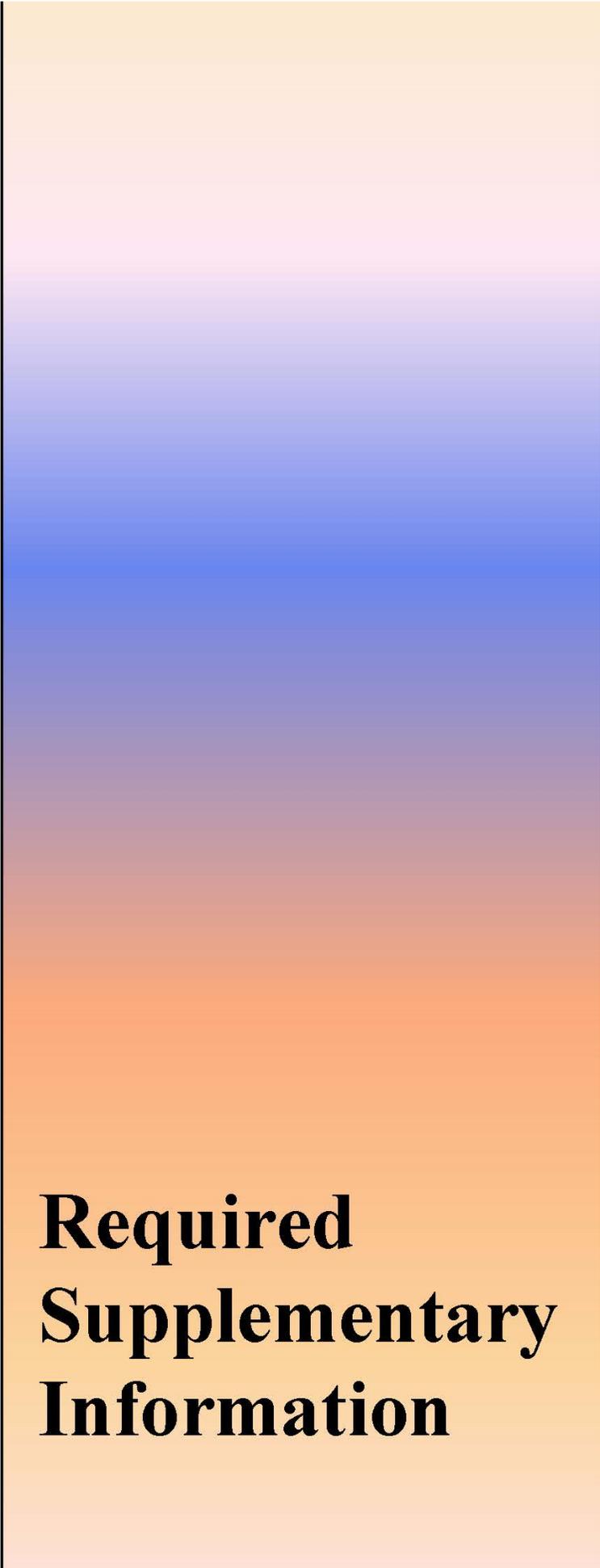
Commitments, Contingencies and Subsequent Events

Accrued liabilities do not include sick leave of approximately \$703,293 which was earned as of June 30, 2020, but is payable only for absences from work under the City's sick leave plan.

Amounts received or receivable from grants agencies are subject to audit 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 that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is involved in certain other legal matters that, in the opinion of the City's legal counsel, will not have a material adverse effect on the financial condition of the City.

As of February 15, 2017, the City entered into a Mutual Agreement and Order (MAO) with the Department of Environmental Quality (DEQ) to maintain compliance with regards to the discharge of its adequately treated wastewaters into the Powder River. This MAO requires the City to complete an alternate method of disposal of its treated wastewater, as approved by DEQ, prior to December 27, 2021. The City's current timeline to complete its DEQ approved wastewater storage and effluent disposal project will meet the DEQ's required date of completion. In the event the City does not meet the deadline or obtain an appropriate extension of time, the MOA sets the fines at \$1,600 per day for each day of non-compliance after the deadline date.



**Required
Supplementary
Information**

BAKER CITY
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
GENERAL FUND					
Revenue:					
Property Taxes	\$ 2,853,835	\$ 2,853,835	\$ 3,176,857	\$ -	\$ 3,176,857
Franchise Taxes	923,902	923,902	944,540	-	944,540
Licenses and Permits	9,325	9,325	7,177	-	7,177
Intergovernmental	614,411	618,411	633,519	-	633,519
Charges for Services	925,150	925,150	1,172,233	-	1,172,233
Fines and Forfeitures	40,500	40,500	35,552	-	35,552
Rental Income	33,000	33,000	35,057	-	35,057
Interest and Dividends	24,000	24,000	26,646	-	26,646
SAIF Refund	-	-	23,739	-	23,739
Public Safety Fee	180,000	180,000	179,155	-	179,155
Miscellaneous	61,778	61,778	43,692	-	43,692
Overhead Charges to Other Funds	400,000	400,000	446,736	(446,736)	-
Total Revenues	6,065,901	6,069,901	6,724,903	(446,736)	6,278,167
Expenditures:					
General Government:					
Administration	1,212,894	1,216,894	1,207,676	(846,736)	360,940
Planning	63,000	64,000	63,296	-	63,296
Total General Government	1,275,894	1,280,894	1,270,972	(846,736)	424,236
Public Safety:					
Police	2,352,693	2,352,693	2,159,007	400,000	2,559,007
Fire	2,157,527	2,188,027	2,181,701	-	2,181,701
Total Public Safety	4,510,220	4,540,720	4,340,708	400,000	4,740,708
Parks	121,161	121,161	105,310	-	105,310
Airport	66,736	76,501	76,514	-	76,514
Cemetery	174,452	174,452	150,173	-	150,173
Hydro Electric Plant	9,772	14,772	9,077	-	9,077
Community Development	45,525	45,525	39,158	-	39,158
Operating Contingency	100,000	28,735	-	-	-
Total Expenditures	6,303,760	6,282,760	5,991,912	(446,736)	5,545,176
Excess (Deficit) of Revenues Over Expenditures	(237,859)	(212,859)	732,991	-	732,991
Other Financing Sources (Uses):					
Debt Service Payments	-	-	(42,835)	-	(42,835)
Transfers In	23,005	23,005	15,392	-	15,392
Transfers Out	(181,000)	(206,000)	(206,000)	-	(206,000)
Total Other Financing Sources (Uses)	(157,995)	(182,995)	(233,443)	-	(233,443)
Net Change in Fund Balance	(395,854)	(395,854)	499,548	-	499,548
Fund Balance, July 1, 2019	1,337,485	1,337,485	1,119,182	-	1,119,182
Fund Balance, June 30, 2020	\$ 941,631	\$ 941,631	\$ 1,618,730	\$ -	\$ 1,618,730

BAKER CITY
 Budgetary Comparison Schedule – State Tax Street Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
STATE TAX STREET FUND					
Revenue:					
Taxes	\$ 637,296	\$ 637,296	\$ 743,818	\$ -	\$ 743,818
Intergovernmental	860,540	860,540	794,834	-	794,834
Charges for Services	15,000	15,000	11,505	-	11,505
Interest	25,000	25,000	30,872	-	30,872
Miscellaneous	200	200	211	-	211
Total Revenues	<u>1,538,036</u>	<u>1,538,036</u>	<u>1,581,240</u>	<u>-</u>	<u>1,581,240</u>
Expenditures:					
Maintenance	1,113,801	1,113,801	761,447	-	761,447
Storm Water Maintenance	217,298	217,298	74,096	-	74,096
Preventative Maintenance	706,947	706,947	363,918	-	363,918
Street Lighting	105,526	105,526	93,916	-	93,916
Snow and Ice Control	100,445	100,445	79,822	-	79,822
Street Construction	7,040	7,040	2,154	-	2,154
Operating Contingency	195,000	195,000	-	-	-
Total Expenditures	<u>2,446,057</u>	<u>2,446,057</u>	<u>1,375,353</u>	<u>-</u>	<u>1,375,353</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(908,021)</u>	<u>(908,021)</u>	<u>205,887</u>	<u>-</u>	<u>205,887</u>
Net Change in Fund Balance	(908,021)	(908,021)	205,887	-	205,887
Fund Balance, July 1, 2019	<u>1,570,259</u>	<u>1,570,259</u>	<u>1,479,133</u>	<u>-</u>	<u>1,479,133</u>
Fund Balance, June 30, 2020	<u>\$ 662,238</u>	<u>\$ 662,238</u>	<u>\$ 1,685,020</u>	<u>\$ -</u>	<u>\$ 1,685,020</u>

BAKER CITY
 Budgetary Comparison Schedule – LID Repayment Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
LID REPAYMENT FUND					
Revenue:					
Interest	\$ 250	\$ 250	\$ 209	\$ 5,318	\$ 5,527
Special Assessments/LID Repayments	18,750	18,750	35,608	(5,318)	30,290
Total Revenues	<u>19,000</u>	<u>19,000</u>	<u>35,817</u>	<u>-</u>	<u>35,817</u>
Expenditures:					
Administration	900	900	21	-	21
Debt Service	-	-	-	1,782	1,782
Total Expenditures	<u>900</u>	<u>900</u>	<u>21</u>	<u>1,782</u>	<u>1,803</u>
Excess (Deficit) of Revenues Over Expenditures	18,100	18,100	35,796	(1,782)	34,014
Other Financing Sources and (Uses):					
Interfund Loan Transfers Out	(24,600)	(24,600)	(24,600)	24,600	-
Total Other Financing Uses	<u>(24,600)</u>	<u>(24,600)</u>	<u>(24,600)</u>	<u>24,600</u>	<u>-</u>
Net Change in Fund Balance	(6,500)	(6,500)	11,196	22,818	34,014
Fund Balance (Deficit), July 1, 2019	<u>6,500</u>	<u>6,500</u>	<u>4,777</u>	<u>(65,490)</u>	<u>(60,713)</u>
Fund Balance (Deficit), June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,973</u>	<u>\$ (42,672)</u>	<u>\$ (26,699)</u>

BAKER CITY
 Budgetary Comparison Schedule – State and Federal Grants Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
STATE & FEDERAL GRANTS FUND					
Revenue:					
Intergovernmental	\$ 1,611,162	\$ 1,840,931	\$ 1,724,577	\$ -	\$ 1,724,577
Charges for Services	1,100	1,100	844	-	844
Interest	3,168	3,168	3,189	-	3,189
Miscellaneous	108,917	156,147	174,082	-	174,082
Total Revenues	1,724,347	2,001,346	1,902,692	-	1,902,692
Expenditures:					
Administration	2,199	2,199	202	-	202
Public Safety	94,728	94,728	58,027	-	58,027
Transportation and Streets	1,589,162	1,589,162	1,419,996	-	1,419,996
Parks and Recreation	126,621	338,833	285,488	-	285,488
Economic/Community Development	36,000	101,567	76,735	-	76,735
Operating Contingency	46,713	46,713	-	-	-
Total Expenditures	1,895,423	2,173,202	1,840,448	-	1,840,448
Excess (Deficit) of Revenues Over Expenditures	(171,076)	(171,856)	62,244	-	62,244
Other Financing Sources:					
Transfers In	21,000	21,000	21,000	-	21,000
Total Other Financing Sources	21,000	21,000	21,000	-	21,000
Net Change in Fund Balance	(150,076)	(150,856)	83,244	-	83,244
Fund Balance, July 1, 2019	250,381	250,381	85,374	-	85,374
Fund Balance, June 30, 2020	\$ 100,305	\$ 99,525	\$ 168,618	\$ -	\$ 168,618

BAKER CITY
Supplemental Pension and OPEB Information
Year Ended June 30, 2020

Schedule of Proportionate Share of the Net Pension Liability

Year End	City's Percentage of the Net Pension Liability	City's Proportion of the Net Pension Liability	City's Covered Payroll	City's Proportion of the Net Pension Liability as a Percentage of Covered Payroll	Plan Net Position as a Percentage of Total Pension Liability
2020	0.04514329%	\$ 7,808,708	\$ 3,796,321	205.69%	75.80%
2019	0.00416421%	6,308,225	3,763,135	167.63%	80.20%
2018	0.04692670%	6,325,737	3,611,905	175.14%	82.10%
2017	0.04763956%	7,151,804	3,557,881	201.01%	83.10%
2016	0.05454563%	3,131,716	3,370,480	92.92%	80.50%
2015	0.05671163%	(1,285,491)	3,466,206	-37.09%	91.90%
2014	0.05671163%	2,894,078	3,431,864	84.33%	103.60%

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

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

Schedule of Contributions

Year End	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 861,866	\$ 861,866	\$ -	\$ 3,750,306	22.98%
2019	703,176	703,176	-	3,796,321	18.52%
2018	705,752	705,752	-	3,763,135	18.75%
2017	547,839	547,839	-	3,611,905	15.17%
2016	556,962	556,962	-	3,557,881	15.65%
2015	468,775	468,775	-	3,370,480	13.91%
2014	486,539	486,539	-	3,466,206	14.04%

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

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

Note:

Details and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System, which was published on July 24, 2019.

This report can be found at: www.oregon.gov/pers/documents/exp_study_2018.pdf

BAKER CITY
Supplemental Pension and OPEB Information
Year Ended June 30, 2020

Schedule of Proportionate Share of the Net OPEB Liability (RHIA)

Year End	City's Percentage of the Net OPEB Liability	City's Proportion of the Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportion of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Net Position as a Percentage of Total OPEB Liability
2020	0.0349%	\$ (67,366)	\$ 3,796,321	-1.7963%	150.10%
2019	0.0365%	(40,706)	3,763,135	-1.0817%	144.00%
2018	0.0356%	(14,860)	3,611,905	-0.4114%	124.00%
2017	0.0376%	10,200	3,557,881	0.2867%	108.90%

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

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

Schedule of Changes in Total OPEB Liability (Implicit Rate Subsidy Plan)

	2020	2019	2018
Service Cost	\$ 27,285	\$ 27,730	\$ 29,752
Interest on Total OPEB Liability	15,795	14,695	12,445
Effect of Changes to Benefit Terms	-	-	-
Effect of Economic/Demographic Gains or (Losses)	-	15,475	-
Effect of Assumption Changes or Inputs	14,301	(26,213)	(25,820)
Benefit Payments	(23,050)	(43,919)	(37,321)
Net Change in OPEB Liability	34,331	(12,232)	(20,944)
Total OPEB Liability - Beginning	392,281	404,513	425,457
Total OPEB Liability - Ending	<u>\$ 426,612</u>	<u>\$ 392,281</u>	<u>\$ 404,513</u>
City's Covered Payroll	\$ 3,750,306	\$ 3,763,135	\$ 3,611,905
Total OPEB Liability as a Percentage of Covered Payroll	11.38%	10.42%	11.20%

The amounts presented for the measurement period reported during the fiscal years June 30, 2020 and June 30, 2019 were actuarially determined at July 1, 2018 valuations and were rolled forward to the measurement date using standard actuarial techniques. The amounts presented for the measurement period reported during the fiscal years June 30, 2018 were actuarially determined at July 1, 2016 valuations and were rolled forward to the measurement date using standard actuarial techniques.

This schedule is presented to illustrate the requirements for a period of 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported. Therefore, historical information will be presented in the future as it becomes available.

BAKER CITY
Notes to Required Supplementary Information
Year Ended June 30, 2020

BUDGET TO GAAP RECONCILIATION

Sections of Oregon Revised Statutes (Oregon Budget Law) require most transactions to be budgeted on the modified accrual basis of accounting. However, there are certain transactions where the statutory budget requirements conflict with generally accepted accounting principles (GAAP). The following discusses the differences between the budget basis and GAAP basis of accounting for the General Fund and the major special revenue funds.

	General Fund	State Tax Street Fund	LID Repayment Fund	State and Federal Grants Fund
Net Change in Fund Balance - Budget Basis	\$ 499,548	\$ 205,887	\$ 11,196	\$ 83,244
<i>Budget resources not qualifying as revenues or other financing sources under GAAP:</i>				
Interest included in LID repayments received is reclassified to interest income.	-	-	-	-
Indirect and other cost reimbursements received are reported as revenues or other financing sources on a budget basis. Such receipts are reclassified as a reduction of expenditures on a GAAP basis.	(446,736)	-	-	-
<i>Budget expenditures not qualifying as expenditures or other financing uses under GAAP:</i>				
Indirect and other costs reimbursed are reported as expenditures or other financing uses on a budget basis. Such disbursements are reclassified as a reduction of revenues and other financing sources on a GAAP basis.	446,736	-	-	-
Loans or loan payments made to other funds are reported as an other financing use (transfer) on a budget basis. Such loans are reclassified as either interfund loans payable (current portion) or advances from other funds (long-term portion) or, as a reduction in interfund loans payable or advances from other funds. The interest portion of interfund loans repaid is reclassified to debt service.	-	-	22,818	-
<i>Budget expenditures reclassified under GAAP:</i>				
911 dispatch expenditures of \$400,000 were budgeted as General Fund administration expenditures and were reclassified to Public Safety for GAAP basis.	-	-	-	-
Net Change in Fund Balance - GAAP Basis	\$ 499,548	\$ 205,887	\$ 34,014	\$ 83,244



**Other
Supplementary
Information**

BAKER CITY
Other Supplementary Information
Non-Major Governmental Funds
Year Ended June 30, 2020

Non-Major Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

- Sam-O Swim Maintenance Levy Fund: This fund accounts for property tax collections used for the maintenance of the City swimming pool.
- John Schmitz Memorial Trust Fund: This fund accounts for monies left to the City by the late John Schmitz. His will designated these monies to be used for the cemetery. The earnings are transferred to the General Fund which uses them to pay for cemetery operations.
- Tree City Fund: This fund accounts for sidewalk variance fees and OTEC tree vouchers designated for street tree planting.
- Sidewalk Utility Fund: This fund accounts for sidewalk utility fees. The fees are transferred to this fund to be used for grants to repair and replace existing public sidewalks and for City sidewalk projects.
- Elkhorn View Industrial Park Economic and Community Development Fund: This fund was created by City Council Resolution No. 3829 effective January 8, 2019. It is used to account for proceeds from the sale of property in the Elkhorn View Industrial Park which are designated by City Council Resolution No. 3823 to be used for economic and community development projects in the City of Baker City.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds.

- Fire Equipment Reserve Fund: This fund is used to account for the acquisition of major pieces of firefighting or EMS equipment.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

- Mt Hope Trust Fund: The principal is restricted by City ordinance but the interest earned on the corpus is transferred to the General Fund and used for cemetery maintenance.
- One Hundred Year Trust: This fund is an investment account that started with donations in 1989 and will be used to accumulate interest to fund a community celebration and build a public amenity in 2089 as well as provide seed money for another 100-year trust.
- Anthony Silvers Street Tree Trust: This fund was created by a bequest from Anthony Silvers. The principal can never be expended but the interest earned on the corpus is to be used solely for the purpose of the planting and/or replanting of street trees within the City of Baker City.

BAKER CITY
Non-Major Special Revenue Funds
Combining Balance Sheet
Year Ended June 30, 2020

	Special Revenue				Elkhorn View Ind Park Econ & Comm. Dev. Fund	Capital Projects	Permanent Funds			Total Nonmajor Governmental Funds
	Samo Swim Maintenance Fund	John Schmitz Trust Fund	Tree City Fund	Sidewalk Utility Fund		Fire Equipment Reserve Fund	Mount Hope Trust Fund	One Hundred Year Trust Fund	Anthony Silvers Street Tree Trust Fund	
Assets:										
Cash and Cash Equivalents	\$ 23,256	\$ 274,061	\$ 5,390	49,435	19,891	120,989	470,423	3,181	803,341	\$ 1,769,967
Interest Receivable	-	-	-	-	-	-	-	-	-	-
Intergovernmental Receivable	-	-	-	-	-	-	-	-	-	-
Accounts Receivable (Net of Allowance)	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-
Taxes Receivable	6,838	-	-	-	-	-	-	-	-	6,838
Due from Other Funds	-	-	-	-	-	-	19,633	-	28,193	47,826
Advances to Other Funds	-	-	-	-	-	-	16,303	-	14,478	30,781
Other Investments	-	-	-	-	-	-	888	-	-	888
Total Assets	\$ 30,094	\$ 274,061	\$ 5,390	\$ 49,435	\$ 19,891	\$ 120,989	\$ 507,247	\$ 3,181	\$ 846,012	\$ 1,856,300
Liabilities:										
Accounts Payable	\$ 2,737	\$ -	\$ 200	4,002	2,500	6,104	\$ -	\$ -	9,784	\$ 25,327
Due to Other Funds	8,005	-	-	-	-	-	-	-	-	8,005
Advances from Other Funds	8,144	-	-	-	-	-	-	-	-	8,144
Accrued Payroll Taxes	1,330	-	-	626	-	-	-	-	-	1,956
Total Liabilities	20,216	-	200	4,628	2,500	6,104	-	-	9,784	43,432
Deferred Inflows of Resources	6,374	-	-	-	-	-	-	-	-	6,374
Fund Balance:										
Restricted for 2089 Celebration	-	-	-	-	-	-	-	3,181	-	3,181
Restricted for Cemetery Care	-	274,061	-	-	-	-	-	-	-	274,061
Restricted for Street Trees	-	-	-	-	-	-	-	-	53,274	53,274
Restricted for Econ. & Community Dev.	-	-	-	-	17,391	-	-	-	-	17,391
Committed for Cemetery Care	-	-	-	-	-	-	506,359	-	-	506,359
Committed for Sidewalks	-	-	-	44,807	-	-	-	-	-	44,807
Assigned for Street Trees	-	-	5,190	-	-	-	-	-	-	5,190
Assigned for Interfund Loan Payment	-	-	-	-	-	-	-	-	-	-
Assigned for Fire Equipment	-	-	-	-	-	114,885	-	-	-	114,885
Assigned for Samo Swim Maintenance	-	-	-	-	-	-	-	-	-	-
Unassigned	3,504	-	-	-	-	-	-	-	-	3,504
Nonspendable	-	-	-	-	-	-	888	-	782,954	783,842
Total Fund Balance (Deficit)	3,504	274,061	5,190	44,807	17,391	114,885	507,247	3,181	836,228	1,806,494
Total Liabilities, Deferred Inflows and Fund Balance (Deficit)	\$ 30,094	\$ 274,061	\$ 5,390	\$ 49,435	\$ 19,891	\$ 120,989	\$ 507,247	\$ 3,181	\$ 846,012	\$ 1,856,300

BAKER CITY
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2020

	Special Revenue				Capital Projects	Permanent Funds			Total Nonmajor Governmental Funds	
	Samo Swim Maintenance Fund	John Schmitz Trust Fund	Tree City Fund	Sidewalk Utility Fund	Elkhorn View Ind Park Econ & Comm. Dev. Fund	Fire Equipment Reserve Fund	Mount Hope Trust Fund	One Hundred Year Trust Fund		Anthony Silvers Street Tree Fund
Revenue:										
Taxes	\$ 106,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,224
Interest	366	5,811	103	1,247	468	2,668	10,789	67	18,390	39,909
Miscellaneous	-	-	1,005	-	-	76,002	-	-	150	77,157
Total Revenue	<u>106,590</u>	<u>5,811</u>	<u>1,108</u>	<u>1,247</u>	<u>468</u>	<u>78,670</u>	<u>10,789</u>	<u>67</u>	<u>18,540</u>	<u>223,290</u>
Expenditures:										
Public Safety	-	-	-	-	-	113,834	-	-	-	113,834
Community Development	-	-	401	-	5,415	-	-	-	13,353	19,169
Sidewalks	-	-	-	27,969	-	-	-	-	-	27,969
Parks and Recreation	112,382	-	-	-	-	-	-	-	-	112,382
Total Expenditures	<u>112,382</u>	<u>-</u>	<u>401</u>	<u>27,969</u>	<u>5,415</u>	<u>113,834</u>	<u>-</u>	<u>-</u>	<u>13,353</u>	<u>273,354</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(5,792)</u>	<u>5,811</u>	<u>707</u>	<u>(26,722)</u>	<u>(4,947)</u>	<u>(35,164)</u>	<u>10,789</u>	<u>67</u>	<u>5,187</u>	<u>(50,064)</u>
Other Financing Sources (Uses):										
Transfers In	35,000	-	-	-	-	110,000	-	-	-	145,000
Transfers Out	-	(5,811)	-	-	-	-	(9,581)	-	-	(15,392)
Total Other Financing Sources (Uses)	<u>35,000</u>	<u>(5,811)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>(9,581)</u>	<u>-</u>	<u>-</u>	<u>129,608</u>
Net Change in Fund Balance	29,208	-	707	(26,722)	(4,947)	74,836	1,208	67	5,187	79,544
Fund Balance (Deficit), July 1, 2019	<u>(25,704)</u>	<u>274,061</u>	<u>4,483</u>	<u>71,529</u>	<u>22,338</u>	<u>40,049</u>	<u>506,039</u>	<u>3,114</u>	<u>831,041</u>	<u>1,726,950</u>
Fund Balance (Deficit), June 30, 2020	<u>\$ 3,504</u>	<u>\$ 274,061</u>	<u>\$ 5,190</u>	<u>\$ 44,807</u>	<u>\$ 17,391</u>	<u>\$ 114,885</u>	<u>\$ 507,247</u>	<u>\$ 3,181</u>	<u>\$ 836,228</u>	<u>\$ 1,806,494</u>

BAKER CITY
 Budgetary Comparison Schedule
 Sam-O-Swim Maintenance Fund/John Schmitz Trust Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
SAMO SWIM MAINTENANCE FUND					
Revenue:					
Taxes	\$ 94,666	\$ 94,666	\$ 106,224	\$ -	\$ 106,224
Interest	100	100	366	-	366
Total Revenues	<u>94,766</u>	<u>94,766</u>	<u>106,590</u>	<u>-</u>	<u>106,590</u>
Expenditures:					
Samo Swim Center	93,928	118,928	111,748	-	111,748
Operating Contingency	2,418	2,418	-	-	-
Debt Service	-	-	-	634	634
Total Expenditures	<u>96,346</u>	<u>121,346</u>	<u>111,748</u>	<u>634</u>	<u>112,382</u>
Excess (Deficit) of Revenues Over Expenditures	(1,580)	(26,580)	(5,158)	(634)	(5,792)
Other Financing Uses:					
Transfers In	10,000	35,000	35,000	-	35,000
Interfund Loan Transfer Out	(8,420)	(8,420)	(8,420)	8,420	-
Total Other Financing Sources (Uses)	<u>1,580</u>	<u>26,580</u>	<u>26,580</u>	<u>8,420</u>	<u>35,000</u>
Net Change in Fund Balance	-	-	21,422	7,786	29,208
Fund Balance (Deficit), July 1, 2019	<u>-</u>	<u>-</u>	<u>(1,768)</u>	<u>(23,936)</u>	<u>(25,704)</u>
Fund Balance (Deficit), June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,654</u>	<u>\$ (16,150)</u>	<u>\$ 3,504</u>
JOHN SCHMITZ TRUST FUND					
Revenue:					
Interest	\$ 8,500	\$ 8,500	\$ 5,811	\$ -	\$ 5,811
Other Financing Uses:					
Transfers Out	(8,500)	(8,500)	(5,811)	-	(5,811)
Total Other Financing Uses	<u>(8,500)</u>	<u>(8,500)</u>	<u>(5,811)</u>	<u>-</u>	<u>(5,811)</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, July 1, 2019	<u>-</u>	<u>-</u>	<u>274,061</u>	<u>-</u>	<u>274,061</u>
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,061</u>	<u>\$ -</u>	<u>\$ 274,061</u>

BAKER CITY
 Budgetary Comparison Schedule
 Tree City Fund/Sidewalk Utility Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
TREE CITY FUND					
Revenue:					
Interest	\$ 100	\$ 100	\$ 103	\$ -	\$ 103
Miscellaneous	500	500	1,005	-	1,005
Total Revenues	<u>600</u>	<u>600</u>	<u>1,108</u>	<u>-</u>	<u>1,108</u>
Expenditures:					
Operating Contingency	1,250	1,250	-	-	-
Community Development	2,750	2,750	401	-	401
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>401</u>	<u>-</u>	<u>401</u>
Net Change in Fund Balance	(3,400)	(3,400)	707	-	707
Fund Balance, July 1, 2019	<u>3,400</u>	<u>3,400</u>	<u>4,483</u>	<u>-</u>	<u>4,483</u>
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,190</u>	<u>\$ -</u>	<u>\$ 5,190</u>

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
SIDEWALK UTILITY FUND					
Revenue:					
Interest	\$ 1,500	\$ 1,500	\$ 1,247	\$ -	\$ 1,247
Expenditures:					
Sidewalk Grants	34,400	34,400	16,512	-	16,512
Sidewalk Projects	15,000	15,000	11,457	-	11,457
Operating Contingency	5,000	5,000	-	-	-
Total Expenditures	<u>54,400</u>	<u>54,400</u>	<u>27,969</u>	<u>-</u>	<u>27,969</u>
Net Change in Fund Balance	(52,900)	(52,900)	(26,722)	-	(26,722)
Fund Balance, July 1, 2019	<u>69,176</u>	<u>69,176</u>	<u>71,529</u>	<u>-</u>	<u>71,529</u>
Fund Balance, June 30, 2020	<u>\$ 16,276</u>	<u>\$ 16,276</u>	<u>\$ 44,807</u>	<u>\$ -</u>	<u>\$ 44,807</u>

BAKER CITY
 Budgetary Comparison Schedule
 Elkhorn View Industrial Park Economic & Community Development Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
ELKHORN VIEW INDUSTRIAL PARK					
ECONOMIC & COMMUNITY DEVELOPMENT FUND					
Revenue:					
Interest	\$ 600	\$ 468	\$ 468	\$ -	\$ 468
Industrial Park Land Sale	-	-	-	-	-
Total Revenues	<u>600</u>	<u>468</u>	<u>468</u>	<u>-</u>	<u>468</u>
Expenditures:					
Economic and Community Development	<u>22,677</u>	<u>22,677</u>	<u>5,415</u>	<u>-</u>	<u>5,415</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(22,077)</u>	<u>(22,209)</u>	<u>(4,947)</u>	<u>-</u>	<u>(4,947)</u>
Net Change in Fund Balance	(22,077)	(22,209)	(4,947)	-	(4,947)
Fund Balance, July 1, 2019	<u>22,077</u>	<u>22,209</u>	<u>22,338</u>	<u>-</u>	<u>22,338</u>
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,391</u>	<u>\$ -</u>	<u>\$ 17,391</u>

BAKER CITY
Budgetary Comparison Schedule
Fire Equipment Reserve Fund
Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
FIRE EQUIPMENT RESERVE FUND					
Revenue:					
Interest	\$ 1,500	\$ 1,500	\$ 2,668	\$ -	\$ 2,668
Intergovernmental	90,000	-	-	-	-
Miscellaneous	5,000	95,000	76,002	-	76,002
Total Revenues	<u>96,500</u>	<u>96,500</u>	<u>78,670</u>	<u>-</u>	<u>78,670</u>
Expenditures:					
Fire and EMS Equipment	205,000	205,000	113,834	-	113,834
Operating Contingency	63,400	63,400	-	-	-
Total Expenditures	<u>268,400</u>	<u>268,400</u>	<u>113,834</u>	<u>-</u>	<u>113,834</u>
Excess (Deficit) of Revenues Over Expenditures	(171,900)	(171,900)	(35,164)	-	(35,164)
Other Financing Sources (Uses):					
Transfers In	110,000	110,000	110,000	-	110,000
Net Change in Fund Balance	(61,900)	(61,900)	74,836	-	74,836
Fund Balance, July 1, 2019	61,900	61,900	40,049	-	40,049
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,885</u>	<u>\$ -</u>	<u>\$ 114,885</u>

BAKER CITY
 Budgetary Comparison Schedule
 Mt Hope Trust Fund/One Hundred Year Trust/A Silvers Street Tree Trust
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
MT HOPE TRUST FUND					
Revenue:					
Interest	\$ 13,000	\$ 13,000	\$ 9,581	\$ 1,208	\$ 10,789
Total Revenues	13,000	13,000	9,581	1,208	10,789
Other Financing Sources (Uses):					
Transfers Out	(14,505)	(14,505)	(9,581)	-	(9,581)
Interfund Loan Transfers In	20,000	20,000	20,000	(20,000)	-
Total Other Financing Sources (Uses)	5,495	5,495	10,419	(20,000)	(9,581)
Net Change in Fund Balance	18,495	18,495	20,000	(18,792)	1,208
Fund Balance, July 1, 2019	(18,495)	(18,495)	451,312	54,727	506,039
Fund Balance, June 30, 2020	\$ -	\$ -	\$ 471,312	\$ 35,935	\$ 507,247

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
ONE HUNDRED YEAR TRUST					
Revenue:					
Interest	\$ 90	\$ 90	\$ 67	\$ -	\$ 67
Total Revenues	90	90	67	-	67
Net Change in Fund Balance	90	90	67	-	67
Fund Balance, July 1, 2019	3,112	3,112	3,114	-	3,114
Fund Balance, June 30, 2020	\$ 3,202	\$ 3,202	\$ 3,181	\$ -	\$ 3,181

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
A. SILVERS STREET TREE TRUST					
Revenue:					
Interest	\$ 19,500	\$ 19,500	\$ 16,608	\$ 1,782	\$ 18,390
Miscellaneous	-	-	150	-	150
Total Revenues	19,500	19,500	16,758	1,782	18,540
Expenditures:					
Community Development	25,000	25,000	13,353	-	13,353
Other Financing Sources:					
Interfund Loan Transfers In	24,600	24,600	24,600	(24,600)	-
Total Other Financing Sources	24,600	24,600	24,600	(24,600)	-
Net Change in Fund Balance	19,100	19,100	28,005	(22,818)	5,187
Fund Balance, July 1, 2019	761,940	761,940	765,551	65,490	831,041
Fund Balance, June 30, 2020	\$ 781,040	\$ 781,040	\$ 793,556	\$ 42,672	\$ 836,228

BAKER CITY
Other Supplementary Information
Major Business-Type Funds
Year Ended June 30, 2020

Major Business-Type Funds

Enterprise Funds are proprietary funds that are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

- Water Utility Fund: This fund accounts for the operation and maintenance of the City's water service and distribution facilities.
- Wastewater Utility Fund: This fund accounts for the operation and maintenance of the City's sewer system including the collection lines and sewage treatment lagoons.
- Reclaimed Water Use Fund: Effective July 1, 2018, this fund was abolished by City Council Resolution No. 3818. As stated by the resolution, the fund balance was transferred in part to a newly created Wastewater Debt Service Reserve Fund in the amount estimated to be reserved as required by DEQ loan covenants and next to the Wastewater Utility Fund to be used to pay for the wastewater effluent disposal project. Although this fund was budgeted separately for Oregon budget law purposes it was a division of the wastewater enterprise activity and was combined with the Wastewater Utility Fund in the GAAP presentation of the financial statements.
- Wastewater Debt Service Reserve Fund: Effective July 1, 2018, this fund was created by City Council Resolution No. 3818. This fund was created due to the requirements of the Oregon Department of Environmental Quality's Clean Water State Revolving Fund that requires an amount equivalent to one annual payment be established in a debt service fund. Although this fund was budgeted separately for Oregon budget law purposes it is a division of the wastewater enterprise activity and is combined with the Wastewater Utility Fund in the GAAP presentation of the financial statements.
- Golf Course Operation Fund: This fund is used to account for the operation and maintenance of the City's 18-hole golf course.
- Golf Course Capital Projects Fund: This fund accounts for the acquisition of golf course equipment and other golf course capital projects. It is funded by lease payments paid by the golf course concessionaire. While separately budgeted for Oregon budget law purposes it is a division of the golf course enterprise activity and is combined with the Golf Course Operation Fund in the GAAP presentation of the financial statements.
- Building Inspections Fund: This fund is used to account for the operation of the City's Building Inspections Department. The City performs building inspection services both within the City and throughout Baker County.

BAKER CITY
 Budgetary Comparison Schedule
 Water Utility Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
WATER UTILITY FUND					
Revenue:					
Charges for Services	\$ 3,032,044	\$ 3,032,044	\$ 2,917,345	\$ -	2,917,345
Interest	100,000	100,000	92,658	-	92,658
Miscellaneous	38,000	38,000	95,191	-	95,191
Sales to Other Funds	13,000	13,000	13,000	(13,000)	-
Total Revenues	<u>3,183,044</u>	<u>3,183,044</u>	<u>3,118,194</u>	<u>(13,000)</u>	<u>3,105,194</u>
Expenses:					
Cost of Sales	1,849,880	1,849,880	1,513,541	123,655	1,637,196
Construction	1,957,308	1,957,308	1,770,583	(1,770,583)	-
Depreciation	-	-	-	536,500	536,500
Interest Expense	-	-	-	51,402	51,402
Operating Contingency	265,000	265,000	-	-	-
Total Expenses	<u>4,072,188</u>	<u>4,072,188</u>	<u>3,284,124</u>	<u>(1,059,026)</u>	<u>2,225,098</u>
Excess (Deficit) of Revenues Over Expenses	<u>(889,144)</u>	<u>(889,144)</u>	<u>(165,930)</u>	<u>1,046,026</u>	<u>880,096</u>
Net Change in Fund Balance	(889,144)	(889,144)	(165,930)	1,046,026	880,096
Fund Balance, July 1, 2019	<u>4,153,484</u>	<u>4,153,484</u>	<u>4,415,216</u>	<u>17,389,610</u>	<u>21,804,826</u>
Fund Balance, June 30, 2020	<u>\$ 3,264,340</u>	<u>\$ 3,264,340</u>	<u>\$ 4,249,286</u>	<u>\$ 18,435,636</u>	<u>\$ 22,684,922</u>

BAKER CITY
 Budgetary Comparison Schedule
 Wastewater Utility Fund/Wastewater Debt Service Reserve Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
WASTEWATER UTILITY FUND*					
Revenue:					
Charges for Services	\$ 1,676,004	1,676,004	1,790,926	\$ -	1,790,926
Rental Income	3,782	3,782	3,782	-	3,782
Interest	20,000	20,000	41,088	1,023	42,111
Special Assessments/LID Repayments	1,000	1,000	1,023	(1,023)	-
Miscellaneous	45,000	45,000	154,883	-	154,883
Total Revenues	1,745,786	1,745,786	1,991,702	-	1,991,702
Expenses:					
Cost of Sales	1,187,290	1,187,290	1,054,393	73,948	1,128,341
Construction	10,207,093	10,207,093	739,740	(739,740)	-
Depreciation	-	-	-	198,516	198,516
Operating Contingency	140,000	140,000	-	-	-
Total Expenses	11,534,383	11,534,383	1,794,133	(467,276)	1,326,857
Other Financing Sources:					
Loan Proceeds	9,700,000	9,700,000	-	-	-
Total Other Financing Sources	9,700,000	9,700,000	-	-	-
Net Change in Fund Balance	(88,597)	(88,597)	197,569	467,276	664,845
Fund Balance, July 1, 2019	1,657,150	1,657,150	1,914,284	4,987,372	6,901,656
Fund Balance, June 30, 2020	\$ 1,568,553	\$ 1,568,553	\$ 2,111,853	\$ 5,454,648	\$ 7,566,501

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
WASTEWATER DEBT SERVICE RESERVE FUND					
Other Financing Sources:					
Transfers In	\$ -	\$ -	\$ -	-	\$ -
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, July 1, 2019	450,000	450,000	275,000	(275,000)	-
Fund Balance, June 30, 2020	\$ 450,000	\$ 450,000	\$ 275,000	\$ (275,000)	\$ -

BAKER CITY
Budgetary Comparison Schedule
Golf Course Operation Fund/Golf Course Capital Projects Fund
Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
GOLF COURSE OPERATION FUND					
Revenue:					
Interest	\$ -	\$ -	\$ -	\$ 432	\$ 432
Rental Income	-	-	-	53,606	53,606
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,038</u>	<u>54,038</u>
Expenses:					
Maintenance	27,600	27,600	16,647	(871)	15,776
Debt Service	-	-	-	4,120	4,120
Depreciation	-	-	-	49,899	49,899
Total Expenses	<u>27,600</u>	<u>27,600</u>	<u>16,647</u>	<u>53,148</u>	<u>69,795</u>
Excess (Deficit) of Revenues Over Expenses	<u>(27,600)</u>	<u>(27,600)</u>	<u>(16,647)</u>	<u>890</u>	<u>(15,757)</u>
Other Financing Sources (Uses):					
Transfers In	40,000	40,000	40,000	-	40,000
Transfers Out	<u>(20,000)</u>	<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>20,000</u>	<u>40,000</u>
Net Change in Fund Balance	(7,600)	(7,600)	3,353	20,890	24,243
Fund Balance, July 1, 2019	<u>7,600</u>	<u>7,600</u>	<u>8,001</u>	<u>1,128,626</u>	<u>1,136,627</u>
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,354</u>	<u>\$ 1,149,516</u>	<u>\$ 1,160,870</u>

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
GOLF COURSE CAPITAL PROJECTS FUND*					
Revenue:					
Interest	\$ 500	\$ 500	\$ 432	\$ (432)	\$ -
Rental Income	53,649	53,649	53,606	(53,606)	-
Total Revenues	<u>54,149</u>	<u>54,149</u>	<u>54,038</u>	<u>(54,038)</u>	<u>-</u>
Expenditures:					
Golf Course Equipment	15,000	15,000	8,700	(8,700)	-
Maintenance	5,000	5,000	-	-	-
Contingency	-	-	-	-	-
Total Expenses	<u>20,000</u>	<u>20,000</u>	<u>8,700</u>	<u>(8,700)</u>	<u>-</u>
Excess (Deficit) of Revenues Over Expenditures	34,149	34,149	45,338	(45,338)	-
Other Financing Sources (Uses):					
Interfund Loan Transfers Out	<u>(43,149)</u>	<u>(43,149)</u>	<u>(43,149)</u>	<u>43,149</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(43,149)</u>	<u>(43,149)</u>	<u>(43,149)</u>	<u>43,149</u>	<u>-</u>
Net Change in Fund Balance	(9,000)	(9,000)	2,189	(2,189)	-
Fund Balance, July 1, 2019	<u>9,000</u>	<u>9,000</u>	<u>9,548</u>	<u>(9,548)</u>	<u>-</u>
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,737</u>	<u>\$ (11,737)</u>	<u>\$ -</u>

*The Golf Course Capital Projects Fund is a division of the golf course enterprise activity and is combined with the Golf Course Operation Fund in the GAAP presentation of the financial statements.

BAKER CITY
 Budgetary Comparison Schedule
 Building Inspection Fund
 Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
BUILDING INSPECTIONS FUND					
Revenue:					
Charges for Services	\$ 331,184	\$ 392,684	\$ 550,149	\$ -	\$ 550,149
Interest	11,000	11,000	11,722	-	11,722
Miscellaneous	500	500	767	-	767
Total Revenues	<u>342,684</u>	<u>404,184</u>	<u>562,638</u>	<u>-</u>	<u>562,638</u>
Expenditures:					
Personnel Services	188,708	188,708	198,150	(4,712)	193,438
Materials and Services	150,732	272,232	319,217	-	319,217
Depreciation	-	-	-	2,811	2,811
Operating Contingency	80,000	20,000	-	-	-
Total Expenses	<u>419,440</u>	<u>480,940</u>	<u>517,367</u>	<u>(1,901)</u>	<u>515,466</u>
Excess (Deficit) of Revenues Over Expenses	<u>(76,756)</u>	<u>(76,756)</u>	<u>45,271</u>	<u>1,901</u>	<u>47,172</u>
Fund Balance, July 1, 2019	<u>358,167</u>	<u>358,167</u>	<u>411,489</u>	<u>(63,155)</u>	<u>348,334</u>
Fund Balance, June 30, 2020	<u>\$ 281,411</u>	<u>\$ 281,411</u>	<u>\$ 456,760</u>	<u>\$ (61,254)</u>	<u>\$ 395,506</u>

BAKER CITY
Other Supplementary Information
Internal Service Funds
Year Ended June 30, 2020

Internal Service Funds

Internal Service Funds are Proprietary Funds that are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis.

- Central Stores Fund: This fund is used to account for the materials and supplies inventory kept on hand by the City to facilitate repairs and construction of City facilities and infrastructure.
- Equipment and Vehicle Fund: This fund accounts for the acquisition, maintenance and operation of City owned vehicles and equipment. This fund provides for this equipment to be used by other funds on a cost reimbursement basis.

BAKER CITY
Internal Service Funds
Combining Statement of Net Position
Year Ended June 30, 2020

	<u>Central Stores</u>	<u>Equipment and Vehicle</u>	<u>Total Internal Service Funds</u>
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 2,916	\$ 392,476	\$ 395,392
Prepaid Items	-	1,418	1,418
Due from Other Funds	-	51,710	51,710
Inventories	323,565	-	323,565
Total Current Assets	<u>326,481</u>	<u>445,604</u>	<u>772,085</u>
Noncurrent Assets:			
Advances to Other Funds	-	59,153	59,153
Capital Assets:			
Buildings	-	58,399	58,399
Equipment and Vehicles	-	3,076,726	3,076,726
Less: Accumulated Depreciation	-	(2,282,512)	(2,282,512)
Total Capital Assets	<u>-</u>	<u>852,613</u>	<u>852,613</u>
Total Noncurrent Assets	<u>-</u>	<u>911,766</u>	<u>911,766</u>
Total Assets	<u>326,481</u>	<u>1,357,370</u>	<u>1,683,851</u>
Deferred Outflows of Resources	<u>-</u>	<u>63,612</u>	<u>63,612</u>
Current Liabilities:			
Accounts Payable	34,277	7,893	42,170
Accrued Payroll Taxes and Benefits Payable	-	9,543	9,543
Compensated Absences Payable	-	11,418	11,418
Total Current Liabilities	<u>34,277</u>	<u>28,854</u>	<u>63,131</u>
Other Liabilities:			
Other Post-Employment Benefits Liability	-	7,995	7,995
Net Pension Liability	-	173,793	173,793
Total Other Liabilities	<u>-</u>	<u>181,788</u>	<u>181,788</u>
Total Liabilities	<u>34,277</u>	<u>210,642</u>	<u>244,919</u>
Deferred Inflows of Resources	<u>-</u>	<u>18,053</u>	<u>18,053</u>
Net Position:			
Invested in Capital Assets	-	852,613	852,613
Unrestricted	292,204	339,674	631,878
Total Net Position	<u>\$ 292,204</u>	<u>\$ 1,192,287</u>	<u>\$ 1,484,491</u>

BAKER CITY
Internal Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Year Ended June 30, 2020

	<u>Central Stores</u>	<u>Equipment and Vehicle</u>	<u>Total Internal Service Funds</u>
Operating Revenue:			
Charges for Sales and Services	\$ 143,377	\$ 603,245	\$ 746,622
Miscellaneous Income	-	509	509
Total Revenue	<u>143,377</u>	<u>603,754</u>	<u>747,131</u>
Operating Expenses:			
Cost of Sales and Services	138,131	384,688	522,819
Depreciation	-	106,841	106,841
Total Expenses	<u>138,131</u>	<u>491,529</u>	<u>629,660</u>
Operating Income (Loss)	5,246	112,225	117,471
Nonoperating Revenue (Expense):			
Interest Income	-	9,921	9,921
Gain on Equipment Sale	-	526	526
Total Nonoperating Revenue (Expense)	<u>-</u>	<u>10,447</u>	<u>10,447</u>
Change in Net Position	5,246	122,672	127,918
Net Position July 1, 2019	<u>286,958</u>	<u>1,069,615</u>	<u>1,356,573</u>
Net Position June 30, 2020	<u>\$ 292,204</u>	<u>\$ 1,192,287</u>	<u>\$ 1,484,491</u>

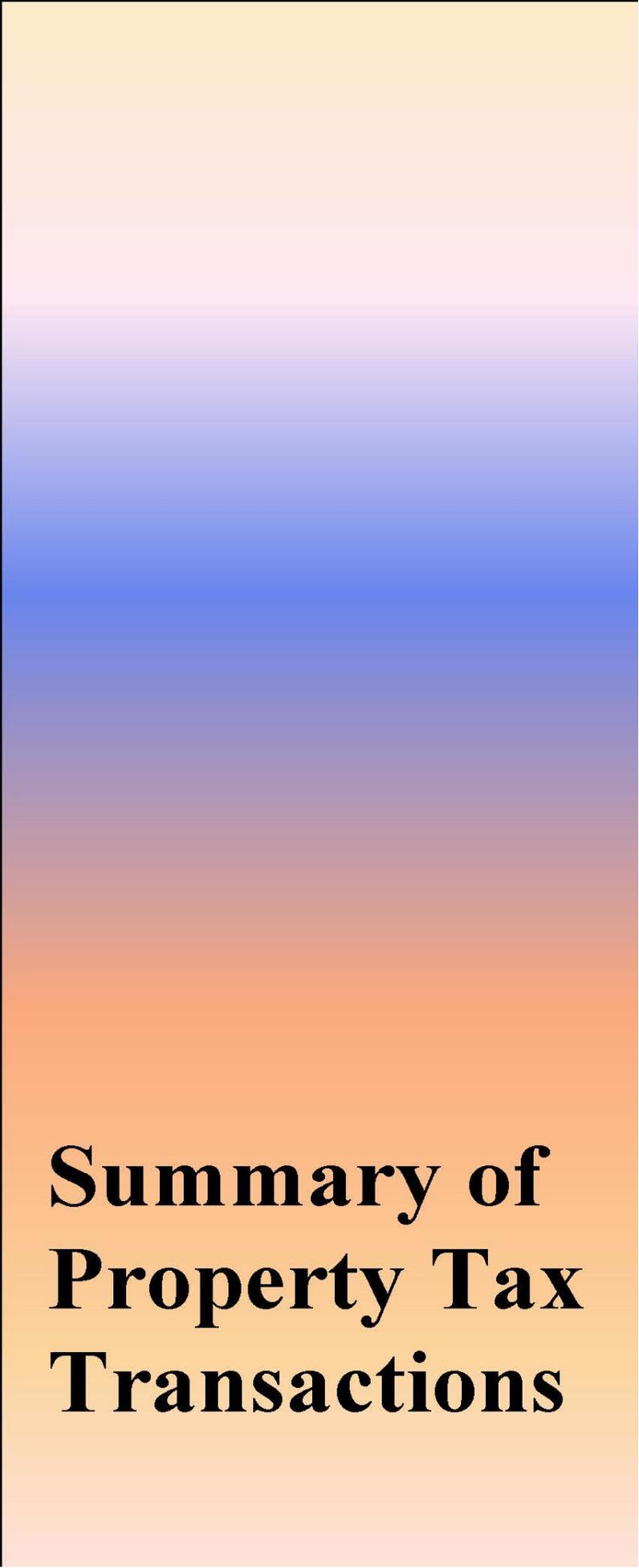
BAKER CITY
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2020

	Central Stores	Equipment and Vehicle	Total Internal Service Funds
Cash from Operating Activities:			
Receipts from Customers and Users	\$ 4,018	\$ -	\$ 4,018
Receipts from Interfund Services Provided	139,359	603,245	742,604
Other Receipts	-	903	903
Payments to Suppliers	(138,315)	(197,892)	(336,207)
Payments to/for Employees	-	(176,496)	(176,496)
Payments for Interfund Services Used	-	(130)	(130)
Net Cash Provided (Used) by Operating Activities	<u>5,062</u>	<u>229,630</u>	<u>234,692</u>
Cash Flows from Non Capital Financing Activities:			
Advances from (to) Other Funds	-	-	-
Repayments from (to) Other Funds	(2,146)	50,170	48,024
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,146)</u>	<u>50,170</u>	<u>48,024</u>
Receipts on Sale of Capital Assets			
Purchases of Capital Assets	-	526	526
	-	(187,366)	(187,366)
Net Cash Provided (Used) by Capital Financing Activities	<u>-</u>	<u>(186,840)</u>	<u>(186,840)</u>
Cash Flows from Investing Activities:			
Interest on Investments	-	9,921	9,921
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>9,921</u>	<u>9,921</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,916	102,881	105,797
Cash and Cash Equivalents, July 1, 2019	<u>-</u>	<u>289,595</u>	<u>289,595</u>
Cash and Cash Equivalents, June 30, 2020	<u>\$ 2,916</u>	<u>\$ 392,476</u>	<u>\$ 395,392</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 5,246	\$ 112,225	\$ 117,471
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	-	106,841	106,841
(Increase) Decrease in:			
Accounts Receivable Related to Operating Activities (Net of Allowance for Uncollectible Accounts)**	-	394	394
Inventories	(34,117)	-	(34,117)
Prepaid Items	-	(1,418)	(1,418)
Increase (Decrease) in:			
Accounts Payable Related to Operating Activities*	33,933	(8,784)	25,149
Payroll Taxes, Benefits and Withholdings Payable	-	(594)	(594)
Compensated Absences Payable	-	2,293	2,293
Net Change in Other Post-Employment Benefits Liabilities	-	146	146
Net Change in Pension Assets/Liabilities	-	18,527	18,527
Total Adjustments	<u>(184)</u>	<u>117,405</u>	<u>117,221</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,062</u>	<u>\$ 229,630</u>	<u>\$ 234,692</u>

BAKER CITY
Budgetary Comparison Schedule
Central Stores Fund/Equipment & Vehicle Fund
Year Ended June 30, 2020

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
CENTRAL STORES FUND					
Revenue:					
Charges for Services	\$ 201,250	\$ 201,250	\$ 143,377	\$ -	\$ 143,377
Total Revenues	201,250	201,250	143,377	-	143,377
Expenses:					
Cost of Inventory Sold	180,000	180,000	138,131	-	138,131
Operating Contingency	50,000	50,000	-	-	-
Total Expenses	230,000	230,000	138,131	-	138,131
Net Change in Fund Balance	(28,750)	(28,750)	5,246	-	5,246
Fund Balance, July 1, 2019	265,000	265,000	286,958	-	286,958
Fund Balance, June 30, 2020	<u>\$ 236,250</u>	<u>\$ 236,250</u>	<u>\$ 292,204</u>	<u>\$ -</u>	<u>\$ 292,204</u>

	Budget		Actual		
	Budget as Adopted	Revised Budget	Budget Basis	Adjustment	GAAP Basis
EQUIPMENT & VEHICLE FUND					
Revenue:					
Charges for Services	\$ 823,759	\$ 823,759	\$ 603,245	\$ -	\$ 603,245
Interest	6,000	6,000	6,375	3,545	9,921
Miscellaneous	5,000	5,000	1,035	(526)	509
Gain on Equipment Sale	-	-	-	526	526
Total Revenues	834,759	834,759	610,655	3,545	614,201
Expenses:					
Equipment Operations	408,249	408,249	378,620	6,068	384,688
Equipment Purchases	180,000	180,000	174,761	(174,761)	-
Depreciation	-	-	-	106,841	106,841
Operating Contingency	200,000	200,000	-	-	-
Total Expenses	788,249	788,249	553,381	(61,852)	491,529
Excess (Deficit) of Revenues Over Expenses	46,510	46,510	57,274	65,397	122,672
Other Financing Sources:					
Interfund Loan Transfers In	51,569	51,569	51,569	(51,569)	-
Total Other Financing Sources	51,569	51,569	51,569	(51,569)	-
Net Change in Fund Balance	98,079	98,079	108,843	13,828	122,672
Fund Balance, July 1, 2019	242,000	242,000	265,449	804,166	1,069,615
Fund Balance, June 30, 2020	<u>\$ 340,079</u>	<u>\$ 340,079</u>	<u>\$ 374,292</u>	<u>\$ 817,994</u>	<u>\$ 1,192,287</u>



Summary of Property Tax Transactions

BAKER CITY
 Summary of Property Tax Transactions
 Year Ended June 30, 2020

Property Taxes Transactions Analysis:

Tax Year	Beginning Taxes Receivable	Tax Levy	Discounts	Interest	Adjustments	Collections	Ending Taxes Receivable
2019-20	\$ -	\$ 3,793,639	\$ (93,132)	\$ 1,399	\$ (1,325)	\$ (3,569,610)	\$ 130,971
2018-19	389,246	-	-	4,240	(547)	(350,798)	42,141
2017-18	49,275	-	-	3,065	(530)	(26,650)	25,160
2016-17	27,545	-	-	3,905	(518)	(23,107)	7,825
2015-16	22,727	-	-	2,569	(498)	(12,706)	12,092
Prior Years	45,166	-	-	1,395	(1,113)	(4,563)	40,885
Totals	<u>\$ 533,959</u>	<u>\$ 3,793,639</u>	<u>\$ (93,132)</u>	<u>\$ 16,573</u>	<u>\$ (4,531)</u>	<u>\$ (3,987,434)</u>	<u>\$ 259,074</u>

Property Taxes Receivable by Fund:

Tax Year	General Fund	State Tax Street Fund	Sam-O-Swim Maint Fund	Ending Taxes Receivable
2019-20	\$ 103,321	\$ 24,192	\$ 3,458	\$ 130,971
2018-19	33,245	7,784	1,112	42,141
2017-18	19,849	4,647	664	25,160
2016-17	6,174	1,445	206	7,825
2015-16	9,540	2,233	319	12,092
Prior Years	32,253	7,553	1,079	40,885
Totals	<u>\$ 204,382</u>	<u>\$ 47,854</u>	<u>\$ 6,838</u>	<u>\$ 259,074</u>

Property Taxes Collections by Fund:

	General Fund	State Tax Street Fund	Sam-O-Swim Maint Fund	Collections
Current Year Levy	\$ 2,814,961	\$ 659,048	\$ 94,201	\$ 3,568,210
Interest	1,104	259	37	1,400
Prior Years	329,622	77,173	11,029	417,824
Totals	<u>\$ 3,145,687</u>	<u>\$ 736,480</u>	<u>\$ 105,267</u>	<u>\$ 3,987,434</u>



GASLIN ACCOUNTING, PC
CERTIFIED PUBLIC ACCOUNTANTS

2550 BROADWAY STREET
BAKER CITY, OR 97814
(541)523-6471

*Independent Auditor's Report
Required by Oregon State Regulations*

We have audited the basic financial statements of City of Baker City, Oregon (City) as of and for the year ended June 30, 2020, and have issued our report thereon dated May 25, 2021. 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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing 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.

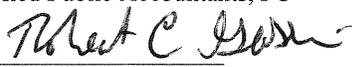
OAR 162-10-0230 Internal Control

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's internal control over financial reporting.

We noted certain internal control matters that we reported to management of the City of Baker City in separate letter dated May 25, 2021.

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

Gaslin Accounting
Certified Public Accountants, PC

By: 
Robert C. Gaslin, CPA
May 25, 2021

Single Audit



*Independent Auditor's Report on Internal Control Over Financial Reporting
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Governmental Auditing Standards*

To the Honorable Mayor and City Council of
The City of Baker City, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baker City, Oregon (City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 25, 2021.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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 Baker City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Gaslin Accounting

Gaslin Accounting
Certified Public Accountants, PC
Baker City, Oregon

By: *Robert Gaslin*
Robert Gaslin, CPA
May 25, 2021



*Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance*

To the Honorable Mayor and
City Council of
The City of Baker City, Oregon

Report on Compliance for Each Major Federal Program

We have audited the City of Baker City, Oregon's (City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the

United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program.

However, our audit does not provide a legal determination of the City of Baker City, Oregon's compliance.

Opinion on Each Major Federal Program

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

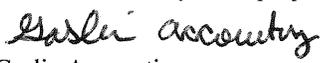
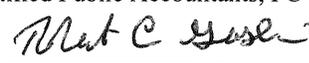
Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Gaslin Accounting
Certified Public Accountants, PC
By: 
Robert C. Gaslin, CPA
May 25, 2021

BAKER CITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor	Pass-Through Grantor	Program Title	CFDA Number	Expenditures		
				Direct Awards	Pass-Through Awards	Total
Federal Aviation Administration		FAA 3-41-0005-014-2016 <i>- Major Program -</i>	20.106	\$ 1,246,670	\$ -	\$ 1,246,670
Federal Department of the Interior		Certified Local Government Grant	15.904	4,000	-	4,000
Department of Justice		Child Passenger Safety M1CPS-18-45-15 AAA	20.616	764	-	764
Health Resources and Services Administration		HHS Provider Relief Program	93.498	5,198	-	5,198
Department of Treasury		Coronavirus Relief Fund Unemployment	21.019	-	-	-
Department of Treasury		Coronavirus Relief Fund Airport Grant	21.019	-	-	-
Department of Treasury		Coronavirus Relief Fund CARES Act	21.019	7,142	-	7,142
Department of Justice		Drug Task Force	16.738	1,061	-	1,061
Homeland Security		Hazard Mitigation Grant Program (HMGP FM-5097-OR)	97.039	14,265	-	14,265
Federal Emergency Management Agency		SAFER #EMW-2016-FH-00205	97.083	146,630	-	146,630
Totals				<u>\$ 1,425,730</u>	<u>\$ -</u>	<u>\$ 1,425,730</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Baker under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 Uniform Guidance.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 CFR 200 Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Baker has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

BAKER CITY
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2020

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 weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Type of auditor's report issued on compliance for major federal programs Unmodified.		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Identification of major federal programs:	Airport Improvement Program	
CFDA Number(s)	20.106	
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000	
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Section II: Findings and Questioned Costs

Financial Statement Audit

Finding 2020-001: Significant Deficiency – Financial Close and Reporting Process:

Condition: The City's financial reporting process is heavily dependent on the Finance Director, who we believe has the requisite skill, knowledge and expertise to prepare the City's financial statements. However, the City does not have additional personnel who also have sufficient requisite expertise to participate in the financial close and reporting process and therefore provide a proper internal control structure of review for the timely completion of the financial statement close and reporting process.

Criteria: The City should have accounting staff with the necessary skills, knowledge, and expertise to facilitate a control structure where there is adequate review of the financial close and reporting process. The result of this environment would be the timely preparation of financial statements in compliance with Generally Accepted Accounting Principles (GAAP).

Effect: As a result of the above finding, several changes were made to the draft financial statements during the course of audit work and the City does not have a fully functioning internal control environment.

Cause: The City has not maintained an accounting department, which includes staff, structure and technology, that meets the needs of the City's complexity and regulatory compliance requirements.

Identification of a repeat finding: This finding is the same and also expands upon the finding from the most recent Single Audit: Finding, 2018-001.

BAKER CITY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section II: Findings and Questioned Costs, cont.

Recommendation: We recommend that the City evaluate the desired output of the accounting department and match the structure, staffing and technology to meet that output. At a minimum, the City needs to identify a resource, either internally or outsourced, with requisite expertise to allow for the separation of the preparation and review process with regard to financial close and reporting. We also recommend that the City ensure the proper staffing of the accounting department to ensure the timely preparation of those financial statements.

Views of responsible officials and planned corrective actions: The City's response and correction action plan is outlined at the end of this report.

Section III: Findings and Questioned Costs

Major Federal Award Programs Audit

No findings to report.

Corrective Action Plan

City's Response: We concur with the auditor's finding. During the fiscal year starting July 1, 2021, there will be a new City Finance Director. Additionally, we plan to emphasis training our current staff to use appropriate outsourcing with the goal of completing the annual financial close and annual financial reporting in a timely manner.