

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

Prepared by:
The City of Milton-Freewater
Finance Department

CITY OF MILTON-FREEWATER, OREGON

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Prepared by:
The City of Milton-Freewater
Finance Department
Luke Billings
Accounting Supervisor
and
Dave Richmond
Finance Director

CITY OF MILTON-FREEWATER, OREGON
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Since 1889

CITY OF

MILTON-FREEWATER

P.O. Box 6, Milton-Freewater, OR 97862 • Phone (541)938-5531 • Fax (541)938-8224

December 19, 2019

Citizens of Milton-Freewater
The Honorable Lewis Key, Mayor
Members of City Council

It is our pleasure to submit to you the Comprehensive Annual Financial Report of the City of Milton-Freewater, Oregon for the fiscal year ended June 30, 2019.

Management is responsible for the information contained within this report. We believe the data presented is accurate in all material respects, and presents all disclosures necessary for the reader to gain maximum understanding of the City's financial affairs.

This report was prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and the related Omnibus Statement No.37. This is the seventeenth year of reporting under GASB Statement No. 34, the eleventh year reporting under GASB Statement No.45, the ninth year under GASB No. 54, the fifth year under GASB No. 68 and the second year under GASB No.75. Implementation of these GASB statements dramatically changed how the City’s financial information is reported. Major changes include the following:

- 1) A narrative introduction, overview, and analysis now accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A.
- 2) Government-wide financial statements are now included to reflect the City as single unified entity. The government-wide statements report information in a manner similar to that of for-profit business entities and include all long-term assets and liabilities of the City.
- 3) Fund Financial Statements are now presented in detail for significant (major) funds and in total for (non) major funds.

This report consists of four parts:

1. Introductory Section: includes this letter of transmittal, the names of City Officials, and an organizational chart of the City’s governmental structure.
2. Financial Section: includes the financial statements and supplemental data of the government accompanied by our independent auditor's opinion.

3. Statistical Section: includes a number of tables of un-audited data depicting the financial history of the government for the past 10 years, information on overlapping governments, demographic and all other miscellaneous information.
4. Audit Comments and Disclosures Required by State Regulations: includes audit comments and disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

GENERAL OVERVIEW

Historically Milton-Freewater's economy has revolved around the area's diverse agricultural activity. Orchards, irrigated row crops, and dry land fields provide raw materials for food processors. Grapes are a major agricultural income for the valley. This area is producing wines that are being recognized world wide. Major employers are the School District, Horizon Project, Earl Brown & Sons, the City of Milton-Freewater and Safeway.

ECONOMIC CONDITIONS AND OUTLOOK

The economy of the Walla Walla Valley is insulated from the national economy due to the stable influence of high levels of agricultural and governmental employment. This relative stability gives the appearance of being counter-cyclical in that the area lags during periods of rapid national growth, but is not as severely affected during recessions.

Agriculture - Local apple growers continue to replace apples with grapes.

The controlled atmosphere apple storage facilities constructed have proven to be very successful in providing an extended period of time for the growers to market the product. There are plans for additional new wineries to open in the Milton-Freewater area this year. A wine growing region AVA was designated recently which highlights the distinct nature of our region and is called "The Rocks District of Milton-Freewater". We continue to see economic growth associated with this industry.

Industry – Industrial/commercial land is available on our South Hill. The "Business Park" zoned acreage has infrastructure and is shovel ready. Dunning Irrigation has constructed a new building in the Business Park and is open for business.

Food processing and packing continue to be an important part of the local economy. The industry continues to adjust to changing markets away from canned goods toward frozen and fresh products.

Overall, the Walla Walla Valley is well positioned for industrial growth outside the City limits, which is still close enough to benefit our community.

Service and Retail - The City has experienced a significant change with a number of new retail businesses during the last year. Those businesses that serve special market niches, that offer superior service, and that market effectively, will do well. The retail economy in the valley, as a whole, is stable.

Housing – Housing starts are beginning to come back. Getting the City out of the Flood zone has helped. We are also seeing an advantage with our neighboring cities having housing shortages and housing prices climbing dramatically. We have two new housing subdivisions approved with over 200 lots for building.

Health Services Industry –A kidney dialysis center was built & is open for business. This business added a dozen family wage jobs to our economy and is providing a crucial health service to hundreds of patients. Two new dental clinics have also opened and are doing well.

Government Employment - This has historically been a stable to growing portion of the economy. However, the governmental trend towards staff reductions and less government has had an impact on this area of employment.

FINANCIAL OVERVIEW

The long-term financial planning is to continue with council goals of:

- Continue to plan for the financial health & solvency of utilities
- Retain and build city's financial reserves
- Continue to explore secure but profitable investment strategies for the city's cash reserves

What is the financial health of the City of Milton-Freewater? Daily we hear about the budget shortfalls of the State of Oregon, school districts and local governments. Fortunately the City is in stable financial shape due to the foresight of the City Council, the City Budget Committee, City Manager and staff.

The City's 2019-20 budget is for \$36,022,418, an increase of \$2,046,501 from the prior year's budget total. This increase is mainly due to inclusion of \$4,347,587 in grant dollars. There are no overall rate increases in Water, Sewer & Solid Waste funds in this budget. The Electric fund had no rate increase proposed at budget approval. With the possible BPA power purchase rate increase in October, there may a need to increase rates during the year. The golf course fund had an average 3% rate increase per budget.

The General Fund's balance is \$214,779 at the end of current fiscal year, an increase of \$36,990 over last year. The increase was mainly due to a land sale.

The City's net position at June 30, 2019 is \$39,599,162, a decrease of \$803,129, mainly due to decreased capital projects and higher OPEB liability. The City's cash, cash equivalents and investments as of June 30, 2019 were \$10,403,147, an increase of \$327,810, mainly due to increased return on investments.

MAJOR INITIATIVE

The City is moving forward with a 30+ year goal of making City Hall ADA accessible by putting in an elevator. The project is scheduled to be completed December, 2019. This project is estimated to cost just under \$1 million and is partially funded by a grant.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that:

(A) the cost of a control should not exceed the benefits likely to be derived; and (B) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluation occurs within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City of Milton-Freewater prepares and adopts an annual budget in accordance with the provision of the Oregon Revised Statutes (Local Budget Law, Chapter 294.305 through 294.565). The Local Budget Law provides legal standards for preparing, presenting, adopting and administering the City's annual budget. The City's Budget Committee is made up of the Council members and up to seven citizens appointed by Council. Public notices of Budget Committee meetings and the proposed budget are required by state statutes. This gives the public an opportunity to be heard. After revising the budget and hearing any citizen's comments, the Budget Committee sends the proposed budget and its recommendations to the Council. If the Council deems it necessary, the proposed budget may be revised by the City Council before adoption.

The Oregon Local Budget Law states that annual budgets may be presented by funds and program categories, and prohibits over expenditure in any category. The City Manager is responsible for the preparation of the annual budget, and the Finance Director is responsible for monitoring the budget for legal compliance. All appropriations are for the current fiscal year. Any unexpended appropriations lapse at the end of the fiscal year.

The following basis of accounting are followed for the respective funds:

ACCOUNTING BASIS

APPLIED FUNDS

Modified Accrual Basis

Governmental Fund Types
General Fund
Special Revenue Funds
Debt Service Funds
Capital Project Funds

Accrual Basis

Proprietary Fund Types
Enterprise Funds
Internal Service Funds

Proprietary funds are accounted for in a manner similar to accounting for a private enterprise. Therefore, the method of accounting used in these funds is the Accrual Basis since that is the method private enterprise uses. The Accrual Basis of accounting recognizes all expenses when incurred, revenues when they are earned rather than when they are received, and depreciates all capital assets. Governmental and Fiduciary funds are handled differently so the Modified Accrual Basis is used. Revenues are recognized when they become available and measurable, and expenditures are recognized when the fund liability is incurred, if measurable. (Exceptions include principal and interest on long-term notes where only the current portion is recognized.)

THE REPORTING ENTITY AND SERVICES

The citizens of the cities of Milton and Freewater voted to become a single entity in November of 1950. Since that time, the City of Milton-Freewater has been operated on the council-manager form of government. The City Council consists of a Mayor and six Councilors, which took effect in January 1, 1995 with a city charter amendment. Before that time the number of Councilors was five. Council decisions are subject to Oregon State law and the State Constitution on statewide matters. The Council is presided over by the Mayor, who is an elected official, but has no vote in the council meeting except in cases of a tie vote. The Council appoints the Budget Committee, the Planning Commission, the Recreation Committee, and the Library Board. These committees serve in an advisory capacity, and make all recommendations to the Council for further action, with the exception of the Planning Commission. This Commission administers the provisions in the zoning and land development codes. However, all decisions made by the Planning Commission may be appealed to the City Council.

The Council also appoints the Municipal Court Judge, the City Attorney, and the City Manager. These officers answer directly to the Council.

The City Manager is responsible for day to day management of the City's programs and implements the Council's goals. It is the City Manager's responsibility to see that all ordinances and provisions of all franchises, leases, contracts, permits, and privileges granted by the City are observed. With the exception of the City Attorney and the Municipal Judge, the City Manager appoints all city officers and employees, and has general supervision and control over them to the end of obtaining the utmost efficiency from each of them.

The City provides the electric, water, sewer, and garbage services in addition to the usual municipal services. These include police and fire protection, street construction and maintenance, recreation programs and facilities, city parks and municipal golf course, municipal library, planning and zoning, and general administrative services.

Cash Management

The City of Milton-Freewater pools the cash of all funds and invests the surplus cash in certificates of deposit, savings accounts, U.S. Treasury bills and corporate bonds. Cash is also deposited in the Oregon State Investment Pool. Interest is disbursed to all funds based on each fund's cash contribution. Interest and investment earnings for 2019 were \$263,264. For fiscal year June 30, 2019, the majority of surplus cash was deposited in the Oregon State Investment Pool, Lone Pine Advisory Services (Fidelity), five local banks and one local credit union.

Risk Management

The City participates in a trust established in 1981, by the League of Oregon Cities and the Association of Oregon Counties to provide risk management services including insurance and loss control. This trust provides self-insurance pooling for workers compensation, general liability, auto liability, auto physical damage, and property damage. The City's deductibles on all policies are limited to only small amounts, the City self insures up to \$20,000 in losses to get a reduced rate in premiums.

Other Information

Independent Audit - The State of Oregon requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. The firm, The RBH Group, LLC, formerly Read & Bose, PC, was selected. This requirement has been complied with and the auditor's opinion has been included in this report.

Conclusion

The City of Milton-Freewater is always looking for ways to improve the efficiency of its work force, and the quality of service to its citizens. An example is the \$1,317,934 grant money received this year. The overall city is healthy financially with \$10,403,147 in cash and investments. Over the previous ten years we have replaced our sewer plant, updated two substations and instituted a replacement schedule for aging sewer & water lines. We also updated the City Hall Building and Fire Station buildings with grant funding.

Acknowledgments

A big thank you to the finance team and all members of the departments who assisted and contributed to its preparation of this years CAFR. We would also like to thank the Mayor, City Council, and Budget Committee for their interest and support in planning and conducting the financial operation of the City.

Respectfully submitted,



David Richmond
Finance Director



Linda Hall
City Manager

CITY OF MILTON-FREEWATER, OREGON
Officials of the City
June 30, 2019

Mayor and City Councilor Members:

Term Expires

Lewis Key	Mayor		December 31, 2020
Orrin Lyon	Councilor	Ward 1	December 31, 2022
Brad Humbert	Councilor	Ward 2	December 31, 2020
Jose Garcia	Councilor	Ward 3	December 31, 2020
Steve Irving	Councilor	At Large	December 31, 2022
Ed Chesnut	Councilor	At Large	December 31, 2022
Verl Pressnall	Councilor	At Large	December 31, 2020

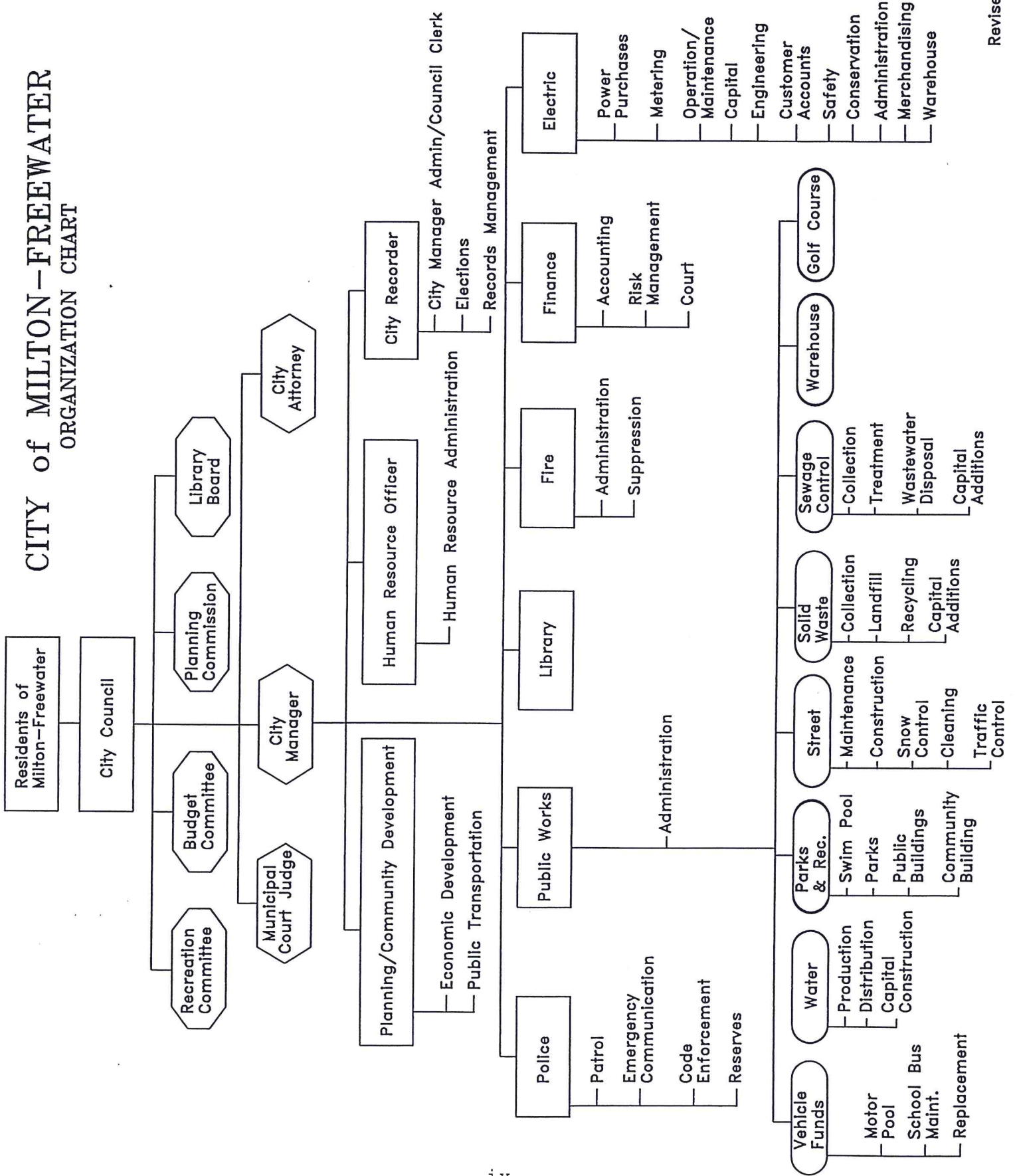
Appointed Officials:

Linda Hall	City Manager
Sam Tucker	Municipal Judge
David Blanc of: Corey, Byler, & Rew, LLP	City Attorney

AGENCY ADDRESS

Administrative Offices
722 South Main Street
Milton-Freewater, OR 97862

CITY of MILTON-FREEWATER ORGANIZATION CHART



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Milton-Freewater, 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 the City of Milton-Freewater, Oregon (the City), as of and for the year ended June 30, 2019, 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. 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 as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, 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 Management's Discussion and Analysis, the Schedules of the City's Contributions to Pension Plan, the City's Proportionate Share of the Net Pension Liability (Asset), the City's Proportionate Share of the Net OPEB Liability (Asset) – OPERS Retirement Health Insurance Account (RHIA), the City's Contributions to OPERS Retirement Health Insurance Account, Changes in the City's OPEB Liability and Related Ratios, and the Notes to Required Supplementary information as listed in the Table of Contents 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 the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

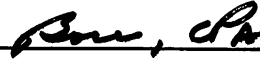
The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been 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 nonmajor fund financial statements and the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

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 December 28, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe our evaluation of internal control over financial reporting and the scope of our testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.


A Member of
The RBH Group, LLC
Certified Public Accountants

Pendleton, Oregon
December 28, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Milton-Freewater, Oregon presents this narrative overview and analysis to facilitate both a short and long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2019. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report, issued by The RBH Group, LLC. Additional information outside the scope of this analysis can be found in the Letter of Transmittal. This is the seventeenth year the City is reporting under the provisions of GASB Statement No. 34, eleventh year under GASB Statement No. 45, ninth year under GASB Statement No.54, the fifth year under GASB No.68 and the second year under GASB No. 75.

Financial Highlights

- The City's net position at June 30, 2019 is \$39,599,162. A decrease of \$803,129 from the prior year, mainly due to decreased capital projects, and higher OPEB liability.
- The General Fund's fund balance is \$214,779 at the end of the current fiscal year an increase of \$36,990 over last year. The increase was mainly due to a land sale. General Fund revenues were \$2,831,879.
- The City's cash, cash equivalents, and investments as of June 30, 2019 are \$10,403,147 an increase of \$327,810.
- The City's 2019-20 budget is for \$36,022,418. An increase of \$2,046,501 from the prior years budget. This is mainly higher because the budget includes \$4,347,587 in grant dollars.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements and other required supplementary information. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-wide financial statements. The 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.

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended

to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include the following:

- Finance
- Fire
- Library
- Human Resources
- Planning & Economic Development
- Police & Emergency Communications
- Public Works
- Administration

The Business-type activities of the City include the following:

- Electric Utility
- Water Utility
- Sewer Utility
- Solid Waste Utility
- Golf Course

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

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financials focus on the acquisition and use of current spendable resources, as well as the balances of spendable resources at the end of the fiscal year. The City maintains 10 individual governmental funds with the information presented separately for General, Special Revenue, Capital Project and Debt Service Funds. Please see the NOTES to FINANCIAL STATEMENTS for further explanation of each individual fund.

Proprietary funds. Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains two different types of proprietary funds - enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The city uses internal service funds to account for warehouse, fleet management, and risk and benefits management. Please see the NOTES to FINANCIAL STATEMENTS for further explanation of each individual fund.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

FUND-BASED FINANCIAL STATEMENTS

General Fund

The General Fund ended the year with a fund balance of \$214,779. This is a \$36,990 increase compared to last year. This was mainly a result of a land sale. Revenues for fiscal 2019 were \$2,837,749.

Franchise fees are a consistent revenue source for this fund, rather than property taxes. Since the franchise fees for the utilities are collected monthly based on that month's revenue, the City enjoys a relatively stable cash flow. It is not heavily dependent upon property tax revenues. Revenue sources are as follows:

Property Taxes	\$ 1,131,208	40.0%
Utility Tax	165,797	5.8%
Other Taxes	20,280	.5%
Intergovernmental	209,196	7.4%
Franchise Fees	978,809	34.6%
Fines and Licenses & System Dev	146,056	5.2%
Services	83,197	2.9%
Interest	7,397	.2%
Miscellaneous	95,809	3.4%
Total	<u>\$2,837,749</u>	<u>100.0%</u>

Expenditures for the fiscal year were \$5,255,233.

The operation of the General Fund can be summarized as follows:

Beginning Fund Balance	\$ 177,789	
Revenues	2,837,749	
Sale of Capital Assets	66,288	
Transfers In	<u>2,520,099</u>	
		5,601,925
Expenditures	5,255,233	
Transfers Out	<u>131,913</u>	
		<u>5,387,146</u>
Fund Balance June 30, 2019		<u>\$ 214,779</u>

Expenditures were as follows:

General Government	\$1,544,864	29.4%
Public Safety	2,493,437	47.5%
Culture and Recreation	406,311	7.7%
Public Works	593,875	11.3%
Community Development	104,057	2.0%
Engineering	39,784	.7%
Capital Outlay	72,905	1.4%
Total	<u>\$5,255,233</u>	<u>100.0%</u>

Special Revenue Funds

The City of Milton-Freewater has five Special Revenue Funds. Special Revenue funds are used to account for revenues from earmarked sources,

which by law are designated to finance particular functions of the government. A description of these funds follows:

Street Fund. This fund controls those revenues which must be spent on streets, primarily from State gas tax revenues. Funds are used to assure that the 30 miles of the street system are maintained in a safe, clean, well-prepared manner. The Street Fund ended the year with a balance of \$574,048, an increase of \$183,065 from last year. This increase is mainly due to fewer street projects this year.

Library Fund. In 1989, the voters approved a special library district to fund the libraries in our county. The Umatilla County Special Library District levies the taxes and distributes them to the libraries. This fund accounts for those and other library revenues.

Public Transportation Fund. The City has been running a senior citizen transportation program since 1971. The program allows seniors and disabled persons who live within city limits of Milton-Freewater to purchase an unlimited number of taxi tickets for \$1 each. The cost to seniors and disabled persons living outside the city limits is \$2 per ticket. This charge helps supplement the funds necessary to operate the program due to increased taxi contract costs. Revenues also come from several federal grants that pass through the state and state funds that pass through the county. The fund is also supported by a local Option tax approved by our citizens. The City also sponsors a general ridership intra city bus program which provides transportation to and from Walla Walla, WA. This service is fare-free.

Drug Enforcement Fund. This fund's revenue source is from revenues received from other agencies for the City's participation in reducing drug crimes. There is currently very little activity in this fund, despite the fact the City's participation in the narcotics taskforce is very successful.

911 Fund. This fund accounts for 911 telephone tax revenue. The revenue can only be expended on 911 emergency services.

Capital Project Fund

Street Improvement Fund. This fund accounts for revenues from street opening permits, Oregon State STP allocations and grants which are used for major street repairs.

Debt Service Fund

The City's General Obligation Bonded Debt at June 30, 2019 is zero. The General Obligation Bonded Debt for the Family Aquatic Center was paid in full in 2015.

New general obligation bonds with a value of over \$9,000,000 could be sold within the legal debt limit if approved by the voters.

Enterprise Funds

The City operates four major utility services and a golf course in Milton-Freewater. These funds are operated like private enterprises, and the accounting reflects this. Following are the significant highlights for each.

Electric Fund. The electric department is one of the oldest documented municipal systems still in operation in the United States. The hydro generating plant was first in service in 1888, and sold to the city of Milton about 1890. Daniel Franklin Brown was responsible for the installation of the plant, and remained the electric supervisor for the City until 1903. It is interesting to note his monthly salary was \$50.00, and that his pay was docked for any time the electrical plant was not in production. Although none of the original equipment is now functional, the City still maintains the pioneer spirit of the original crew to bring its citizens low-cost dependable power.

Electric Funds financial comparison to last year is as follows:

	<u>2018</u>	<u>2019</u>
Operating Revenues	\$7,976,810	\$8,030,639
Operating Expenses	6,893,784	7,769,087
Operating Income (Loss)	1,083,026	261,552
Non-operating		
Revenues (expenses)	73,333	131,165
Capital Contributions	125,402	124,434
Net Operating Transfers	<u>(1,084,796)</u>	<u>(1,061,694)</u>
Net Income (Loss)	<u>\$ 196,965</u>	<u>\$ (544,543)</u>

Electric Replacement Fund. This fund was created to set aside funds from the Electric Fund to pay for major replacement costs.

Electric Operating & Maintenance Fund. This fund was created to set aside funds from the Electric Fund to assure sufficient revenues are available to pay for unanticipated operating or maintenance costs.

Water Fund. The water system consists of seven City-owned wells and approximately 40 miles of mains.

Financial comparison to last year is as follows:

	<u>2018</u>	<u>2019</u>
Operating Revenues	\$1,298,240	\$ 1,267,685
Operating Expenses	786,649	745,509
Operating Income (Loss)	511,591	522,176
Non-operating		
Revenues (expenses)	(2,613)	10,797
Capital Contributions	85,040	100,943
Net Operating Transfers	<u>(588,086)</u>	<u>(569,601)</u>
Net Income (Loss)	<u>\$ 5,932</u>	<u>\$ 64,315</u>

Sewer Fund. The sewage control system consists of approximately 26 miles of gravity flow collector lines. The system has been in place since 1947. Sewer Funds financial comparison to last year is as follows:

	<u>2018</u>	<u>2019</u>
Operating Revenues	\$1,225,428	\$1,260,701
Operating Expenses	778,349	830,604
Operating Income (Loss)	424,381	430,097
Non-operating		
Revenues (expenses)	20,782	(7,861)
Capital Contributions	101,396	102,367
Net Operating Transfers	<u>(483,078)</u>	<u>(479,784)</u>
Net Income (Loss)	<u>\$ 86,179</u>	<u>\$ 44,819</u>

There is a \$5 a month per user infrastructure/utility surcharge fee that can be used by either the water or sewer fund. This year the water department received \$80,000 to use on well projects. The sewer fund received revenues of \$96,741 for payment of the sewer digester loan.

Sewer Improvement Fund This fund was created to set aside funds from the Sewer Fund to pay for sewer system improvements.

Solid Waste Fund. The Solid Waste Fund handles city-wide collection of solid waste, and the operation and maintenance of the landfill. The landfill is located about 3.2 miles west of the City. The landfill is only open to the public during clean up events in order to control waste tonnage.

Financial comparison to last year is as follows:

	<u>2018</u>	<u>2019</u>
Operating Revenues	\$1,020,736	\$1,002,919
Operating Expenses	726,533	743,570
Operating Income (Loss)	294,203	259,349
Non-operating		
Revenues (Expenses)	8,319	13,716
Net Operating Transfers	<u>(253,848)</u>	<u>(270,274)</u>
Net Income (Loss)	<u>\$ 48,674</u>	<u>\$ (2,791)</u>

Landfill Closure Fund. This fund was created to set aside funds from the Landfill Fund to pay for closure costs as required. The fund assets are now \$148,444, an increase of \$7,690.

Golf Course Fund. This is the thirtieth year of operation of the Golf Course Fund as an enterprise fund. The course is an 18 hole par 60 located in the west center part of the City.

Financial comparison to last year is as follows:

	<u>2018</u>	<u>2019</u>
Operating Revenues	\$170,569	\$150,834
Operating Expenses	180,255	168,163
Operating Income (Loss)	(9,686)	(17,329)
Non-operating	-0-	-0-
Revenues (Expenses)	(1,857)	(1,641)
Net Operating Transfers	<u>(100)</u>	<u>(100)</u>
Net Income (Loss)	<u><u>\$(11,643)</u></u>	<u><u>\$(19,070)</u></u>

Internal Service Funds

The City has five internal service funds. These funds are similar to enterprise funds because they are operated and accounted for like a private business. The only difference is the customers for these businesses are the different departments or funds of the City. Following are the highlights for each fund:

Warehouse Fund. The warehouse is located on Lamb Street and holds the inventory for all the utility funds. This fund was established to correctly allocate the costs of running the warehouse to those funds that use the service.

Vehicle Maintenance Fund. This fund tracks the cost of maintaining the city's vehicles, and allocates those costs to the actual users. All revenues from this fund are from intra-city charges with the exception of revenues generated by contracts to service buses operated by School District #7 and OCDC plus interest earned on cash balance. Vehicle rates are reviewed annually during budget preparation to ensure that all costs of maintaining the vehicles are charged accordingly to each user.

Vehicle Replacement Fund. Part of the rental rate charged on each vehicle is depreciation and an inflation factor for the vehicle. This portion of the rate is kept in this fund and used to replace the vehicles when scheduled. This portion of the rent previously was included in the vehicle maintenance fund, but it was hard to keep the replacement funds separate from the repair funds. Consequently, some replacement money was used to make repairs to keep the rates low. This fund's purpose is to ensure that timely replacement of vehicles will be possible.

Sick Leave Liability Fund. Only sick leave earned in the current year is budgeted for. This leaves all the previous year's sick leave balance as a possible unfunded liability. This fund collects money to fund a portion of leaves that are not budgeted for. The fund equity is now \$54,273 a decrease of \$2,049.

Risk Management Fund. This fund's revenue source is primarily the reimbursement from City County Insurance that is in excess of funds needed to cover outstanding insurance liabilities. The fund equity is now \$42,920 an increase of \$12,294.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets over time may serve as a useful indicator of government's financial position. In the case of the City, assets exceeded liabilities by \$39,599,162 at the close of FY19.

City of Milton-Freewater Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 2,014,858	\$ 1,935,869	\$ 10,554,192	\$ 10,248,662	\$ 12,569,050	\$ 12,184,531
Net Pension Asset	-	-	-	-	-	-
Capital assets	18,575,664	19,091,342	18,924,588	19,211,434	37,500,252	38,302,776
Total assets	<u>\$ 20,590,522</u>	<u>\$ 21,027,211</u>	<u>\$ 29,478,780</u>	<u>\$ 29,460,096</u>	<u>\$ 50,069,302</u>	<u>\$ 50,487,307</u>
Deferred Outflows:						
Contributions to OPEB	\$ 1,984,776	\$ 1,861,581	\$ 1,138,763	\$ 917,653	\$ 3,123,539	\$ 2,779,234
	\$ 1,984,776	\$ 1,861,581	\$ 1,138,763	\$ 917,653	\$ 3,123,539	2,779,234
Noncurrent liabilities	\$ 387,164	\$ 410,247	\$ 1,651,782	\$ 1,775,243	\$ 2,038,946	\$ 2,185,490
Other liabilities	5,885,204	6,118,317	4,323,282	4,043,246	10,208,486	10,161,563
Total liabilities	<u>\$ 6,272,368</u>	<u>\$ 6,528,564</u>	<u>\$ 5,975,064</u>	<u>\$ 5,818,489</u>	<u>\$ 12,247,432</u>	<u>\$ 12,347,053</u>
Deferred Inflows:						
Deferred OPEB	\$ 820,597	\$ 339,608	\$ 525,650	\$ 177,589	\$ 1,346,247	\$ 517,197
	\$ 820,597	\$ 339,608	\$ 525,650	\$ 177,589	\$ 1,346,247	\$ 517,197
Net position:						
Invested in capital assets, net of related debt	\$ 18,575,664	\$ 19,091,342	\$ 17,656,619	\$ 17,820,977	\$ 36,232,283	\$ 36,912,319
Restricted	852,892	689,825	1,318,514	1,200,133	2,171,406	1,889,958
Unrestricted	(3,946,223)	(3,760,547)	5,141,696	5,360,561	1,195,473	1,600,014
Total net position	<u>\$ 15,482,333</u>	<u>\$ 16,020,620</u>	<u>\$ 24,116,829</u>	<u>\$ 24,381,671</u>	<u>\$ 39,599,162</u>	<u>\$ 40,402,291</u>

The largest portion of the City's net position (95%) reflects its investments in capital assets (i.e., land, buildings, infrastructure, and equipment), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and consequently they are not available for current spending. Although the City's capital assets are 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.

During 2017 the City engaged the services of an appraisal firm to estimate the historical cost of City property, plant and equipment. The appraisal firm produce a detailed report of all capital assets owned by the City exceeding its capitalization threshold of \$5,000. In addition, the appraisal firm restated accumulated depreciation based on useful lives consistent with industry practice. Previously, the City used a composite depreciation method. Based on the report from the appraisal firm, the City restated beginning net position with a prior period adjustment.

An additional portion of the City's net position \$2,171,406 or (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balances are unrestricted net position of \$1,162,293 or 3% may be used to meet the City's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-type Activities		Total		Total Change
	2019	2018	2019	2018	2019	2018	+ (-)
Revenues:							
Program revenues:							
Charges for services	\$ 398,452	\$ 326,979	\$ 11,664,038	\$ 11,691,783	\$ 12,062,490	\$ 12,018,762	\$ 43,728
Operating grants and contributions	919,730	878,399	48,740	52,497	968,470	930,896	37,574
Capital grants and contributions	21,720	26,207	327,744	311,838	349,464	338,045	11,419
General Revenues :Taxes	1,233,582	1,059,669	-	-	1,233,582	1,059,669	173,913
Franchise Fees	1,396,681	1,339,582	-	-	1,396,681	1,339,582	57,099
Other	(40,218)	19,891	328,775	248,400	288,557	268,291	20,266
Total revenues	\$ 3,929,947	\$ 3,650,727	\$ 12,369,297	\$ 12,304,518	\$ 16,299,244	\$ 15,955,245	\$ 343,999
Expenses:							
General government	\$ 1,930,495	\$ 1,984,828	\$ -	\$ -	\$ 1,930,495	\$ 1,984,828	\$ (54,333)
Public safety	2,573,873	2,628,204	-	-	2,573,873	2,628,204	(54,331)
Highways and streets	1,575,592	1,549,919	-	-	1,575,592	1,549,919	25,673
Culture and recreation	895,815	878,063	-	-	895,815	878,063	17,752
Community development	100,139	287,197	-	-	100,139	287,197	(187,058)
Refund of property taxes to County	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-
Electric	-	-	7,733,563	7,044,097	7,733,563	7,044,097	689,466
Water	-	-	729,528	817,925	729,528	817,925	(88,397)
Sewer	-	-	876,624	837,572	876,624	837,572	39,052
Solid Waste	-	-	734,545	711,289	734,545	711,289	23,256
Golf Course	-	-	167,555	179,228	167,555	179,228	(11,673)
Total expenses	\$ 7,075,914	\$ 7,328,211	\$ 10,241,815	\$ 9,590,111	\$ 17,317,729	\$ 16,918,322	\$ 399,407
Increase in net assets before transfers	\$ (3,145,967)	\$ (3,677,484)	\$ 2,127,482	\$ 2,714,407	\$ (1,018,485)	\$ (963,077)	\$ (55,408)
Transfers	2,419,964	2,365,725	(2,419,964)	(2,365,725)	-	-	-
Net position, July 1	16,020,620	17,935,721	24,381,671	24,605,382	40,402,291	42,541,103	(2,138,812)
Change in net position	(726,003)	(1,311,759)	(292,482)	348,682	(1,018,485)	(963,077)	(55,408)
Prior Period Adjustment	-	-	-	-	-	-	-
Effect of Change for GASB 75	187,716	(603,342)	27,640	(572,393)	215,356	(1,175,735)	1,391,091
Net position, June 30	\$ 15,482,333	\$ 16,020,620	\$ 24,116,829	\$ 24,381,671	\$ 39,599,162	\$ 40,402,291	\$ (803,129)

Governmental Activities

The City's Governmental Activities received \$941,450 in operating grants, capital grants and contributions.

Business-type Activities

The City's Business Activities received \$376,484 in operating grants, capital grants and contributions.

Budgetary Highlights

Total grants received \$1,317,934. The general fund expenditures were \$730,714 under budget.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business type activities as of June 30, 2019, amounts to \$36,232,283(net of

related debt). This investment in capital assets includes land, buildings, machinery and equipment, improvements and infrastructure.

As of June 30, 2019 the City General Obligation Bond is zero. The water fund for the high elevation water tower project was paid in full June 30, 2018. Sewer fund wastewater improvement loan is \$1,240,659.

Economic Factors and Next Year's Budget and Rates

The FY 2019-2020 budget total is \$36,022,418 for the City. This is an \$2,046,501 increase over last year's budget. This increase is mainly due to inclusion of \$4,347,587 in grant dollars.

Electric: No rate increase proposed at budget approval. With a possible BPA power purchase rate increase in October, there may be a need to increase rates during the year.

Water: No rate increase.

Solid Waste: No rate increase.

Sewer: No rate increase.

Golf Course: An average 3% rate increase.

Requests for Information

As stated above, this is the seventeenth year the City is reporting under GASB No.34, the eleventh year of reporting under GASB No.45, the ninth year reporting under GASB No.54, fifth year of GASB No.68 and second year under GASB No. 75. The City's financial statements are designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about this report please contact the City's Finance Director, Dave Richmond at 722 S. Main, Milton-Freewater, Oregon 97862.

BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 543,667	\$ 5,675,093	\$ 6,218,760
Investments	378,355	3,806,032	4,184,387
Receivables:			
Accounts, net	207,061	1,138,307	1,345,368
Fines and Forfeitures, net	103,206	-	103,206
Property taxes	64,544	-	64,544
Weatherization loans	-	119,925	119,925
Internal balances	718,025	(718,025)	-
Inventories	-	532,860	532,860
Capital assets:			-
Land	427,540	753,069	1,180,609
Construction in progress	49,176	64,690	113,866
Depreciable assets, net of depreciation	18,098,948	18,106,829	36,205,777
Total assets	<u>20,590,522</u>	<u>29,478,780</u>	<u>50,069,302</u>
Deferred Outflows:			
Deferred outflows related to pension and OPEB	1,984,776	1,138,763	3,123,539
 Total assets and deferred outflows of resources	<u>\$ 22,575,298</u>	<u>\$ 30,617,543</u>	<u>\$ 53,192,841</u>
Liabilities:			
Accounts payable and accrued expenses	238,719	660,912	899,631
Accrued interest payable	-	29,734	29,734
Customer deposits	-	199,871	199,871
Net pension liability	4,655,386	2,641,087	7,296,473
Other post employment benefits liability	775,649	627,457	1,403,106
Long-term obligations:			
Due within one year	215,450	164,221	379,671
Due in more than one year	387,164	1,651,782	2,038,946
Total liabilities	<u>6,272,368</u>	<u>5,975,064</u>	<u>12,247,432</u>
Deferred inflows:			
Deferred inflows related to pension and OPEB	820,597	525,650	1,346,247
Net Position:			
Net investment in capital assets	18,575,664	17,656,619	36,232,283
Restricted for:			-
Highways and streets	574,048	-	574,048
Culture and recreation	60,490	-	60,490
System development	4,358	1,315,566	1,319,924
Debt service	361	-	361
Urban renewal	213,635	-	213,635
Landfill closure costs	-	2,948	2,948
Unrestricted	(3,946,223)	5,141,696	1,195,473
Total net position	<u>15,482,333</u>	<u>24,116,829</u>	<u>39,599,162</u>
 Total liabilities, deferred inflows, and net position	<u>\$ 22,575,298</u>	<u>\$ 30,617,543</u>	<u>\$ 53,192,841</u>

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 1,930,495	\$ 274,593	\$ 130,915	\$ -	\$ (1,524,987)	\$ -	\$ (1,524,987)
Public safety	2,573,873	-	44,604	6,817	(2,522,452)	-	(2,522,452)
Culture and recreation	895,815	121,440	224,407	6,850	(543,118)	-	(543,118)
Public works	601,316	-	-	-	(601,316)	-	(601,316)
Community development	100,139	-	-	-	(100,139)	-	(100,139)
Engineering	37,739	-	-	-	(37,739)	-	(37,739)
Highways and streets	936,537	2,419	519,804	8,053	(406,261)	-	(406,261)
Total governmental activities	<u>7,075,914</u>	<u>398,452</u>	<u>919,730</u>	<u>21,720</u>	<u>(5,736,012)</u>	<u>-</u>	<u>(5,736,012)</u>
Business-type activities:							
Electric	7,733,563	8,030,639	-	124,434	-	421,510	421,510
Water	729,528	1,267,685	-	100,943	-	639,100	639,100
Sewer	876,624	1,211,961	48,740	102,367	-	486,444	486,444
Solid waste	734,545	1,002,919	-	-	-	268,374	268,374
Golf course	167,555	150,834	-	-	-	(16,721)	(16,721)
Total business-type activities	<u>10,241,815</u>	<u>11,664,038</u>	<u>48,740</u>	<u>327,744</u>	<u>-</u>	<u>1,798,707</u>	<u>1,798,707</u>
Total government	<u>\$ 17,317,729</u>	<u>\$ 12,062,490</u>	<u>\$ 968,470</u>	<u>\$ 349,464</u>	<u>(5,736,012)</u>	<u>1,798,707</u>	<u>(3,937,305)</u>
General revenues:							
Property taxes levied for:							
General purposes							
					1,233,582	-	1,233,582
Franchise and public service taxes							
					1,396,681	-	1,396,681
Interest and investment earnings							
					26,605	236,659	263,264
Miscellaneous							
					490	86,483	86,973
Gain (Loss) on sale of property							
					(67,313)	5,633	(61,680)
Transfers							
					2,419,964	(2,419,964)	-
Total general receipts and transfers							
					<u>5,010,009</u>	<u>(2,091,189)</u>	<u>2,918,820</u>
Change in net position							
					(726,003)	(292,482)	(1,018,485)
Net position - beginning as previously reported							
					16,020,620	24,381,671	40,402,291
Corrections to basis in capital assets and pension asset (liability) classification							
					187,716	27,640	215,356
Net position - beginning, as restated							
					<u>16,208,336</u>	<u>24,409,311</u>	<u>40,617,647</u>
Net position - ending							
					<u>\$ 15,482,333</u>	<u>\$ 24,116,829</u>	<u>\$ 39,599,162</u>

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund. Principal sources of revenue are property taxes, utility taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations, public safety (police), and culture and recreation.

CITY OF MILTON-FREEWATER, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Other Governmental Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 97,890	\$ 445,777	\$ 543,667
Investments	68,396	309,959	378,355
Receivables:			
Property taxes	61,208	3,336	64,544
Accounts	104,775	102,286	207,061
Fines and forfeitures, net	103,206	-	103,206
Due from other funds	87,810	38,042	125,852
Advances to other funds	141,774	-	141,774
	Total assets	\$ 899,400	\$ 1,564,459
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 197,392	\$ 41,327	\$ 238,719
Due to other funds	41,047	31,093	72,140
	Total liabilities	72,420	310,859
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	211,841	49,525	261,366
	Total deferred inflows of resources	49,525	261,366
FUND BALANCES (DEFICIT)			
Nonspendable	141,774	-	141,774
Restricted	76,219	634,899	711,118
Assigned	-	142,556	142,556
Unassigned	(3,214)	-	(3,214)
	Total fund balances	777,455	992,234
	Total liabilities, deferred inflows of resources, and fund balances	\$ 899,400	\$ 1,564,459

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

CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION TO THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Fund balances - total governmental funds \$ 992,234

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

PERS net pension liability, deferred outflows of resources arising from contributions paid, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position

Net pension liability	(4,655,386)
Deferred outflows after measurement date	1,931,946
Deferred inflows of assumed and actual investment earnings and City's proportionate share	(571,816)

Other post employment benefits liability, deferred outflows of resources arising from contributions paid, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position

Other post employment benefits liability	(775,649)
Deferred outflows after measurement date	52,830
Deferred inflows from changes of assumptions or inputs	(248,782)

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds. 18,575,664

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied 96,356

Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements. 165,011

Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds. (269,313)

PERS accrued transition liabilities are not due and payable in the current period, and, therefore, are not reported in the funds. (333,301)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are classified as business-type activities in the Statement of Net Assets, but the governmental activities made payments to the internal service funds in excess of the actual expenses. As a result, the business-type activities owe the governmental activities for the overpayment. 522,539

Net position of governmental activities \$ 15,482,333

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	General Fund	Other Governmental Funds	Totals
REVENUES			
Property taxes	\$ 1,131,208	\$ 58,737	\$ 1,189,945
Utility tax	165,797	-	165,797
Other taxes	20,280	-	20,280
Franchise fees	978,809	-	978,809
Licenses and fees	28,693	2,158	30,851
Charges for services	83,197	12,822	96,019
Intergovernmental	209,196	916,039	1,125,235
Fines and forfeitures	115,263	4,437	119,700
System development charges	2,100	-	2,100
Interest on investments	7,397	19,208	26,605
Miscellaneous	95,809	44,016	139,825
Total revenues	<u>2,837,749</u>	<u>1,057,417</u>	<u>3,895,166</u>
EXPENDITURES			
Current:			
General government	1,544,864	310,453	1,855,317
Public safety	2,493,437	30,899	2,524,336
Culture and recreation	406,311	371,114	777,425
Public works	593,875	-	593,875
Community development	104,057	-	104,057
Engineering	39,784	-	39,784
Highways and streets	-	278,068	278,068
Capital outlay	72,905	216,159	289,064
Debt service	-	-	-
Total Expenditures	<u>5,255,233</u>	<u>1,206,693</u>	<u>6,461,926</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>(2,417,484)</u>	<u>(149,276)</u>	<u>(2,566,760)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,520,099	130,313	2,650,412
Transfers out	(131,913)	(98,535)	(230,448)
Sale of capital assets	66,288	28,185	94,473
Total other financing sources (uses)	<u>2,454,474</u>	<u>59,963</u>	<u>2,514,437</u>
NET CHANGE IN FUND BALANCE	36,990	(89,313)	(52,323)
FUND BALANCE (DEFICIT), Beginning	<u>177,789</u>	<u>866,768</u>	<u>1,044,557</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 214,779</u>	<u>\$ 777,455</u>	<u>\$ 992,234</u>

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

CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Net change in fund balance - governmental funds \$ (52,323)

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Court fine receivables	19,363
Property tax receivables	43,637
State revenue sharing receivable	37,356
Library receivables	1,738

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.

Change in compensated absences	(3,880)
Change in other postemployment benefits	21,421
Change in PERS transition liability	23,859

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation

Capital asset additions	243,038
Capital asset deletions	(161,786)
Depreciation expense	(812,286)

Current year PERS pension expense related to change in the net pension liability is reported as an expense in the Statement of Activities but is not recorded as an expenditure in the governmental funds.

(113,198)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds are allocated between governmental and business-type activities.

27,058

Change in net position of governmental activities **\$ (726,003)**

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive/ (Negative)</u>
REVENUES				
Property taxes	\$ 1,144,180	\$ 1,144,180	\$ 1,131,208	\$ (12,972)
Utility tax	145,000	145,000	165,797	20,797
Other taxes	17,050	17,050	20,280	3,230
Franchise fees	970,673	970,673	978,809	8,136
Licenses and fees	18,650	18,650	28,693	10,043
Charges for services	90,500	90,500	83,197	(7,303)
Intergovernmental	193,325	197,175	209,196	12,021
Fines and forfeitures	121,850	121,850	115,263	(6,587)
System development charges	1,000	1,000	2,100	1,100
Interest on investments	7,418	7,418	7,397	(21)
Miscellaneous	363,600	363,600	95,809	(267,791)
TOTAL REVENUES	<u>3,073,246</u>	<u>3,077,096</u>	<u>2,837,749</u>	<u>(239,347)</u>
EXPENDITURES				
Current:				
General government	1,636,574	1,640,474	1,544,864	95,610
Public safety	2,564,255	2,568,105	2,493,437	74,668
Culture and recreation	472,532	472,532	406,311	66,221
Public works	602,539	602,539	593,875	8,664
Community development	228,202	228,202	104,057	124,145
Engineering	41,695	42,195	39,784	2,411
Capital outlay	378,300	381,900	72,905	308,995
Contingency	50,000	50,000	-	50,000
TOTAL EXPENDITURES	<u>5,974,097</u>	<u>5,985,947</u>	<u>5,255,233</u>	<u>730,714</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,900,851)</u>	<u>(2,908,851)</u>	<u>(2,417,484)</u>	<u>491,367</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,520,099	2,520,099	2,520,099	-
Transfers out	(131,913)	(131,913)	(131,913)	-
Sale of capital assets	-	8,000	66,288	58,288
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,388,186</u>	<u>2,396,186</u>	<u>2,454,474</u>	<u>58,288</u>
NET CHANGE IN FUND BALANCE	<u>(512,665)</u>	<u>(512,665)</u>	<u>36,990</u>	<u>549,655</u>
FUND BALANCE, Beginning	<u>512,665</u>	<u>512,665</u>	<u>177,789</u>	<u>(334,876)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,779</u>	<u>\$ 214,779</u>

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

FUND FINANCIAL STATEMENTS

Proprietary Funds

The City of Milton-Freewater uses eleven Proprietary Funds comprised of six Enterprise Funds and five Internal Service Funds.

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of the electric, water, sewer, solid waste and golf course facilities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included are:

- **Electric**
- **Water**
- **Sewer**
- **Solid Waste**
- **Landfill Closure**
- **Golf Course**

For budgetary purposes (see budget schedules in Supplemental Information), the above funds are accounted for in the following separate funds:

- **All Electric Funds**
 - Electric
 - Electric Capital Replacement Reserve
 - Electric Operating and Maintenance Reserve
- **All Sewer Funds**
 - Sewer
 - Sewer Improvement

Internal Service Funds are used to account for the financing of goods or 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. The Internal Service Funds are eliminated for the Government-Wide Financial Statements and any residual assets and income and expenses from outside sources are combined with the Governmental and Business – Type Activities. The City's Internal Service Funds are as follows:

- **Warehouse Fund**
- **Vehicle Maintenance Fund**
- **Vehicle Replacement Fund**
- **Sick Leave Liability Fund**
- **Risk Management Fund**

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-type Activities - Enterprise Funds				Business-Type	
	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds	Totals	Activities - Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,217,601	\$ 305,921	\$ 1,001,781	\$ 424,090	\$ 4,949,393	\$ 437,994
Investments	1,708,750	-	121,681	294,879	2,125,310	304,544
Restricted cash and cash equivalents	199,874	-	-	-	199,874	-
Receivables:						
Accounts	693,195	164,362	153,668	114,609	1,125,834	12,473
Due from other funds	14,952	17,419	6,113	13,250	51,734	27,846
Inventories	480,924	39,363	3,611	-	523,898	8,962
Total current assets	<u>6,315,296</u>	<u>527,065</u>	<u>1,286,854</u>	<u>846,828</u>	<u>8,976,043</u>	<u>791,819</u>
Noncurrent assets:						
Restricted cash and cash equivalents	-	271	-	87,561	87,832	-
Restricted investments	527,515	212,902	574,878	60,883	1,376,178	-
Weatherization loans	119,925	-	-	-	119,925	-
Capital assets:						
Land	112,628	16,313	512,442	111,686	753,069	-
Construction in progress	-	64,690	-	-	64,690	-
Depreciable assets, net of depreciation	6,760,041	4,181,222	5,747,517	183,483	16,872,263	1,234,566
Total noncurrent assets	<u>7,520,109</u>	<u>4,475,398</u>	<u>6,834,837</u>	<u>443,613</u>	<u>19,273,957</u>	<u>1,234,566</u>
Total assets	<u>13,835,405</u>	<u>5,002,463</u>	<u>8,121,691</u>	<u>1,290,441</u>	<u>28,250,000</u>	<u>2,026,385</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows related to pension and OPEB	639,312	106,939	145,581	160,709	1,052,541	86,222
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	514,484	71,519	28,971	21,224	636,198	24,714
Accrued interest payable	-	-	28,434	1,300	29,734	-
Due to other funds	-	6,457	-	115,255	121,712	11,580
Current portion of long-term debt	90,318	4,112	37,093	27,540	159,063	5,158
Total current liabilities (unrestricted)	<u>604,802</u>	<u>82,088</u>	<u>94,498</u>	<u>165,319</u>	<u>946,707</u>	<u>41,452</u>
Current liabilities (payable from restricted assets):						
Deposits	199,871	-	-	-	199,871	-
Total current liabilities	<u>804,673</u>	<u>82,088</u>	<u>94,498</u>	<u>165,319</u>	<u>1,146,578</u>	<u>41,452</u>
Noncurrent liabilities						
Advances from other funds	-	-	-	141,774	141,774	-
Long-term debt, net of current portion:						
Due to Bonneville Power Administration	53,543	-	-	-	53,543	-
Landfill closure liability	-	-	-	145,496	145,496	-
Notes and contracts payable	-	27,310	1,206,570	-	1,233,880	-
Net pension liability	1,492,734	231,666	342,365	371,541	2,438,306	202,781
Transition liability	103,075	17,749	25,206	21,483	167,513	18,817
Compensated absences payable	22,579	1,028	751	6,885	31,243	1,290
Other postemployment benefits	291,294	158,572	51,437	95,767	597,070	30,387
Total noncurrent liabilities	<u>1,963,225</u>	<u>436,325</u>	<u>1,626,329</u>	<u>782,946</u>	<u>4,808,825</u>	<u>253,275</u>
Total liabilities	<u>2,767,898</u>	<u>518,413</u>	<u>1,720,827</u>	<u>948,265</u>	<u>5,955,403</u>	<u>294,727</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension and OPEB	276,781	79,315	58,551	76,350	490,997	34,653
NET POSITION						
Net investment in capital assets	6,872,669	4,234,915	5,019,300	295,169	16,422,053	1,234,566
Restricted for system development	527,515	213,173	574,878	-	1,315,566	-
Restricted for landfill closure	-	-	-	2,948	2,948	-
Unrestricted	4,029,854	63,586	893,716	128,418	5,115,574	548,661
Total net position	<u>\$ 11,430,038</u>	<u>\$ 4,511,674</u>	<u>\$ 6,487,894</u>	<u>\$ 426,535</u>	<u>\$ 22,856,141</u>	<u>\$ 1,783,227</u>

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

CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET POSITION
TO THE STATEMENT OF NET POSITION
June 30, 2019

Net position - total enterprise funds \$ 22,856,141

Amounts reported for business-type activities in the Statement of Net Position are different because:

Internal service funds are used by management to charge the costs of certain activities to individual funds. The internal service funds predominately serve the enterprise funds, so the assets and liabilities of the internal service funds are included in Business-Type Activities in the Statement of Net Position as follow:

Cash and cash equivalents	\$	437,994	
Investments		304,544	
Accounts receivable, net		12,473	
Due from other funds		27,846	
Inventories		8,962	
Internal balances		(522,539)	
Capital assets, net		1,234,566	
Deferred outflows - contributions to PERS		86,222	
Accounts payable and accrued expenses		(24,714)	
Due to other funds		(11,580)	
Compensated absences		(6,448)	
Deferred inflows - pension differences		(34,653)	
Net pension liability		(202,781)	
PERS transition liability		(18,817)	
Other postemployment benefits		(30,387)	
		1,260,688	1,260,688

Net position of business-type activities \$ 24,116,829

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Totals	Business-Type
	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds		Activities - Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 7,896,015	\$ 1,265,313	\$ 1,210,567	\$ 1,144,191	\$ 11,516,086	\$ 740,198
Farm income	-	-	48,740	-	48,740	-
Miscellaneous	134,624	2,372	1,394	9,562	147,952	122,425
Total operating revenues	8,030,639	1,267,685	1,260,701	1,153,753	11,712,778	862,623
OPERATING EXPENSES						
Personal services	1,948,525	294,244	384,918	488,758	3,116,445	223,904
Materials and services	5,550,903	301,155	289,726	417,998	6,559,782	267,717
Depreciation	269,659	150,110	155,960	11,759	587,488	170,896
Total operating expenses	7,769,087	745,509	830,604	918,515	10,263,715	662,517
OPERATING INCOME (LOSS)	261,552	522,176	430,097	235,238	1,449,063	200,106
NON-OPERATING INCOME (EXPENSES)						
Gain (loss) on disposal of capital assets	-	(393)	-	(2,744)	(3,137)	8,770
Interest on investments	138,271	12,293	44,443	21,695	216,702	19,957
Interest expense	(7,106)	(1,103)	(52,304)	(3,186)	(63,699)	(966)
Total non-operating income (expenses)	131,165	10,797	(7,861)	15,765	149,866	27,761
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	392,717	532,973	422,236	251,003	1,598,929	227,867
CAPITAL CONTRIBUTIONS						
Intergovernmental	-	13,768	-	-	13,768	-
System development charges	124,434	87,175	102,367	-	313,976	-
TRANSFERS						
Transfers in	-	-	-	6,000	6,000	46,827
Transfers out	(1,061,694)	(569,601)	(479,784)	(272,374)	(2,383,453)	(89,338)
CHANGE IN NET POSITION	(544,543)	64,315	44,819	(15,371)	(450,780)	185,356
NET POSITION, Beginning	11,974,581	4,447,359	6,443,075	441,906	23,306,921	1,597,871
NET POSITION, Ending	\$ 11,430,038	\$ 4,511,674	\$ 6,487,894	\$ 426,535	\$ 22,856,141	\$ 1,783,227

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

CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Change in net position - total enterprise funds \$ (450,780)

Amounts reported for business-type activities in the Statement of Activities are different because:

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue (expense) of the internal service funds are allocated to business-type activities.

158,298

Change in net position of business-type activities \$ (292,482)

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2019

	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds	Totals	Business-Type Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 8,030,308	\$ 1,284,827	\$ 1,260,767	\$ 1,152,384	\$ 11,728,286	\$ 86,483
Receipts from interfund services provided	-	-	-	-	-	696,247
Payments to suppliers	(4,841,364)	(111,224)	(113,156)	(185,438)	(5,251,182)	(271,421)
Payments to employees	(1,548,865)	(273,386)	(365,572)	(441,131)	(2,628,954)	(241,101)
Payments for interfund services used	(759,837)	(140,483)	(165,007)	(249,656)	(1,314,983)	-
Net cash provided from (used by) operating activities	<u>880,242</u>	<u>759,734</u>	<u>617,032</u>	<u>276,159</u>	<u>2,533,167</u>	<u>270,208</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from internal loans	-	7,971	-	52,517	60,488	38,205
Payments from internal loans	(14,952)	(18,046)	(5,942)	(14,218)	(53,158)	(54,471)
Transfers in	-	-	-	6,000	6,000	46,827
Transfers out	(1,061,694)	(569,601)	(479,784)	(272,374)	(2,383,453)	(89,338)
Net cash provided from (used by) non-capital financing activities	<u>(1,076,646)</u>	<u>(579,676)</u>	<u>(485,726)</u>	<u>(228,075)</u>	<u>(2,370,123)</u>	<u>(58,777)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from intergovernmental revenue	-	13,768	-	1,237	15,005	-
Weatherization program	(17,169)	-	-	-	(17,169)	-
System development charges	124,434	87,175	102,367	-	313,976	-
Proceeds from issuance of debt	-	27,310	-	-	27,310	-
Proceeds from sale of capital assets	-	-	-	-	-	8,770
Acquisition of capital assets	(50,213)	(97,467)	(42,936)	(33,911)	(224,527)	(251,385)
Principal paid on long-term obligations	-	-	(149,799)	-	(149,799)	-
Interest paid on long-term obligations	(7,106)	(1,103)	(53,734)	(3,186)	(65,129)	(966)
Net cash provided from (used by) capital and related financing activities	<u>49,946</u>	<u>29,683</u>	<u>(144,102)</u>	<u>(35,860)</u>	<u>(100,333)</u>	<u>(243,581)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net sales (purchases) of investments	(262,205)	(105,422)	(93,530)	(54,195)	(515,352)	(31,474)
Interest on investments	138,271	12,293	44,443	21,695	216,702	19,957
Net Cash provided (used) by investing activities	<u>(123,934)</u>	<u>(93,129)</u>	<u>(49,087)</u>	<u>(32,500)</u>	<u>(298,650)</u>	<u>(11,517)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(270,392)</u>	<u>116,612</u>	<u>(61,883)</u>	<u>(20,276)</u>	<u>(235,939)</u>	<u>(43,667)</u>
CASH AND CASH EQUIVALENTS, Beginning	<u>3,687,867</u>	<u>189,580</u>	<u>1,063,664</u>	<u>531,927</u>	<u>5,473,038</u>	<u>481,661</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 3,417,475</u>	<u>\$ 306,192</u>	<u>\$ 1,001,781</u>	<u>\$ 511,651</u>	<u>\$ 5,237,099</u>	<u>\$ 437,994</u>
COMPRISED AS FOLLOWS						
Cash and cash equivalents	\$ 3,217,601	\$ 305,921	\$ 1,001,781	\$ 424,090	\$ 4,949,393	\$ 437,994
Restricted cash and cash equivalents	199,874	271	-	87,561	287,706	-
	<u>\$ 3,417,475</u>	<u>\$ 306,192</u>	<u>\$ 1,001,781</u>	<u>\$ 511,651</u>	<u>\$ 5,237,099</u>	<u>\$ 437,994</u>
Reconciliation of operating income (loss) to net cash provided						
Operating income (loss)	\$ 261,552	\$ 522,176	\$ 430,097	\$ 235,238	\$ 1,449,063	\$ 200,106
Adjustments to reconcile operating income(loss) to net cash						
Depreciation	269,659	150,110	155,960	11,759	587,488	170,896
(Increase) decrease in assets:						
Receivables	4,239	17,142	66	(1,369)	20,078	5,180
Deferred inflows related to pension and OPEB	343,438	85,322	29,131	84,510	542,401	(35,418)
Inventories	(34,995)	(5,553)	395	-	(40,153)	780
Increase (decrease) in liabilities:						
Deposits	(4,570)	-	-	-	(4,570)	-
Accounts payable and accrued expenses	(15,303)	55,001	11,168	(17,096)	33,770	(4,484)
Compensated absences payable	31,588	3,043	(2,759)	(270)	31,602	(5,481)
PERS transition liability	496	(1,187)	(1,754)	(1,905)	(4,350)	(9,185)
Other postemployment benefits	24,138	(66,320)	(5,272)	(34,708)	(82,162)	(52,186)
Net cash provided from operating activities	<u>\$ 880,242</u>	<u>\$ 759,734</u>	<u>\$ 617,032</u>	<u>\$ 276,159</u>	<u>\$ 2,533,167</u>	<u>\$ 270,208</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER
NOTES TO THE BASIC FINANCIAL
STATEMENTS JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Milton-Freewater, Oregon (the City) was incorporated January 1, 1951. The City operates under a Council-City Manager form of government and provides the following services authorized by its charter: public safety (police and fire), streets, electric distribution, water distribution, sewage collection and treatment, refuse collection and disposal, public improvements, planning and zoning, recreation, and general administration services.

The accompanying financial statements present all activities, funds and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the City is a primary government without any includable component units.

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *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, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general 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.

C. Measurement Focus, Basis of Accounting and Basis of 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 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 and similar items are recognized as

revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government- wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 are charges to customers for sales and services. Operating expenses for proprietary funds included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For proprietary funds, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Governmental Funds are funded by a variety of resources, which include Restricted, Committed, Assigned, and Unassigned sources. Unless specifically tracked, expenditures are assumed to begin with Restricted, Committed, Assigned, and lastly, Unassigned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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 City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental fund:

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. Principal sources of revenue are property taxes, utility taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations, public safety (police and fire), and culture and recreation.

The City reports the following major proprietary funds:

The *Electric Funds* account for revenues and expenses related to the City's electric utility operations.

The *Water Fund* accounts for revenues and expenses related to the City's water utility operations.

The *Sewer Funds* account for revenues and expenses related to the City's sewer utility operations.

Additionally, the City reports *Internal Service Funds*. These funds account for operations that provide service to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The services provided include warehouse services for the utility funds, vehicle maintenance, vehicle replacement, sick leave coverage to cover the cost of part-time help needed to replace employees who are out on extended sick leave, and risk management.

The City also includes the following fund types as other governmental funds:

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted, nonspendable, or assigned to finance particular functions or activities. The purpose of each major Special Revenue Fund and its revenue, is as following:

Street Fund- accounts for the cost of maintaining City streets and storm water drainage systems. The principal source of revenue is state gasoline taxes apportioned from the State of Oregon.

Library Fund – The Library Fund accounts for the operation of the City library. Principal sources of revenues are state grants, county library funds, library fines, donations, and transfers.

Senior/Disabled Transportation – Accumulates revenue dedicated to both the senior/disabled transportation program, which provides taxi services to seniors or disabled persons and the intercity general ridership bus program, which provides transportation for any citizen to and from Walla Walla, Washington.

Drug Enforcement – Accounts for revenue and expenditures from court forfeited illegal drug monies received through the participation with the Blue Mountain Enforcement Narcotics Team (BENT). Expenditures are reserved and limited to law enforcement use.

911 – Accounts for 911 telephone tax revenue. The revenues can only be expended on 911 emergency service expenditures.

Debt service funds account for the financial resources that are restricted, committed, or assigned to expenditure for payment made for principal and interest on long-term debt for governmental funds.

Capital Project funds account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays including acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds. The City's only Capital Project Fund is the *Street Improvement Fund*. The Street Improvement Fund accounts for revenues collected from street opening permits.

D. Assets, Liabilities and Equity

1. Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities of three months or less from the date of acquisition.

The City maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the City is to invest in the Local Government Investment Pool, U.S. Government and Agency Obligations, and interest-bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The City allocates earnings on investments to selected funds based on the average monthly balances throughout the year.

Investments in the Local Government Investment Pool are stated at amortized cost, which approximates fair value. All other investments are reported at fair value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (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".

The City has authorized interfund borrowing and commingling of cash. As a result of commingling of cash accounts, if certain special revenue funds are in a deficit balance, and other funds have adequate cash amounts to cover these deficits, there will be a short-term or long-term borrowing situation.

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources.

Other receivables including accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph C above. An allowance for uncollectible accounts has been established for the General Fund and represents the portion of receivables not expected to be collected.

3. Inventories and Prepaid Expenses

Inventories in the Electric Fund, Water Fund, Sewer Fund, and Vehicle Maintenance Internal Service Fund are determined by physical count and are stated at the lower of average cost or market. Expenses are recognized when inventories are consumed. Other inventories are taken for control purposes only with no dollar value assigned.

4. 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. The City defines capital assets 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 when actual cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset 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, net of interest earned on the invested proceeds over the same period. \$64,665 of interest was incurred during the year, none of which was capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Plant in service/Infrastructure	15 – 70
Building and improvements	10 – 50
Machinery and equipment	5 – 20
Vehicles	3 – 20
Software	5 – 20

5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation, holiday and sick pay benefits. Sick pay benefits in excess of 700 hours are payable to employees upon retirement. Employees have the choice whether to cash in sick pay benefits in excess of 700 hours or convert them into PERS. The City has chosen not to report a liability for potential sick leave payouts because the actual hours at retirement can vary greatly from the current

amounts. All vacation and holiday pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Management concluded that 20% of the liability would report as long-term liability and the remaining as short-term liability.

Compensated absences are normally paid from the General, Street, Library, Electric, Water, Sewer, Solid Waste, Golf Course, and Internal Service funds.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that met the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

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

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

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

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

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

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

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

8. Restricted Net Position

Restrictions on net position that are either imposed by creditors, grantors, laws or other regulations, or by enabling legislation are reported as restricted net position.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

F. Adoption of new GASB Pronouncements

During the fiscal year ended June 30, 2019, the City implemented the following GASB pronouncements:

GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Debt Borrowings and Direct Placements". This statement was issued April 2018 to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

G. Pending Accounting Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2019:

GASB Statement No. 87, "Leases". This statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for the fiscal year ending June 30, 2021.

GASB Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period". This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the City for the fiscal year ending June 30, 2021.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds, except for the proprietary funds. The annual budget for proprietary funds is adopted on the modified accrual basis of accounting, which is not consistent with GAAP, in order to comply with Oregon Local Budget Law. All annual appropriations lapse at fiscal year-end. Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring,

with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established at the department level for the General Fund. For all other funds, the level of budgetary control is established at the personal services, materials and services, capital outlay, contingency, interfund transfers, debt service, and other uses.

Unexpected additional resources may be added to the budget and appropriated for expenditure through the use of a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval by the City Council. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain City Council authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2019, appropriation increases and transfers were approved. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses as of year-end.

B. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following amounts:

Library Fund	
Capital Outlay	<u>\$ 24,305</u>
Senior/Disabled Transportation Fund	
Materials and Services	<u>\$ 4,976</u>
Solid Waste Fund	
Materials and Services	<u>\$ 3,094</u>
Golf Course Fund	
Capital Outlay	<u>\$ 30,603</u>
Vehicle Replacement Fund	
Capital Outlay	<u>\$ 10,885</u>

C. Deficit Fund Balances

Funds having a deficit fund balance at June 30, 2019 are as follows:

Golf Course Fund	<u><u>\$(255,471)</u></u>
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III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2019. If bank deposits at year-end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists.

For deposits in excess of federal depository insurance, Oregon Revised Statutes require that Public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss.

The City's deposits are comprised of bank demand deposits and certificates of deposit. For the fiscal year ended June 30, 2019, the carrying amount of the City deposits, including certificates of deposit (in the amount of \$500,225) and money market accounts, was \$1,215,424 and the bank balance was \$1,382,188. All deposits are held in the name of the City. Of the bank balance, \$758,557 was covered by federal depository insurance and \$623,631 was collateralized under ORS 295. In addition, the City had petty cash in the amount of \$1,440.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

Investments. The City of Milton-Freewater has invested funds in the State Treasurer's Oregon Short-Term Fund (OSTF) Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40. The OSTF financial statements and the OSTF Portfolio Rules can be obtained at www.ost.state.or.us.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Fair Value Hierarchy. Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or

liabilities, that each Fund has the ability to access.

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not yet active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatiles, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgement exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has recorded its investments at fair value, and primarily uses the Market Approach to value each security. The City applies fair market value updates to its securities on a daily basis. Security pricing is provided by a third-party, and is reported daily to the City by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the City’s investment policy generally fall within hierarchy level 1 and 2.

The City has the following recurring fair value measurements as of June 30, 2019:

	Totals as of 6/30/2019	Fair Value Measurements Using			Cost Measurement Using
		Quoted Prices in Active Markets for Identical Assets Level One	Significant Other Observable Inputs Level Two	Significant Unobservable Inputs Level Three	Not measured at Fair Value
Investments Measured at Fair Value:					
US Government Agency Obligations	\$ 2,641,354	\$ 2,641,354	\$ -	\$ -	\$ -
Corporate Bonds	1,042,809	-	1,042,809	-	-
Time/Interest Bearing Deposits	578,750	-	-	-	578,750
Local Government Investment Pool	5,502,121	-	-	-	5,502,121
Total investments	<u>\$ 9,765,034</u>	<u>\$ 2,641,354</u>	<u>\$ 1,042,809</u>	<u>\$ -</u>	<u>\$ 6,080,871</u>

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

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the

total investments, excluding investments in mutual funds, external investment pools, other pooled investments or those issued and explicitly guaranteed by the U.S. Government. None of the City's investments were identified to be over 5 percent of total investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

The City of Milton-Freewater also invested funds in U.S. Government Obligations and time certificates of deposit. These investments are carried at fair value.

The City also had funds invested in money market accounts. These funds are collateralized by the underlying investments of the money market fund they are invested in and by additional collateral pool certificates.

Investments held by the City at June 30, 2019, and their remaining time to maturity, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	\$ 5,502,121
Money Market Investments	1 day	78,525
US Government Agency Obligations (Rating Aaa)	Less than 1 year	1,108,224
US Government Agency Obligations (Rating Aaa)	1 to 3 years	1,533,129
Corporate Bonds (Rating 18% AA, 82% A)	Less than 1 year	269,856
Corporate Bonds (Rating 58% AA, 42% A)	1 to 3 years	772,953
		<u>9,264,808</u>
Less amounts classified as cash equivalents		<u>(5,580,646)</u>
Total subject to investment risk		3,684,162
Time Certificates of Deposit	Less than 1 year	<u>500,225</u>
Total investments for financial reporting purposes		<u><u>\$ 4,184,387</u></u>

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position is as follows:

Carrying amounts of deposits plus petty cash	\$ 638,114
Local Government Investment Pool	5,502,121
Money Market Investments	<u>78,525</u>
Total cash and cash equivalents	<u><u>\$ 6,218,760</u></u>

Restricted cash and investments at June 30, 2019 consist of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental activities			
Highways and streets	\$ 295,255	\$ 205,297	\$ 500,552
Culture and recreation	44,322	30,818	75,140
System development	-	4,358	4,358
Debt service	213	148	361
Urban Renewal	<u>213,635</u>	<u>-</u>	<u>213,635</u>
Total governmental activities	<u>553,425</u>	<u>240,621</u>	<u>794,046</u>
Business-type activities:			
Customer deposits	199,871	-	199,871
System development	271	1,315,295	1,315,566
Landfill closure costs	<u>87,561</u>	<u>60,883</u>	<u>148,444</u>
Total business-type activities	<u>287,703</u>	<u>1,376,178</u>	<u>1,663,881</u>
Total restricted cash and investments	<u>\$ 841,128</u>	<u>\$ 1,616,799</u>	<u>\$ 2,457,927</u>

B. Receivables

Receivables as of fiscal year end for the governmental activities individual major funds and non-major funds in the aggregate are as follows:

	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Activities</u>
Property taxes	\$ 61,208	\$ 3,336	\$ 64,544
Accounts	98,906	102,286	207,061
Fines and Forfeitures	258,016	-	258,016
Allowance for doubtful accounts	<u>(154,810)</u>	<u>-</u>	<u>(154,810)</u>
Total receivables	<u>\$ 263,320</u>	<u>\$ 105,622</u>	<u>\$ 374,811</u>

Uncollected property taxes in governmental funds are shown on the statement of net position as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Umatilla County, and remittance to the City is made at periodic intervals.

Assessment liens receivable represent the uncollected amounts levied against benefited property for costs of local improvements. Since the assessments are liens against the benefited property, an allowance for uncollectible amounts is not considered necessary.

An allowance for uncollectible court receivables has been established. Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision

for estimated uncollectible accounts has been established for those respective receivables.

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 530,962	\$ -	\$ (118,422)	\$ -	\$ 412,540
Easements	15,000	-	-	-	15,000
Construction in progress	83,620	42,796	-	(77,240)	49,176
Total capital assets, not being depreciated	<u>629,582</u>	<u>42,796</u>	<u>(118,422)</u>	<u>(77,240)</u>	<u>476,716</u>
Capital assets, being depreciated					
Machinery and equipment	599,304	42,601	-	-	641,905
Buildings and improvements	5,220,999	28,666	(58,600)	67,552	5,258,617
Infrastructure	26,298,504	128,975	-	9,688	26,437,167
Total capital assets, being depreciated	<u>32,118,807</u>	<u>200,242</u>	<u>(58,600)</u>	<u>77,240</u>	<u>32,337,689</u>
Accumulated depreciation for:					
Machinery and equipment	(343,527)	(65,433)	-	-	(408,960)
Buildings and improvements	(3,463,451)	(86,785)	15,236	-	(3,535,000)
Infrastructure	(9,634,713)	(660,068)	-	-	(10,294,781)
Total accumulated depreciation	<u>(13,441,691)</u>	<u>(812,286)</u>	<u>15,236</u>	<u>-</u>	<u>(14,238,741)</u>
Total capital assets, being depreciated, net	<u>18,677,116</u>	<u>(612,044)</u>	<u>(43,364)</u>	<u>77,240</u>	<u>18,098,948</u>
Governmental activities capital assets, net	<u>\$ 19,306,698</u>	<u>\$ (569,248)</u>	<u>\$ (161,786)</u>	<u>\$ -</u>	<u>\$ 18,575,664</u>

Depreciation expense for governmental activities is charged to governmental functions as follows:

General Government	\$ 47,690
Public Safety	36,120
Culture and recreation	75,715
Highways and streets	<u>652,761</u>
Total depreciation expense - governmental activities	<u>\$ 812,286</u>

Capital asset activity for the business-type activities for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 753,069	\$ -	\$ -	\$ -	\$ 753,069
Construction in progress	35,104	64,690	-	(35,104)	64,690
Total capital assets, not being depreciated	788,173	64,690	-	(35,104)	817,759
Capital assets, being depreciated					
Machinery and equipment	6,226,937	310,549	(54,287)	-	6,483,199
Buildings and improvements	33,077,686	100,672	-	35,104	33,213,462
Total capital assets, being depreciated	39,304,623	411,221	(54,287)	35,104	39,696,661
Accumulated depreciation for:					
Machinery and equipment	(4,374,900)	(246,484)	49,913	-	(4,571,471)
Buildings and improvements	(16,506,461)	(511,900)	-	-	(17,018,361)
Total accumulated depreciation	(20,881,361)	(758,384)	49,913	-	(21,589,832)
Total capital assets, being depreciated, net	18,423,262	(347,163)	(4,374)	35,104	18,106,829
Business-type activities capital assets, net	<u>\$ 19,211,435</u>	<u>\$ (282,473)</u>	<u>\$ (4,374)</u>	<u>\$ -</u>	<u>\$ 18,924,588</u>

Depreciation expense for business-type activities is charged to functions as follows:

Electric	\$ 269,659
Water	150,110
Sewer	155,960
Solid Waste	10,280
Golf Course	1,479
Warehouse	969
Vehicle Replacement	<u>169,927</u>
Total depreciation expense - business-type activities	<u>\$ 758,384</u>

D. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first is the deferred amounts relating to pensions. The second is the deferred amounts relating to other post employment benefits (OPEB). Both of these amounts are deferred and recognized as an outflow of resources in the period when the City recognizes each respective expense/expenditure. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position, if applicable.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in this category. Other than deferred inflows related to pensions (see discussion below) and OPEB the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. This item is captioned “unavailable revenue” and is reported only in the governmental fund balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The governmental funds report unavailable revenues from the following sources:

	General Fund	Other Governmental Funds	Totals
Property taxes	\$ 52,149	\$ 44,207	\$ 96,356
Accounts	56,487	-	56,487
Fines and forfeitures	103,206	-	103,206
Assessments / Accounts	-	5,318	5,318
	<u>\$ 211,842</u>	<u>\$ 49,525</u>	<u>\$ 261,367</u>

Pensions

Substantially all of the City's employees are participants in the Oregon Public Employees Retirement System (OPERS), a statewide cost-sharing multi-employer defined benefit pension plan. Contributions to OPERS are made on a current basis as required by the plan.

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OPER’s and additions to/deductions from OPERS’s fiduciary net position 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 benefit terms. Investments are reported at fair value by OPERS.

E. Long-term Obligations

1. Direct Borrowings – Business- Type Activities

Sewer Fund

On December 9, 2013 the City entered into an agreement with the Oregon Infrastructure Finance Authority (IFA) for a wastewater improvement grant reimbursement loan for a total of \$3,305,000. Of the total, \$2,000,000 was grant monies and the remaining \$1,305,000 was a cost reimbursement loan to the City. The debt carries an interest rate of 3.95% per annum and is payable from Sewer Fund revenues in annual installments over 25 years. The loan is backed solely by the future pledged revenue from sewer fees. In the

event of an event of default, the IFA may declare all payments under the note and all other amounts due under any of the financing documents due and payable. Principal payments began December 1, 2017.

Future maturities are as follows:

Year Ending	Principal	Interest
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 34,089	\$ 49,006
2021	35,435	47,660
2022	36,835	46,260
2023	38,290	44,805
2024	39,802	43,292
2025-2029	223,874	191,599
2030-2034	271,721	143,751
2035-2039	329,798	85,676
2040-2042	<u>230,815</u>	<u>18,470</u>
	<u>\$1,240,659</u>	<u>\$ 670,519</u>

On July 13, 2015 the City entered into a second agreement with the Oregon Infrastructure Finance Authority (IFA) for additional funds to complete their wastewater improvement project. The City drew down an additional \$121,447 from this loan. The debt carries an interest rate of 1% per annum and is payable from Sewer Fund revenues in annual installments over 25 years. Principal payments began December 1, 2017. The note was paid in full at June 30, 2019.

Water Fund

On June 11, 2018, the City entered into an agreement with the Oregon Infrastructure Finance Authority (IFA) for a water improvement grant reimbursement loan for a total of \$501,300. Of the total, \$442,000 was grant monies and the remaining \$27,310 was a cost reimbursement loan to the City. The debt carries an interest rate of 2.86% per annum and is payable from Water Fund revenues in annual installments over 19 years. The loan is backed solely by the future pledged revenue from water fees. In the event of an event of default, the IFA may declare all payments under the note and all other amounts due under any of the financing documents due and payable. Principal payments will begin on December 1 of the year in which the project is complete or December 1, 2021, whichever is earlier.

2. Direct Borrowings – Governmental Activities

Line of Credit

On August 14, 2019, the City executed an unsecured line of credit with Community Bank to pay for the construction of an elevator in City Hall. The principal amount of the credit line is \$520,000 and carries a variable interest rate based on the Wall Street Journal Prime. In the event of an event of default, the lender will increase the interest rate to 18%. No funds were drawn at June 30, 2019.

3. Interfund Note Payable

The City's former Urban Renewal Agency issued an interfund note payable to pay off existing external debt and refinance previous improvements at the Golf Course that benefitted the community.

Interfund notes payable transactions for the year are as follows:

	Original Amount	Outstanding June 30, 2018	Decrease	Outstanding June 30, 2019
Golf course irrigation system note, interest at 1%, principal and interest due annually on August 1, due 2020	\$ 195,846	\$ 141,774	\$ -	\$ 141,774

The Golf Course loan was intended to be repaid to the Agency over a period of five years and include interest of 1%. Due to the Golf Course Fund's deficit fund balance, the Council has deferred principal payments on the loan until at least the fiscal year ending June 30, 2020. Interest only payments on this loan are required until the Fund's deficit is resolved.

Future scheduled maturities on the Golf Course loan are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 27,439	\$ 1,418
2021	114,335	2,009
	<u>\$ 141,774</u>	<u>\$ 3,427</u>

4. Weatherization Program

The City was involved in two residential weatherization programs in past years. The funds for the program were supplied by BPA in the form of advances, which are noninterest bearing, and are liens against the property weatherized. They are repayable to BPA when the property is sold. At the conclusion of the program on December 31, 1982, approximately \$580,925 had been expended under this program, of which \$53,543 was outstanding as of June 30, 2019.

5. Landfill Closure and Post-Closure Care Cost

The Oregon Department of Environmental Quality (ODEQ) issues guidance to enable the City to estimate the future costs to close and monitor its solid waste landfill site when it is eventually closed. State and federal laws and regulations require the City to place a final cover on its solid waste landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City moves a portion of these closure and post-closure care costs to a reserve fund set up to accrue funds necessary to pay expenses when the landfill is closed. The \$145,496 reported as landfill closure liability in the landfill

closure fund at June 30, 2019, represents the cumulative amount reported-to-date based on the use of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$376,832 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2006 indexed for inflation. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The ODEQ regulations allow for compliance with landfill financial assurance requirements by meeting a financial test, with which the City complies. The current landfill capacity used is 37.45% and the City expects to close the landfill in the year 2075, which means a remaining estimated life of 56 years.

6. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2019, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Other postemployment benefits	\$ 1,013,019	\$ -	\$ 237,370	\$ 775,649	\$ -
Net pension liability (asset)	4,684,034	-	28,648	4,655,386	-
PERS transition liability	357,160	-	23,859	333,301	-
Compensated absences	265,433	3,880	-	269,313	215,450
Governmental activity Long-term obligations	<u>\$ 6,319,646</u>	<u>\$ 3,880</u>	<u>\$ 289,877</u>	<u>\$ 6,033,649</u>	<u>\$ 215,450</u>
Business-type activities:					
Notes from direct borrowings	\$ 1,390,457	\$ 27,310	\$ 149,798	\$ 1,267,969	\$ 34,089
Weatherization Program-Due to BPA	56,035	-	2,492	53,543	-
Landfill Closure Liability	138,714	6,782	-	145,496	-
Total debt	1,585,206	34,092	152,290	1,467,008	34,089
Other postemployment benefits	761,805	-	134,348	627,457	-
Net pension liability (asset)	2,261,055	380,032	-	2,641,087	-
PERS transition liability	199,865	-	13,535	186,330	-
Compensated absences	136,545	26,119	-	162,664	130,132
Business-type activity Long-term obligations	<u>\$ 4,944,476</u>	<u>\$ 440,243</u>	<u>\$ 300,173</u>	<u>\$ 5,084,546</u>	<u>\$ 164,221</u>

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Course	\$ 141,774

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Street Improvement	\$ 998
General	Library	1,078
General	Golf Course	85,735

Continued

Continued

Street	General	29,989
Street	Street Improvement	3,900
Street	Library	334
Street	Golf Course	3,819
Electric	General	2,617
Electric	Golf Course	12,335
Water	General	3,371
Water	Street Improvement	10,735
Water	Library	878
Water	Golf Course	2,435
Sewer	General	1,881
Sewer	Street Improvement	2,067
Sewer	Library	94
Sewer	Golf Course	2,071
Solid Waste	General	2,630
Solid Waste	Street Improvement	870
Solid Waste	Library	41
Solid Waste	Water	6,457
Solid Waste	Golf Course	3,253
Vehicle Replacement	General	560
Vehicle Replacement	Street Improvement	9,100
Vehicle Replacement	Library	1,000
Vehicle Maintenance	Golf Course	5,606
Vehicle Replacement	Risk Management	<u>11,579</u>
	Total	<u>\$ 205,433</u>

As described in note E.3, the \$141,774 is evidenced by a promissory note between the City's former Urban Renewal Agency and the Golf Course Fund. The remaining balance between the General Fund and the Golf Course Fund is due to periodic cash flow needs of the Golf Course related to its current deficit fund balance. In addition, the Risk Management Fund received an insurance reimbursement for a vehicle that was totaled and replaced with a new vehicle purchased by the Vehicle Replacement Fund. These funds are to reimburse the Vehicle Replacement Fund for this purchase. All other interfund borrowing during the year was related to the construction of capital additions.

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers out of the business-type activities and transfers into the governmental activities in the amount of \$2,419,964.

A reconciliation of transfers in the fund financial statements is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
General	\$ 2,520,099	\$ 131,913
Other governmental funds	130,313	98,535
Business-type activities		
Electric	-	1,061,694
Water	-	569,601
Sewer	-	479,784
Other enterprise funds	6,000	272,374
Internal service funds	<u>46,827</u>	<u>89,338</u>
	<u>\$ 2,703,239</u>	<u>\$ 2,703,239</u>

As part of the budget preparation and adoption, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. Transfers between funds include transfers to the internal service funds to provide services and to fund the sick leave liability fund; transfers to the general fund for accounting, billing and general administration; a transfer to the library as an ongoing operating subsidy; transfers to subsidize the Warehouse fund; transfers to repay capital improvement expenditures; and transfers to the electric fund related to the operation of the warehouse and shop.

G. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2019 were as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance			
Nonspendable:			
Advances to other funds	\$ 141,774	\$ -	\$ 141,774
Restricted for:			
Streets and Parks	-	574,048	574,048
Library	-	60,490	60,490
Urban Renewal	71,861	-	71,861
Debt Service	-	361	361
System Development	4,358	-	4,358
Assigned to:			
Streets	-	23,504	23,504
Transportation programs	-	73,899	73,899
911 Service	-	45,144	45,144
Drug enforcement	-	9	9
Unassigned:	<u>(3,214)</u>	<u>-</u>	<u>(3,214)</u>
Total Fund Balance	<u>\$ 214,779</u>	<u>\$ 777,455</u>	<u>\$ 992,234</u>

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; and errors and omissions for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

B. Power Sales and Exchange Contracts

The City has a 30-year and 50-year Power Sales contract with Public Utility District No. 2 of Grant County, Washington, for purchases of power generated from the Priest Rapids Hydroelectric Project on the Columbia River. Under the terms of these contracts, the City had agreed to purchase .24% of the Priest Rapids Development output for 30 years, and 7% of the Wanapum Development output until October 31, 2009. The cost of the power purchased from the two developments is determined based on the percentage purchased applied to the "Annual Power Costs" as defined in the contracts. Power available from the contracts is sold to the Bonneville Power Administration. Revenue from surplus power sales amounted to \$155,321 for the year ended June 30, 2019.

Effective November 1, 2009, the Priest Rapids Hydro Electric Project and Wanapum Development were combined as the Priest Rapids Project, and the City has agreed to purchase 1.2% of the total output. The agreement will remain in effect until the earlier of April 1, 2052, or such time as Grant PUD no longer has authority to market Priest Rapids projects. The new agreement represents a 30% decrease in the Wanapum Development portion of the contract. In addition, the City will share in the surplus (non-firm) portion, whether it is a positive or negative (shortage) amount based on Bonneville projections.

C. Energy Northwest Project 2

Energy Northwest has a project for a nuclear generating plant, referred to as Energy Northwest (formerly known as Washington Public Power Supply System Nuclear) Project 2. The City, together with other BPA preference customers, executed agreements with BPA and Energy Northwest to purchase a portion of the electric power and energy capability of this project. Pursuant to this agreement, certain BPA preference customers, including the City, will make payments to Energy Northwest for their proportionate share of the annual cost of this project, including debt service payments. The participating utilities have assigned their share of the project capabilities to BPA. The power and energy from the project become part of the power and energy made available to the City and other BPA preference customers under the terms of their respective power sales contracts with BPA.

In return, BPA will credit the payments made by the participating utilities to Energy Northwest against billing by BPA for power and certain other services rendered by BPA under the power sales contracts, or will pay for such project capability in cash.

D. Payable to a Defined Benefit Pension Plan - Oregon Public Employees Retirement System Transition Liability

Long-term payables assessed to an individual employer, such as the City, upon transitioning from one multiple-employer pension plan to another are recognized separately from liabilities for the plan's net pension liability. Starting in 2001 the State of Oregon has allowed local governments to join the State and Local Government Rate Pool (SLGRP), a pool that includes

state agencies as well as local governments. When the City joined the SLGRP there was an excess unfunded actuarial liability attributable to the agent multiple employer plan in which it previously participated, and this excess represents a long-term payable from the City to the SLGRP. The liability is amortized over a fixed period ending December 31, 2027. The City is charged interest based upon the Oregon PERS Board assumed earnings rate (currently 7.20%). The required payments, based on an actuarial study, are intended to result in the elimination of the transition liability within the approved amortization period. The pooled rate for the City is adjusted up or down by an amount sufficient to meet the amortization schedule requirements.

E. Other Postemployment Benefits

Last fiscal year, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions. This statement addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multiple Employer Plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The OPEB for the City combines three separate plans. The City provides certain health care benefits for retired employees. The City also provides an implicit rate subsidy for retiree Health Insurance Continuation (HIC) premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan Retirement Health Insurance Account.

Post-Employment Health Care Benefits

Plan Description

For employees retiring after July 1, 1991, the City provides a medical plan for employees who are eligible for and receive an Oregon State PERS retirement benefit, except employees who retire on disability. The City pays 50% of the employee only premium for a specified medical benefit plan from the date of retirement until the employee is eligible for Medicare coverage at age 65. GASB Statement No. 75 is applicable to the City for this explicit benefit. This plan is not a stand-alone plan and therefore does not issue its own financial statements.

Funding Policy

The City collects insurance premiums from all retirees each month and deposits them in the General Fund. The City then pays healthcare insurance premiums for all retirees at the appropriate rate for each family classification. The City had 8 retired members, 67 active members and 2 spouses of ineligible members in its plan on July 1, 2018, the date of its actuarial valuation. The annual required contribution (ARC) to the plan includes the employer's pay-as-you-go amount and an additional amount calculated to prefund future benefits.

Health Insurance Continuation

Plan Description

The City is required by Oregon Revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees, which is considered a single employer plan. Although the City does not pay any portion of the retirees' healthcare insurance, a retired employee receives the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees. GASB Statement 75 is applicable to the City for this implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. A separate, audited GAAP-basis postemployment benefit plan report is not available for this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of statement 75. The City had 8 retired members, 67 active members and 2 spouses of ineligible members in its plan on July 1, 2018, the date of its actuarial valuation.

Outline of Plan Provisions

There are certain provisions that must be met in order for OPEB benefits to be eligible to retirees which are listed below:

- The retiree must be eligible to receive benefits from Oregon PERS.
- Eligibility requirements for earliest retirement under Oregon PERS are: 1) the earlier of age 55, or any age with 30 years of service for Tier 1 or Tier 2 employees and; 2) age 55 with 5 years of service for OPSRP employees.
- All classes of employee are eligible to continue medical benefit coverage upon retirement.
- Qualified spouse, domestic partner, and children may qualify for coverage.
- Coverage for retirees and eligible dependents continues until Medical eligibility for each individual (or until dependent children become ineligible).
- The retirees will contribute the full health plan premiums.
- There is an implicit rate subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than they would be if the retirees were in a separately rated health plan.

Total OPEB Liability

The City's total OPEB liability of \$1,403,105 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial assumptions and other inputs

The total OPEB liability for the City's explicit employer benefit and its implicit employer subsidy in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent per year
Discount Rate	3.87 percent
Projected Salary Increases	3.50 percent per year
Mortality	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2018	\$ 1,774,824
Changes for the year:	
Service cost	106,736
Interest on total OPEB liability	65,163
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	(50,615)
Effect of assumptions changes or inputs	(369,202)
Benefit payments	<u>(123,801)</u>
Balance as of June 30, 2019	<u>\$ 1,403,105</u>

Sensitivity of the total OPEB liability to changes in the discount and trend rates. The following presents the total OPEB liability of the City's, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,515,682	\$ 1,403,105	\$ 1,299,380

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

	<u>1% Decrease</u>	<u>Healthcare Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,258,457	\$ 1,403,105	\$ 1,575,336

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$113,349. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (44,928)
Changes of assumptions or inputs	-	(405,105)
Contributions subsequent to the MD	<u>95,566</u>	<u>-</u>
Total	<u>\$ 95,566</u>	<u>\$ (450,033)</u>

\$95,566 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

	Annual Recognition
Year ended June 30:	
2020	\$ (58,550)
2021	(58,550)
2022	(58,550)
2023	(58,550)
2024	(58,550)
Thereafter	<u>(157,283)</u>
Total	<u>\$ (450,033)</u>

PERS Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer other postemployment defined benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by calling 503-598-7377.

Benefits Provided

RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan

members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly costs of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account 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 the 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 creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

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 December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's contributions to RHIA for the years ended June 30, 2019 and 2018 were \$19,036 and \$21,119, which equaled the required contributions each year.

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

At June 30, 2019, the City had an asset of \$44,271 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2018, determined by an actuarial valuation as of December 31, 2016, rolled forward to June 30, 2018. 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, 2018, the City's proportionate share was 0.0397% which is a decrease from its proportion of 0.0424% as of June 30, 2017.

For the year ended June 30, 2019, the City deemed all amounts related to RHIA (including any related prior period adjustments) to be immaterial and no amounts were recorded in the financial statements for this portion of the City's other post employment benefits. At June 30, 2019, the City had the following deferred items related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,509)
Changes of assumptions or inputs	-	(140)
Net difference between projected and actual earnings on investments	-	(9,545)
Changes in proportion	431	(20)
Total (prior to post-MD contributions)	431	(12,214)
Contributions subsequent to the MD	19,036	
Total	<u>\$ 19,467</u>	<u>\$ (12,214)</u>

For the year ended June 30, 2019, the City had OPEB income from this plan of \$3,980. Deferred outflows of resources related to OPEB of \$19,036 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, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

	Annual Allocation
Year ended June 30:	
2020	\$ (3,842)
2021	(3,838)
2022	(3,154)
2023	(949)
Total	<u>\$ (11,783)</u>

Actuarial Assumptions and Other Inputs

Actuarial methods and assumptions are consistent with those disclosed in the OPERS Pension Plan. See Note F for additional information on Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

Sensitivity of the Total OPEB Asset (liability) to changes in the discount rate

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

	1% Decrease	Current Discount Rate (7.20%)	1% Increase
Total RHIA OPEB asset (liability)	\$ 25,777	\$ 44,271	\$ 60,013

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately issued

OPERS financial report.

F. Defined Benefit Pension Plan – Public Employees Retirement System

1. Plan Description

Substantially all City employees are provided with pensions through the Oregon Public Employees Retirement System (OPERS), 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 238, is closed for 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:

<http://www.oregon.gov/pers/emp/Pages/Actuarial-Financial-Information.aspx>

2. Benefits Provided

Tier One/Tier Two Retirement Benefit

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% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had 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 for disability benefit 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.

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

OPSRP Pension Program

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 by the following formula for members who attain normal retirement age.

- For general service members, 1.5% 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.
- For police and fire members, 1.8% 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.

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

Death Benefits.

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

Disability Benefits.

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

Benefit Changes After Retirement.

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits.

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

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

Death Benefits.

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

Recordkeeping.

OPERS contracts with VOYA Financial to maintain IAP participant records.

3. Contributions

PERS funding policy 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, 2015 actuarial valuation, which became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 totaled \$1,177,876, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2019 were 27.08 percent for Tier One/Tier Two General Service Member, 32.68 percent for Tier One/Tier Two Police and

Fire, 20.30 percent for OPSRP Pension Program General Service Members, 24.93 percent for OPSRP Pension Program Police and Fire Members, and 6 percent of OPSRP Individual Account Program, which the City pays on the employee's behalf.

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

At June 30, 2019, the City reported a liability of \$7,296,473 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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 employers, actuarially determined. At June 30, 2018, the City's proportion was 0.04817%, which is a decrease from its proportion of 0.05152% measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense (income) of \$1,290,487. At June 30, 2018, 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	\$ 248,204	\$ -
Changes of assumptions or inputs	1,696,416	-
Net difference between projected and actual earnings on investments	-	324,005
Changes in proportion	-	540,994
Differences between employer contributions and proportionate share of contributions	235,995	31,218
Total (prior to post-MD contributions)	<u>2,180,615</u>	<u>896,217</u>
Contributions subsequent to the MD	<u>847,359</u>	<u>-</u>
Total	<u>\$ 3,027,974</u>	<u>\$ 896,217</u>

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

<u>Deferred Outflows</u>		<u>Deferred Inflows</u>	
Amortization Period		Amortization Period	
FY2020	\$ 1,542,905	FY2019	\$ (49,218)
FY2021	695,546	FY2020	178,181
FY2022	428,362	FY2021	546,845
FY2023	293,053	FY2022	207,204
FY2024	68,108	FY2023	13,205
Total	<u>\$ 3,027,974</u>	Total	<u>\$ 896,217</u>

Actuarial assumptions.

The employer contribution rates effective July 1, 2016, through June 30, 2018 and effective July 1, 2018, through June 30, 2020, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are 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 16 years.

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> 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 evaluation.</p> <p>Active Members: RP-2017 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of

December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 experience study which reviewed experience for the four-year period ending on December 31, 2016.

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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100%</u>	

Assumed Inflation - Mean 2.50%

Depletion Date Projection

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

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that

payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

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

Discount Rate.

The discount rate used to measure the total pension liability was 7.20% 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 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 (asset) calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 12,193,783	\$ 7,296,472	\$ 3,254,143

Pension Plan Fiduciary Net Position.

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

Changes in Plan Provisions During the Measurement Period

The PERS Board adopted assumption changes that lowered the long-term expected rate of return from 7.5% to 7.2%. The change in benefit terms were reflected in the current valuation.

Changes in Plan Provisions Subsequent to Measurement Date.

There were no subsequent changes to the June 30, 2018 measurement period that require disclosure.

G. Commitments and Contingencies

The City is committed under various construction and purchase contracts at June 30, 2019. Major projects in progress at June 30, 2019 are as follows:

The City continued engineering work on a project to install an ADA elevator at City Hall. Costs incurred to date totaled \$49,176 and construction on the project is anticipated to begin in the fiscal year ending June 30, 2020.

The City began construction of a water line extension to the Locust Mobile Home park. Costs incurred to date totaled \$50,922 and non-city expenses totaled \$13,768.

H. Tax Abatement Disclosures

The City can enter into property tax abatement agreements with local businesses under one program:

Strategic Investment Program (SIP) – this program was authorized by the Oregon Legislature in 1993 under ORS 285C.600 to increase Oregon’s ability to attract capital-intensive industry. Projects approved for an urban SIP must pay full property taxes on the first \$100 million invested, in addition to an annual community service fee up to \$2 million and other negotiated fees. Rural SIP agreements required full property taxes on the first \$25 million. The City has no active SIP agreements as of June 30, 2019.

I. Related Party

In prior years, the Milton-Freewater Urban Renewal Agency loaned \$195,846 to the Golf Fund to pay off existing external debt and refinance previous improvements that benefitted the community. The loan was to be repaid to the Agency over a period of five years and include interest of 1%. The outstanding balance on these loan as of June 30, 2018 was \$141,774. In addition, the Golf Fund owes the General Fund \$1,300 in accrued interest on the loan.

J. Subsequent Events

The City awarded a contract for the construction of the Locust Mobile Village Water Line Extension to Premier Excavation, Inc. in the amount of \$568,393.65. Because this amount was higher than anticipated, the City authorized a second amendment to the Intergovernmental agreement with the State of Oregon Safe Drinking Water Fund Financing Contract for the Water Line Extension Project, bringing the total estimated cost of the project to \$666,305 and the forgivable loan portion of the financing to \$607,005.

The City awarded a contract for market assessment and design feasibility study for a shared wine facility and tasting room to Tincknell & Tincknell/Steve Martin Associates, Inc. for \$230,000.

K. Prior Period Adjustment

Subsequent to the year ended June 30, 2018, the City corrected errors related to capital assets donated in prior years. Land east of Key Boulevard valued at \$125,000 and Chuckhole Lane land valued at \$68,672 were added to the books as well as playground tile donated for the ADA playground construction. Additionally, the City corrected errors in the GASB 68 and GASB 75 allocations between the Warehouse Fund and the Vehicle Maintenance Fund.

The following provides a summary of the impact on the City's financial statements:

Government-Wide Statement of Activities

	Governmental Activities	Business-Type Activities	Total
Net position - beginning (as originally reported)	\$16,020,620	\$ 24,381,671	\$40,402,291
Corrections to basis in capital assets	215,356	-	215,356
Pension asset (liability) reclassification	(27,640)	27,640	-
Net position - beginning (as restated)	<u>\$16,208,336</u>	<u>\$ 24,409,311</u>	<u>\$40,617,647</u>

Combining State of Revenues, Expenses and Changes in Net Position – Internal Service Funds

	Warehouse	Vehicle Maintenance	Total
Net position - beginning (as originally reported)	\$ (83,588)	\$ 199,365	\$ 115,777
Pension asset (liability) reclassification	76,383	(76,383)	-
Net position - beginning (as restated)	<u>\$ (7,205)</u>	<u>\$ 122,982</u>	<u>\$ 115,777</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

**Schedule of the City's Contributions to Pension Plan
Oregon Public Employees Retirement System (OPERS)
Last Six Fiscal Years¹**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2019	\$ 847,359	\$ 847,359	\$ -	\$ 4,531,545	18.70%
2018	778,180	778,180	-	3,942,528	19.74%
2017	671,923	671,923	-	4,309,636	15.59%
2016	631,981	631,981	-	4,048,202	15.61%
2015	497,983	497,983	-	3,987,926	12.49%
2014	560,334	560,334	-	3,857,755	14.52%

¹ 10-year trend information required by GASB 68 will be presented prospectively

**Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
Oregon Public Employees Retirement System
Last Six Fiscal Years¹**

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.04817%	\$ 7,296,472	\$ 3,942,528	185.07%	82.10%
2017	0.05152%	6,945,088	4,309,636	161.15%	83.10%
2016	0.05304%	7,963,262	4,048,202	196.71%	80.53%
2015	0.05877%	3,374,468	3,987,926	84.62%	91.90%
2014	0.06235%	(1,413,247)	3,857,755	-36.63%	103.60%
2013	0.06235%	3,181,701	3,939,495	80.76%	91.97%

¹ 10-year trend information required by GASB 68 will be presented prospectively

² Measurement date is one year in arrears

CITY OF MILTON-FREEWATER, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

**Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
OPERS Retirement Health Insurance Account (RHIA)
Last Three Fiscal Years¹**

Measurement date June 30,	(a)	(b)	(c)	(b/c)	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
	City's proportion of the net OPEB pension liability (asset) ²	City's proportionate share of the net OPEB pension liability (asset)	City's covered payroll	Share of the OPEB pension liability (asset) as a percentage of its covered payroll	
2018	0.03966%	\$ (98,107)	\$3,942,528	-2.49%	123.99%
2017	0.04242%	(17,704)	4,309,636	-0.41%	108.88%
2016	0.04258%	11,564	4,048,202	0.29%	94.15%

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

¹ 10-year trend information required by GASB 75 will be presented prospectively

² Measurement date is one year in arrears

**Schedule of the City's Contributions to OPERS Retirement Health Insurance Account
Last Three Fiscal Years¹**

Year ended June 30,	(a)	(b)	(a+b)	(c)	(-b/c)
	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 19,036	\$ (19,036)	\$ -	\$ 4,531,545	0.42%
2018	21,119	(21,119)	-	3,942,528	0.54%
2017	18,897	(18,897)	-	4,309,636	0.44%

¹ 10-year trend information required by GASB 75 will be presented prospectively

CITY OF MILTON-FREEWATER, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

**Schedule of the Changes in the City's OPEB Liability and Related Ratios
Last Two Fiscal Years¹**

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 1,774,824	\$ 1,815,193
Changes for the year:		
Δ Service cost	106,736	114,786
Interest on total OPEB liability	65,163	53,469
Effect of changes to benefit terms	-	-
Effect of economic/demographic gains or losses	(50,615)	-
Effect of assumptions changes or inputs	(369,202)	(100,146)
Benefit payments	<u>(123,801)</u>	<u>(108,478)</u>
Balance as of June 30	<u>\$ 1,403,105</u>	<u>\$ 1,774,824</u>
Covered payroll	<u>\$ 4,531,545</u>	<u>\$ 3,942,528</u>
Total OPEB liability, as a percentage of covered payroll	30.96%	45.02%

¹ 10-year trend information required by GASB 75 will be presented prospectively

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Changes in Benefit Terms

There were no significant changes in benefit terms in the current period related to the net pension obligation, except the discount rate was reduced to 7.2%.

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012, 2014, 2016 and 2018 Experience Study for the System, which were published on September 18, 2013, September 23, 2015, July 26, 2017 and July 24, 2019. These reports can be found at:

<http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>

OTHER POST-EMPLOYMENT BENEFITS

Changes in Benefit Terms

The City's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the Discount rate. The discount rate in effect for the June 30, 2019 reporting date is 3.58% and the discount rate for the June 30, 2019 reporting date is 3.87%.

Changes of Assumptions

There were no significant changes in benefit terms in the current period related to the other post-employment benefit.

SUPPLEMENTAL INFORMATION

COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds - These funds account for revenue from specific sources that are legally restricted to expenditures for specified purposes. Funds included in this category are:

- *Street Fund* – The Street Fund accounts for the cost of maintaining City streets and storm water drainage systems. The principal source of revenue is state gasoline taxes apportioned from the State of Oregon.
- *Library Fund* – The Library Fund accounts for the operation of the City library. Principal sources of revenues are state grants, county library funds, library fines, donations, and transfers.
- *Senior/Disabled Transportation* – Accumulates revenue dedicated to both the senior/disabled transportation program, which provides taxi services to seniors or disabled persons and the intercity general ridership bus program, which provides transportation for any citizen to and from Walla Walla, Washington.
- *Drug Enforcement* – Accounts for revenue and expenditures from court forfeited illegal drug monies received through the participation with the Blue Mountain Enforcement Narcotics Team (BENT). Expenditures are reserved and limited to law enforcement use.
- *911* – Accounts for 911 telephone tax revenue. The revenues can only be expended on 911 emergency service expenditures.

Capital Project Funds – Accounts for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds. Funds included in this category are:

- *Street Improvement Fund* – Accounts for revenues collected from street opening permits. The funds are used for the construction of any new streets or the reconstruction of existing streets.

Debt Service Funds – These funds account for revenues and expenditures related to the repayment of long-term indebtedness. Funds included in this category are:

- *Special Assessment* – Accounts for revenue from residents and payments on Local Improvement District debt the City has incurred to financial institutions, to help provide construction capital for residents.

CITY OF MILTON-FREEWATER, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	Special Revenue		
	Street	Library	Senior/ Disabled Transportation
ASSETS			
Cash and cash equivalents	\$ 295,255	\$ 44,322	\$ 50,081
Investments	205,297	30,818	34,822
Receivables:			
Property taxes	-	-	3,336
Accounts	48,595	3,283	41,353
Due from other funds	38,042	-	-
Total assets	\$ 587,189	\$ 78,423	\$ 129,592
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 9,561	\$ 12,770	\$ 11,486
Due to other funds	-	3,425	-
Total liabilities	9,561	16,195	11,486
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	3,580	1,738	44,207
Total deferred inflows of resources	3,580	1,738	44,207
FUND BALANCES (DEFICIT)			
Restricted	574,048	60,490	-
Assigned	-	-	73,899
Total fund balances	574,048	60,490	73,899
Total liabilities, deferred inflows of resources, and fund balances	\$ 587,189	\$ 78,423	\$ 129,592

See auditor's report.

Special Revenue		Capital Projects	Debt Service		Totals
Drug Enforcement	911	Street Improvement	Special Assessments		
\$ 5	\$ 25,718	\$ 30,184	\$ 213		\$ 445,778
4	17,882	20,988	148		309,959
-	-	-	-		3,336
-	9,054	-	-		102,285
-	-	-	-		38,042
<u>\$ 9</u>	<u>\$ 52,654</u>	<u>\$ 51,172</u>	<u>\$ 361</u>		<u>\$ 899,400</u>
\$ -	\$ 7,510	\$ -	\$ -		\$ 41,327
-	-	27,668	-		31,093
-	7,510	27,668	-		72,420
-	-	-	-		49,525
-	-	-	-		49,525
-	-	-	361		634,899
9	45,144	23,504	-		142,556
9	45,144	23,504	361		777,455
<u>\$ 9</u>	<u>\$ 52,654</u>	<u>\$ 51,172</u>	<u>\$ 361</u>		<u>\$ 899,400</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	Special Revenue		
	Street	Library	Senior/ Disabled Transportation
REVENUES			
Property taxes	\$ -	\$ -	\$ 58,737
Licenses and fees	-	-	-
Charges for services	262	6,480	6,080
Intergovernmental	519,804	229,157	130,415
Fines and forfeitures	-	4,437	-
Interest on investments	10,687	1,683	4,102
Miscellaneous	490	35,473	-
Total revenues	<u>531,243</u>	<u>277,230</u>	<u>199,334</u>
EXPENDITURES			
Current:			
General government	-	-	310,453
Public safety	-	-	-
Culture and recreation	-	371,114	-
Highways and streets	278,068	-	-
Capital outlay	-	40,765	40,558
Total Expenditures	<u>278,068</u>	<u>411,879</u>	<u>351,011</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>253,175</u>	<u>(134,649)</u>	<u>(151,677)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	130,313	-
Transfers out	(98,295)	(240)	-
Sale of capital assets	28,185	-	-
Total other financing sources (uses)	<u>(70,110)</u>	<u>130,073</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	183,065	(4,576)	(151,677)
FUND BALANCE (DEFICIT), Beginning	<u>390,983</u>	<u>65,066</u>	<u>225,576</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 574,048</u>	<u>\$ 60,490</u>	<u>\$ 73,899</u>

<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Debt Service</u>	
<u>Drug Enforcement</u>	<u>911</u>	<u>Street Improvement</u>	<u>Special Assessments</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 58,737
-	-	2,158	-	2,158
-	-	-	-	12,822
-	36,663	-	-	916,039
-	-	-	-	4,437
-	1,027	1,709	-	19,208
-	-	8,053	-	44,016
-	<u>37,690</u>	<u>11,920</u>	-	<u>1,057,417</u>
-	-	-	-	310,453
-	30,899	-	-	30,899
-	-	-	-	371,114
-	-	-	-	278,068
-	-	134,836	-	216,159
-	<u>30,899</u>	<u>134,836</u>	-	<u>1,206,693</u>
-	<u>6,791</u>	<u>(122,916)</u>	-	<u>(149,276)</u>
-	-	-	-	130,313
-	-	-	-	(98,535)
-	-	-	-	28,185
-	-	-	-	59,963
-	6,791	(122,916)	-	(89,313)
<u>9</u>	<u>38,353</u>	<u>146,420</u>	<u>361</u>	<u>866,768</u>
<u>\$ 9</u>	<u>\$ 45,144</u>	<u>\$ 23,504</u>	<u>\$ 361</u>	<u>\$ 777,455</u>

COMBINING STATEMENTS

Non-Major Enterprise Funds

Enterprise Funds – Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of facilities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included in this category are:

- *Solid Waste* – accounts for the City's solid waste program, collection of solid waste from residents, and the operation of the City's landfill.
- *Landfill Closure* – accounts for a reserve to fund anticipated closure and post-closure care costs for the City's landfill.
- *Golf Course* - accounts for revenues and expenses related to the City's golf course.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2019

	<u>Solid Waste</u>	<u>Landfill Closure</u>	<u>Golf Course</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 424,090	\$ -	\$ -	\$ 424,090
Investments	294,879	-	-	294,879
Receivables:				
Accounts	106,585	-	8,024	114,609
Due from other funds	13,250	-	-	13,250
Total current assets	<u>838,804</u>	<u>-</u>	<u>8,024</u>	<u>846,828</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	87,561	-	87,561
Restricted investments	-	60,883	-	60,883
Capital assets:				
Land	50,000	-	61,686	111,686
Depreciable assets, net of depreciation	129,931	-	53,552	183,483
Total noncurrent assets	<u>179,931</u>	<u>148,444</u>	<u>115,238</u>	<u>443,613</u>
Total assets	<u>1,018,735</u>	<u>148,444</u>	<u>123,262</u>	<u>1,290,441</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to pension and OPEB	140,402	-	20,307	160,709
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	14,758	-	6,466	21,224
Accrued interest payable	-	-	1,300	1,300
Due to other funds	-	-	115,255	115,255
Current portion of long-term debt	25,987	-	1,553	27,540
Total current liabilities	<u>40,745</u>	<u>-</u>	<u>124,574</u>	<u>165,319</u>
Advances from other funds	-	-	141,774	141,774
Long-term debt, net of current portion:				
Landfill closure liability	-	145,496	-	145,496
Net pension liability	324,602	-	46,939	371,541
Transition liability	16,147	-	5,336	21,483
Compensated absences payable	6,497	-	388	6,885
Other postemployment benefits	83,617	-	12,150	95,767
Total noncurrent liabilities	<u>430,863</u>	<u>145,496</u>	<u>206,587</u>	<u>782,946</u>
Total liabilities	<u>471,608</u>	<u>145,496</u>	<u>331,161</u>	<u>948,265</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension and OPEB	66,688	-	9,662	76,350
NET POSITION				
Net investment in capital assets	179,931	-	115,238	295,169
Restricted for landfill closure	-	2,948	-	2,948
Unrestricted	440,910	-	(312,492)	128,418
Total net position	<u>\$ 620,841</u>	<u>\$ 2,948</u>	<u>\$ (197,254)</u>	<u>\$ 426,535</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2019

	Solid Waste	Landfill Closure	Golf Course	Totals
OPERATING REVENUES				
Charges for services	\$ 994,643	\$ -	\$ 149,548	\$ 1,144,191
Miscellaneous	8,276	-	1,286	9,562
Total operating revenues	<u>1,002,919</u>	<u>-</u>	<u>150,834</u>	<u>1,153,753</u>
OPERATING EXPENSES				
Personal services	425,685	-	63,073	488,758
Materials and services	307,605	6,782	103,611	417,998
Depreciation	10,280	-	1,479	11,759
Total operating expenses	<u>743,570</u>	<u>6,782</u>	<u>168,163</u>	<u>918,515</u>
OPERATING INCOME (LOSS)	<u>259,349</u>	<u>(6,782)</u>	<u>(17,329)</u>	<u>235,238</u>
NON-OPERATING INCOME (EXPENSES)				
Gain (loss) on disposal of capital assets	(2,744)	-	-	(2,744)
Interest on investments	18,005	3,690	-	21,695
Interest expense	(1,545)	-	(1,641)	(3,186)
Total non-operating income (expenses)	<u>13,716</u>	<u>3,690</u>	<u>(1,641)</u>	<u>15,765</u>
NET INCOME (LOSS) BEFORE TRANSFERS	273,065	(3,092)	(18,970)	251,003
TRANSFERS				
Transfers in	2,000	4,000	-	6,000
Transfers out	(272,274)	-	(100)	(272,374)
Total transfers	<u>(270,274)</u>	<u>4,000</u>	<u>(100)</u>	<u>(266,374)</u>
CHANGE IN NET POSITION	2,791	908	(19,070)	(15,371)
NET POSITION, Beginning	<u>618,050</u>	<u>2,040</u>	<u>(178,184)</u>	<u>441,906</u>
NET POSITION, Ending	<u>\$ 620,841</u>	<u>\$ 2,948</u>	<u>\$ (197,254)</u>	<u>\$ 426,535</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2019

	Solid Waste	Landfill Closure	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,009,574	\$ -	\$ 142,810	\$ 1,152,384
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(105,277)	-	(80,161)	(185,438)
Payments to employees	(382,672)	-	(58,459)	(441,131)
Payments for interfund services used	(229,868)	-	(19,788)	(249,656)
Net cash provided from (used by) operating activities	<u>291,757</u>	<u>-</u>	<u>(15,598)</u>	<u>276,159</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from internal loans	-	-	52,517	52,517
Payments from internal loans	(12,951)	-	(1,267)	(14,218)
Transfers in	2,000	4,000	-	6,000
Transfers out	(272,274)	-	(100)	(272,374)
Net cash provided from (used by) non-capital financing activities	<u>(283,225)</u>	<u>4,000</u>	<u>51,150</u>	<u>(228,075)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	1,237	-	-	1,237
Acquisition of capital assets	-	-	(33,911)	(33,911)
Principal paid on long-term obligations	-	-	-	-
Interest paid on long-term obligations	(1,545)	-	(1,641)	(3,186)
Net cash provided from (used by) capital and related financing activities	<u>(308)</u>	<u>-</u>	<u>(35,552)</u>	<u>(35,860)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net sales (purchases) of investments	(44,238)	(9,957)	-	(54,195)
Interest on investments	18,005	3,690	-	21,695
Net Cash provided (used) by investing activities	<u>(26,233)</u>	<u>(6,267)</u>	<u>-</u>	<u>(32,500)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(18,009)	(2,267)	-	(20,276)
CASH AND CASH EQUIVALENTS, Beginning	<u>442,099</u>	<u>89,828</u>	<u>-</u>	<u>531,927</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 424,090</u>	<u>\$ 87,561</u>	<u>\$ -</u>	<u>\$ 511,651</u>
COMPRISED AS FOLLOWS				
Cash and cash equivalents	\$ 424,090	\$ -	\$ -	\$ 424,090
Restricted cash and cash equivalents	-	87,561	-	87,561
	<u>\$ 424,090</u>	<u>\$ 87,561</u>	<u>\$ -</u>	<u>\$ 511,651</u>
Reconciliation of operating income (loss) to net cash provided				
Operating income (loss)	\$ 259,349	\$ (6,782)	\$ (17,329)	\$ 235,238
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:				
Depreciation	10,280	-	1,479	11,759
(Increase) decrease in assets:				
Receivables	6,655	-	(8,024)	(1,369)
Deferred inflows related to pension and OPEB	75,250	-	9,260	84,510
Inventories	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(27,540)	6,782	3,662	(17,096)
Compensated absences payable	3,599	-	(3,869)	(270)
PERS transition liability	(1,664)	-	(241)	(1,905)
Other postemployment benefits	(34,172)	-	(536)	(34,708)
Net cash provided from operating activities	<u>\$ 291,757</u>	<u>\$ -</u>	<u>\$ (15,598)</u>	<u>\$ 276,159</u>

See auditor's report.

COMBINING STATEMENTS

Internal Service Funds

Internal Service Funds – These funds 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. Funds included in this category are:

- *Warehouse* – provides warehouse services for the water, sewer and electric utilities and to maintain some items for other City departments.
- *Vehicle Maintenance* – provides for the maintenance of the vehicles and equipment used by all departments.
- *Vehicle Replacement* – accounts for the accumulation of necessary capital revenues to purchase replacement vehicles for the City fleet as required.
- *Sick Leave Liability*– accounts for resources set-aside to cover costs of part-time help needed to replace employees who are out on extended sick leave or family leave issues. It also provides funds for sick-leave payout for retiring employees who qualify.
- *Risk Management* – accounts for unanticipated unemployment and insurance costs and claims.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019

	Warehouse	Vehicle Maintenance	Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 35,358	\$ 219,448	\$ 119,616	\$ 32,014	\$ 31,558	\$ 437,994
Investments	24,585	152,587	83,171	22,259	21,942	304,544
Receivables:						
Accounts	-	12,473	-	-	-	12,473
Due from other funds	-	5,607	21,239	-	1,000	27,846
Inventories	-	8,962	-	-	-	8,962
Total current assets	<u>59,943</u>	<u>399,077</u>	<u>224,026</u>	<u>54,273</u>	<u>54,500</u>	<u>791,819</u>
Noncurrent assets:						
Capital assets:						
Depreciable assets, net of depreciation	14,531	-	1,220,035	-	-	1,234,566
Total noncurrent assets	<u>14,531</u>	<u>-</u>	<u>1,220,035</u>	<u>-</u>	<u>-</u>	<u>1,234,566</u>
Total assets	<u>74,474</u>	<u>399,077</u>	<u>1,444,061</u>	<u>54,273</u>	<u>54,500</u>	<u>2,026,385</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows related to pension and OPEB	-	86,222	-	-	-	86,222
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	980	23,734	-	-	-	24,714
Due to other funds	-	-	-	-	11,580	11,580
Current portion of long-term debt	-	5,158	-	-	-	5,158
Total current liabilities	<u>980</u>	<u>28,892</u>	<u>-</u>	<u>-</u>	<u>11,580</u>	<u>41,452</u>
Long-term debt, net of current portion:						
Compensated absences payable	-	1,290	-	-	-	1,290
Net pension liability	-	202,781	-	-	-	202,781
Transition liability	-	18,817	-	-	-	18,817
Other postemployment benefits	-	30,387	-	-	-	30,387
Total noncurrent liabilities	<u>-</u>	<u>253,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,275</u>
Total liabilities	<u>980</u>	<u>282,167</u>	<u>-</u>	<u>-</u>	<u>11,580</u>	<u>294,727</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension and OPEB	-	34,653	-	-	-	34,653
NET POSITION						
Net investment in capital assets	14,531	-	1,220,035	-	-	1,234,566
Unrestricted	58,963	168,479	224,026	54,273	42,920	548,661
Total net position	<u>\$ 73,494</u>	<u>\$ 168,479</u>	<u>\$ 1,444,061</u>	<u>\$ 54,273</u>	<u>\$ 42,920</u>	<u>\$ 1,783,227</u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019

	Warehouse	Vehicle Maintenance	Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
OPERATING REVENUES						
Charges for services	\$ -	\$ 546,122	\$ 194,076	\$ -	\$ -	\$ 740,198
Miscellaneous	85,296	96	9,660	-	27,372	122,424
Total operating revenues	<u>85,296</u>	<u>546,218</u>	<u>203,736</u>	<u>-</u>	<u>27,372</u>	<u>862,622</u>
OPERATING EXPENSES						
Personal services	-	213,786	-	10,117	-	223,903
Materials and services	24,728	226,508	-	-	16,481	267,717
Depreciation	969	-	169,927	-	-	170,896
Total operating expenses	<u>25,697</u>	<u>440,294</u>	<u>169,927</u>	<u>10,117</u>	<u>16,481</u>	<u>662,516</u>
OPERATING INCOME (LOSS)	<u>59,599</u>	<u>105,924</u>	<u>33,809</u>	<u>(10,117)</u>	<u>10,891</u>	<u>200,106</u>
NON-OPERATING INCOME (EXPENSES)						
Gain (loss) on disposal of capital assets	-	150	8,620	-	-	8,770
Interest on investments	1,616	9,160	6,486	1,292	1,403	19,957
Interest expense	-	(966)	-	-	-	(966)
Total non-operating income (expenses)	<u>1,616</u>	<u>8,344</u>	<u>15,106</u>	<u>1,292</u>	<u>1,403</u>	<u>27,761</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>61,215</u>	<u>114,268</u>	<u>48,915</u>	<u>(8,825)</u>	<u>12,294</u>	<u>227,867</u>
TRANSFERS						
Transfers in	40,051	-	-	6,776	-	46,827
Transfers out	(20,567)	(68,771)	-	-	-	(89,338)
Total transfers	<u>19,484</u>	<u>(68,771)</u>	<u>-</u>	<u>6,776</u>	<u>-</u>	<u>(42,511)</u>
CHANGE IN NET POSITION	<u>80,699</u>	<u>45,497</u>	<u>48,915</u>	<u>(2,049)</u>	<u>12,294</u>	<u>185,356</u>
NET POSITION, Beginning	<u>(83,588)</u>	<u>199,365</u>	<u>1,395,146</u>	<u>56,322</u>	<u>30,626</u>	<u>1,597,871</u>
Restatement - pension asset (liability) misclassified between funds	<u>76,383</u>	<u>(76,383)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION, Beginning of, as restated	<u>(7,205)</u>	<u>122,982</u>	<u>1,395,146</u>	<u>56,322</u>	<u>30,626</u>	<u>1,597,871</u>
NET POSITION, Ending	<u>\$ 73,494</u>	<u>\$ 168,479</u>	<u>\$ 1,444,061</u>	<u>\$ 54,273</u>	<u>\$ 42,920</u>	<u>\$ 1,783,227</u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019

	Warehouse	Vehicle Maintenance	Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 224	\$ 49,227	\$ 9,660	\$ -	\$ 27,372	\$ 86,483
Receipts from interfund services provided	-	492,967	203,280	-	-	696,247
Payments to suppliers	(29,177)	(221,267)	-	-	(20,977)	(271,421)
Payments to employees	-	(230,984)	-	(10,117)	-	(241,101)
Net cash provided from (used by) operating activities	<u>(28,953)</u>	<u>89,943</u>	<u>212,940</u>	<u>(10,117)</u>	<u>6,395</u>	<u>270,208</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from internal loans	-	-	29,000	-	9,205	38,205
Payments from internal loans	-	(5,607)	(18,864)	-	(30,000)	(54,471)
Transfers in	40,051	-	-	6,776	-	46,827
Transfers out	(20,567)	(68,771)	-	-	-	(89,338)
Net cash provided from (used by) non-capital financing activities	<u>19,484</u>	<u>(74,378)</u>	<u>10,136</u>	<u>6,776</u>	<u>(20,795)</u>	<u>(58,777)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of capital assets	-	150	8,620	-	-	8,770
Acquisition of capital assets	(15,500)	-	(235,885)	-	-	(251,385)
Principal paid on long-term obligations	-	-	-	-	-	-
Interest paid on long-term obligations	-	(966)	-	-	-	(966)
Net cash provided from (used by) capital and related financing activities	<u>(15,500)</u>	<u>(816)</u>	<u>(227,265)</u>	<u>-</u>	<u>-</u>	<u>(243,581)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net sales (purchases) of investments	5,552	(26,631)	(10,631)	(1,881)	2,117	(31,474)
Interest on investments	1,616	9,160	6,486	1,292	1,403	19,957
Net Cash provided (used) by investing activities	<u>7,168</u>	<u>(17,471)</u>	<u>(4,145)</u>	<u>(589)</u>	<u>3,520</u>	<u>(11,517)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(17,801)</u>	<u>(2,722)</u>	<u>(8,334)</u>	<u>(3,930)</u>	<u>(10,880)</u>	<u>(43,667)</u>
CASH AND CASH EQUIVALENTS, Beginning	<u>53,159</u>	<u>222,170</u>	<u>127,950</u>	<u>35,944</u>	<u>42,438</u>	<u>481,661</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 35,358</u>	<u>\$ 219,448</u>	<u>\$ 119,616</u>	<u>\$ 32,014</u>	<u>\$ 31,558</u>	<u>\$ 437,994</u>
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities						
Operating income (loss)	\$ 59,599	\$ 105,924	\$ 33,809	\$ (10,117)	\$ 10,891	\$ 200,106
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:						
Depreciation	969	-	169,927	-	-	170,896
(Increase) decrease in assets:						
Receivables	-	(4,024)	9,204	-	-	5,180
Deferred inflows related to pension and OPEB	(41,867)	6,449	-	-	-	(35,418)
Inventories	-	780	-	-	-	780
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(4,449)	4,461	-	-	(4,496)	(4,484)
Compensated absences payable	(4,894)	(587)	-	-	-	(5,481)
PERS Transition liability	(8,146)	(1,039)	-	-	-	(9,185)
Other postemployment benefits	(30,165)	(22,021)	-	-	-	(52,186)
Net cash provided from operating activities	<u>\$ (28,953)</u>	<u>\$ 89,943</u>	<u>\$ 212,940</u>	<u>\$ (10,117)</u>	<u>\$ 6,395</u>	<u>\$ 270,208</u>

See auditor's report.

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net position, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General Fund and any major special revenue fund (currently only the Urban Renewal Agency Fund) is presented as the third of the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.

**SCHEDULES OF EXPENDITURES
BUDGET AND ACTUAL, BY DEPARTMENT**

**CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL, BY DEPARTMENT:
GENERAL FUND
For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
City council	\$ 28,641	\$ 28,641	\$ 24,107	\$ 4,534
City manager	340,693	340,693	333,982	6,711
City attorney	20,000	20,000	5,541	14,459
Municipal court	106,510	106,510	91,302	15,208
Finance department	1,003,812	1,007,712	954,940	52,772
Planning	229,002	229,002	104,057	124,945
Police department	2,217,935	2,220,935	2,170,038	50,897
Fire department	350,820	354,670	330,740	23,930
Public works	1,441,571	1,441,571	1,062,918	378,653
City hall	142,918	142,918	136,762	6,156
Civil engineering	42,195	43,295	40,846	2,449
Contingency	50,000	50,000	-	50,000
TOTAL EXPENDITURES	<u>\$ 5,974,097</u>	<u>\$ 5,985,947</u>	<u>\$ 5,255,233</u>	<u>\$ 730,714</u>

**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Governmental Funds

Special Revenue Funds

- Street
- Library
- Senior/Disabled Transportation
- Drug Enforcement
- 911

Capital Projects Fund

- Street improvement

Debt Service Funds

- Special Assessment

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ 262	\$ 262
Intergovernmental	420,000	420,000	519,804	99,804
Interest on investments	3,000	3,000	10,687	7,687
Miscellaneous	-	-	490	490
TOTAL REVENUES	<u>423,000</u>	<u>423,000</u>	<u>531,243</u>	<u>108,243</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	160,232	160,232	154,314	5,918
Materials and services	143,844	143,844	123,754	20,090
Contingency	200,381	200,381	-	200,381
TOTAL EXPENDITURES	<u>504,457</u>	<u>504,457</u>	<u>278,068</u>	<u>226,389</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(81,457)</u>	<u>(81,457)</u>	<u>253,175</u>	<u>334,632</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(98,295)	(98,295)	(98,295)	-
Sale of capital assets	-	-	28,185	28,185
TOTAL OTHER FINANCING SOURCES (USES)	<u>(98,295)</u>	<u>(98,295)</u>	<u>(70,110)</u>	<u>28,185</u>
NET CHANGE IN FUND BALANCE	(179,752)	(179,752)	183,065	362,817
FUND BALANCE, Beginning	<u>179,752</u>	<u>179,752</u>	<u>390,983</u>	<u>211,231</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 574,048</u>	<u>\$ 574,048</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive/ (Negative)</u>
REVENUES				
Licenses and fees	\$ 600	\$ 600	\$ 2,158	\$ 1,558
Intergovernmental	3,170,610	3,170,610	-	(3,170,610)
Interest on investments	1,000	1,000	1,709	709
Miscellaneous	-	-	8,053	8,053
TOTAL REVENUES	<u>3,172,210</u>	<u>3,172,210</u>	<u>11,920</u>	<u>(3,160,290)</u>
EXPENDITURES				
Capital outlay	3,170,610	3,170,610	134,836	3,035,774
Contingency	111,276	111,276	-	111,276
TOTAL EXPENDITURES	<u>3,281,886</u>	<u>3,281,886</u>	<u>134,836</u>	<u>3,147,050</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(109,676)</u>	<u>(109,676)</u>	<u>(122,916)</u>	<u>(13,240)</u>
NET CHANGE IN FUND BALANCE	<u>(109,676)</u>	<u>(109,676)</u>	<u>(122,916)</u>	<u>(13,240)</u>
FUND BALANCE, Beginning	<u>109,676</u>	<u>109,676</u>	<u>146,420</u>	<u>36,744</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,504</u>	<u>\$ 23,504</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 6,165	\$ 6,165	\$ 6,480	\$ 315
Intergovernmental	206,200	222,046	229,157	7,111
Fines and forfeitures	3,600	3,600	4,437	837
Interest on investments	200	200	1,683	1,483
Miscellaneous	9,500	9,500	35,473	25,973
TOTAL REVENUES	<u>225,665</u>	<u>241,511</u>	<u>277,230</u>	<u>35,719</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personal services	331,523	331,523	320,613	10,910
Materials and services	49,634	53,020	50,501	2,519
Capital outlay	4,000	16,460	40,765	(24,305)
Contingency	8,581	8,581	-	8,581
TOTAL EXPENDITURES	<u>393,738</u>	<u>409,584</u>	<u>411,879</u>	<u>(2,295)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(168,073)</u>	<u>(168,073)</u>	<u>(134,649)</u>	<u>33,424</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	130,313	130,313	130,313	-
Transfers out	(240)	(240)	(240)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>130,073</u>	<u>130,073</u>	<u>130,073</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(38,000)</u>	<u>(38,000)</u>	<u>(4,576)</u>	<u>33,424</u>
FUND BALANCE, Beginning	<u>38,000</u>	<u>38,000</u>	<u>65,066</u>	<u>27,066</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,490</u>	<u>\$ 60,490</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SENIOR/DISABLED TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 58,500	\$ 58,500	\$ 58,737	\$ 237
Charges for services	6,000	6,000	6,080	80
Intergovernmental	398,367	398,367	130,415	(267,952)
Interest on investments	2,500	2,500	4,102	1,602
TOTAL REVENUES	<u>465,367</u>	<u>465,367</u>	<u>199,334</u>	<u>(266,033)</u>
EXPENDITURES				
Current:				
General government:				
Personal services	178,849	178,849	136,996	41,853
Materials and services	168,481	168,481	173,457	(4,976)
Capital outlay	687,440	687,440	40,558	646,882
Contingency	111,931	111,931	-	111,931
TOTAL EXPENDITURES	<u>1,146,701</u>	<u>1,146,701</u>	<u>351,011</u>	<u>795,690</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(681,334)</u>	<u>(681,334)</u>	<u>(151,677)</u>	<u>529,657</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	501,334	501,334	-	(501,334)
TOTAL OTHER FINANCING SOURCES (USES)	<u>501,334</u>	<u>501,334</u>	<u>-</u>	<u>(501,334)</u>
NET CHANGE IN FUND BALANCE	(180,000)	(180,000)	(151,677)	28,323
FUND BALANCE, Beginning	180,000	180,000	225,576	45,576
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,899</u>	<u>\$ 73,899</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG ENFORCEMENT FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, Beginning	-	-	9	9
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
911 FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget-</u>
				<u>Positive/ (Negative)</u>
REVENUES				
Intergovernmental	\$ 35,500	\$ 35,500	\$ 36,663	\$ 1,163
Interest on investments	150	150	1,027	877
TOTAL REVENUES	<u>35,650</u>	<u>35,650</u>	<u>37,690</u>	<u>2,040</u>
EXPENDITURES				
Current:				
Public safety:				
Materials and services	38,650	38,650	30,899	7,751
Capital outlay	2,000	2,000	-	2,000
TOTAL EXPENDITURES	<u>40,650</u>	<u>40,650</u>	<u>30,899</u>	<u>9,751</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,000)</u>	<u>(5,000)</u>	<u>6,791</u>	<u>11,791</u>
NET CHANGE IN FUND BALANCE	<u>(5,000)</u>	<u>(5,000)</u>	<u>6,791</u>	<u>11,791</u>
FUND BALANCE, Beginning	<u>5,000</u>	<u>5,000</u>	<u>38,353</u>	<u>33,353</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,144</u>	<u>\$ 45,144</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL ASSESSMENT FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, Beginning	-	-	361	361
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361</u>	<u>\$ 361</u>

**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Proprietary Funds

Enterprise Funds

- All Electric Funds
 - Electric
 - Electric Capital Replacement Reserve
 - Electric Operating and Maintenance Reserve
- Water Fund
- All Sewer Funds
 - Sewer
 - Sewer Improvement
- Solid Waste
- Landfill Closure
- Golf Course

Internal Service Fund

- Warehouse
- Vehicle Maintenance
- Vehicle Replacement
- Sick Leave Liability
- Risk Management

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRIC FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Surplus power sales	\$ 189,614	\$ 189,614	\$ 155,321	\$ (34,293)
Charges for services	7,888,779	7,888,779	7,740,694	(148,085)
System development charges	123,600	123,600	124,434	834
Weatherization loan repayments	30,000	30,000	21,771	(8,229)
Interest on investments	18,000	19,900	30,900	11,000
Miscellaneous	94,000	109,600	135,174	25,574
TOTAL REVENUES	<u>8,343,993</u>	<u>8,361,493</u>	<u>8,208,294</u>	<u>(153,199)</u>
EXPENDITURES				
Current:				
Personal services	1,781,361	1,781,361	1,574,002	207,359
Materials and services	5,624,562	5,624,562	5,428,815	195,747
Capital outlay	295,300	312,800	193,760	119,040
Contingency	1,141,076	1,141,076	-	1,141,076
TOTAL EXPENDITURES	<u>8,842,299</u>	<u>8,859,799</u>	<u>7,196,577</u>	<u>1,663,222</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(498,306)</u>	<u>(498,306)</u>	<u>1,011,717</u>	<u>1,510,023</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,061,694)</u>	<u>(1,061,694)</u>	<u>(1,061,694)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,061,694)</u>	<u>(1,061,694)</u>	<u>(1,061,694)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,560,000)</u>	<u>(1,560,000)</u>	<u>(49,977)</u>	<u>1,510,023</u>
FUND BALANCE, Beginning	<u>1,560,000</u>	<u>1,560,000</u>	<u>1,618,173</u>	<u>58,173</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,568,196</u>	<u>\$ 1,568,196</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRIC CAPITAL REPLACEMENT RESERVE FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 25,000	\$ 25,000	\$ 43,184	\$ 18,184
TOTAL REVENUES	<u>25,000</u>	<u>25,000</u>	<u>43,184</u>	<u>18,184</u>
EXPENDITURES				
Capital outlay	1,715,489	1,715,489	-	1,715,489
TOTAL EXPENDITURES	<u>1,715,489</u>	<u>1,715,489</u>	<u>-</u>	<u>1,715,489</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,690,489)</u>	<u>(1,690,489)</u>	<u>43,184</u>	<u>1,733,673</u>
NET CHANGE IN FUND BALANCE	(1,690,489)	(1,690,489)	43,184	1,733,673
FUND BALANCE, Beginning	<u>1,690,489</u>	<u>1,690,489</u>	<u>1,703,879</u>	<u>13,390</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,747,063</u>	<u>\$ 1,747,063</u>

CITY OF MILTON-FREewater, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRIC OPERATING AND MAINTENANCE RESERVE FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 40,000	\$ 40,000	\$ 64,187	\$ 24,187
TOTAL REVENUES	<u>40,000</u>	<u>40,000</u>	<u>64,187</u>	<u>24,187</u>
EXPENDITURES				
Capital outlay	2,769,200	2,769,200	-	2,769,200
TOTAL EXPENDITURES	<u>2,769,200</u>	<u>2,769,200</u>	<u>-</u>	<u>2,769,200</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,729,200)</u>	<u>(2,729,200)</u>	<u>64,187</u>	<u>2,793,387</u>
	(2,729,200)	(2,729,200)	64,187	2,793,387
FUND BALANCE, Beginning	<u>2,729,200</u>	<u>2,729,200</u>	<u>2,749,011</u>	<u>19,811</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,813,198</u>	<u>\$ 2,813,198</u>

**CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL ELECTRIC FUNDS
For the Fiscal Year Ended June 30, 2019**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Electric	\$ 1,568,196
Electric Capital Replacement Reserve	1,747,063
Electric Operating and Maintenance Reserve	<u>2,813,198</u>
	6,128,457

Adjustments:

Capital assets, net of depreciation	6,872,668
Weatherization loans receivable	119,925
Compensated absences	(112,897)
PERS transition liability	(103,075)
Net pension liability	(1,492,734)
Deferred outflows related to pension and OPEB	639,312
Deferred inflows related to pension and OPEB	(276,781)
Due to Bonneville Power Administration	(53,543)
Other Postemployment benefits	<u>(291,294)</u>

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
BASIS (GAAP) NET POSITION**

\$ 11,430,038

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,262,090	\$ 1,262,090	\$ 1,265,313	\$ 3,223
Intergovernmental	-	-	13,768	13,768
System development charges	82,100	82,100	87,175	5,075
Interest on investments	3,000	3,000	12,293	9,293
Miscellaneous	1,000	1,000	2,372	1,372
TOTAL REVENUES	<u>1,348,190</u>	<u>1,348,190</u>	<u>1,380,921</u>	<u>32,731</u>
EXPENDITURES				
Current:				
Personal services	293,273	293,273	274,490	18,783
Materials and services	371,584	371,584	301,548	70,036
Capital outlay	502,000	502,000	97,074	404,926
Contingency	429,543	429,543	-	429,543
TOTAL EXPENDITURES	<u>1,596,400</u>	<u>1,596,400</u>	<u>673,112</u>	<u>923,288</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(248,210)</u>	<u>(248,210)</u>	<u>707,809</u>	<u>956,019</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	442,000	442,000	27,308	(414,692)
Transfers out	(569,601)	(569,601)	(569,601)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(127,601)</u>	<u>(127,601)</u>	<u>(542,293)</u>	<u>(414,692)</u>
NET CHANGE IN FUND BALANCE	<u>(375,811)</u>	<u>(375,811)</u>	<u>165,516</u>	<u>541,327</u>
FUND BALANCE, Beginning	<u>375,811</u>	<u>375,811</u>	<u>496,744</u>	<u>120,933</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>662,260</u>	<u>\$ 662,260</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			4,262,225	
Compensated absences			(5,140)	
PERS transition liability			(17,749)	
Net pension liability			(231,666)	
Deferred outflows related to pension and OPEB			106,939	
Deferred inflows related to pension and OPEB			(79,315)	
Long-term debt			(27,308)	
Other postemployment benefits			(158,572)	
NET POSITION, Ending			<u>\$ 4,511,674</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,144,925	\$ 1,144,925	\$ 1,210,567	\$ 65,642
System development charges	80,000	80,000	96,742	16,742
Interest on investments	3,000	3,000	19,539	16,539
Miscellaneous	50,710	50,710	50,134	(576)
TOTAL REVENUES	<u>1,278,635</u>	<u>1,278,635</u>	<u>1,376,982</u>	<u>98,347</u>
EXPENDITURES				
Current:				
Personal services	367,822	367,822	367,202	620
Materials and services	306,620	306,620	281,984	24,636
Contingency	533,924	533,924	-	533,924
TOTAL EXPENDITURES	<u>1,208,366</u>	<u>1,208,366</u>	<u>649,186</u>	<u>559,180</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>70,269</u>	<u>70,269</u>	<u>727,796</u>	<u>657,527</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(479,784)	(479,784)	(479,784)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(479,784)</u>	<u>(479,784)</u>	<u>(479,784)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(409,515)	(409,515)	248,012	657,527
FUND BALANCE, Beginning	<u>409,515</u>	<u>409,515</u>	<u>873,626</u>	<u>464,111</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,121,638</u>	<u>\$ 1,121,638</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
System development charges	\$ 2,000	\$ 2,000	\$ 5,625	\$ 3,625
Interest on investments	4,000	6,000	24,905	18,905
TOTAL REVENUES	<u>6,000</u>	<u>8,000</u>	<u>30,530</u>	<u>22,530</u>
EXPENDITURES				
Capital outlay	200,000	200,000	50,678	149,322
Debt service	200,101	202,101	201,903	198
Contingency	534,231	534,231	-	534,231
TOTAL EXPENDITURES	<u>934,332</u>	<u>936,332</u>	<u>252,581</u>	<u>683,751</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(928,332)</u>	<u>(928,332)</u>	<u>(222,051)</u>	<u>706,281</u>
NET CHANGE IN FUND BALANCE	(928,332)	(928,332)	(222,051)	706,281
FUND BALANCE, Beginning	<u>928,332</u>	<u>928,332</u>	<u>933,175</u>	<u>4,843</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,124</u>	<u>\$ 711,124</u>

**CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL SEWER FUNDS
For the Fiscal Year Ended June 30, 2019**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,121,638
Sewer Improvement	<u>711,124</u>
	1,832,762

Adjustments:

Capital assets, net of depreciation	6,259,958
Compensated absences	(3,755)
PERS transition liability	(25,206)
Accrued interest payable	(28,434)
Net pension liability	(342,365)
Deferred outflows related to pension and OPEB	145,581
Deferred inflows related to pension and OPEB	(58,551)
Long-term debt	(1,240,659)
Other Postemployment benefits	<u>(51,437)</u>

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
BASIS (GAAP) NET POSITION**

\$ 6,487,894

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SOLID WASTE FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 902,056	\$ 902,056	\$ 994,643	\$ 92,587
Interest on investments	5,000	5,000	18,005	13,005
Miscellaneous	10,000	10,000	9,513	(487)
TOTAL REVENUES	<u>917,056</u>	<u>917,056</u>	<u>1,022,161</u>	<u>105,105</u>
EXPENDITURES				
Current:				
Personal services	409,189	409,189	384,218	24,971
Materials and services	295,645	295,645	292,282	3,363
Capital outlay	30,000	30,000	15,323	14,677
Contingency	506,339	506,339	-	506,339
TOTAL EXPENDITURES	<u>1,241,173</u>	<u>1,241,173</u>	<u>691,823</u>	<u>549,350</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(324,117)</u>	<u>(324,117)</u>	<u>330,338</u>	<u>654,455</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	2,000	2,000	-
Transfers out	(272,274)	(272,274)	(272,274)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(270,274)</u>	<u>(270,274)</u>	<u>(270,274)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(594,391)	(594,391)	60,064	654,455
FUND BALANCE, Beginning	<u>594,391</u>	<u>594,391</u>	<u>763,982</u>	<u>169,591</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>824,046</u>	<u>\$ 824,046</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			179,931	
Compensated absences			(32,484)	
PERS transition liability			(16,147)	
Net pension liability			(324,602)	
Deferred outflows related to pension and OPEB			140,402	
Deferred inflows related to pension and OPEB			(66,688)	
Other postemployment benefits			(83,617)	
NET POSITION, Ending			<u>\$ 620,841</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LANDFILL CLOSURE FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 1,000	\$ 1,000	\$ 3,690	\$ 2,690
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>3,690</u>	<u>2,690</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,000</u>	<u>1,000</u>	<u>3,690</u>	<u>2,690</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,000	4,000	4,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	5,000	5,000	7,690	2,690
FUND BALANCE, Beginning	<u>140,616</u>	<u>140,616</u>	<u>140,754</u>	<u>138</u>
FUND BALANCE, Ending	<u>\$ 145,616</u>	<u>\$ 145,616</u>	148,444	<u>\$ 2,828</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Landfill closure liability			<u>(145,496)</u>	
NET POSITION, Ending			<u>\$ 2,948</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GOLF COURSE FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 184,610	\$ 184,610	\$ 149,548	\$ (35,062)
Miscellaneous	-	-	1,286	1,286
TOTAL REVENUES	<u>184,610</u>	<u>184,610</u>	<u>150,834</u>	<u>(33,776)</u>
EXPENDITURES				
Current:				
Personal services	72,725	72,725	58,682	14,043
Materials and services	111,167	111,167	106,919	4,248
Capital outlay	-	-	30,603	(30,603)
Debt service	1,418	1,418	1,418	-
TOTAL EXPENDITURES	<u>185,310</u>	<u>185,310</u>	<u>197,622</u>	<u>(12,312)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(700)</u>	<u>(700)</u>	<u>(46,788)</u>	<u>(46,088)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(100)	(100)	(100)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100)</u>	<u>(100)</u>	<u>(100)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(800)	(800)	(46,888)	(46,088)
FUND BALANCE, Beginning	800	800	(208,583)	(209,383)
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	(255,471)	<u>\$ (255,471)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			115,238	
Compensated absences			(1,941)	
PERS transition liability			(5,336)	
Accrued interest payable			(1,300)	
Net pension liability			(46,939)	
Deferred outflows related to pension and OPEB			20,307	
Deferred inflows related to pension and OPEB			(9,662)	
Other postemployment benefits			(12,150)	
NET POSITION, Ending			<u>\$ (197,254)</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WAREHOUSE FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 200	\$ 200	\$ 1,616	\$ 1,416
Miscellaneous	100	100	224	124
TOTAL REVENUES	<u>300</u>	<u>300</u>	<u>1,840</u>	<u>1,540</u>
EXPENDITURES				
Current:				
Materials and services	26,678	26,678	24,728	1,950
Capital outlay	16,000	16,000	15,500	500
Contingency	19,469	19,469	-	19,469
TOTAL EXPENDITURES	<u>62,147</u>	<u>62,147</u>	<u>40,228</u>	<u>21,919</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(61,847)</u>	<u>(61,847)</u>	<u>(38,388)</u>	<u>23,459</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,051	40,051	40,051	-
Transfers out	(20,567)	(20,567)	(20,567)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,484</u>	<u>19,484</u>	<u>19,484</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(42,363)	(42,363)	(18,904)	23,459
FUND BALANCE, Beginning	<u>42,363</u>	<u>42,363</u>	<u>77,867</u>	<u>35,504</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>58,963</u>	<u>\$ 58,963</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			<u>14,531</u>	
NET POSITION, Ending			<u>\$ 73,494</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VEHICLE MAINTENANCE FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services	\$ 548,178	\$ 558,178	\$ 546,122	\$ (12,056)
Interest on investments	2,200	7,200	9,160	1,960
Miscellaneous	-	-	246	246
TOTAL REVENUES	<u>550,378</u>	<u>565,378</u>	<u>555,528</u>	<u>(9,850)</u>
EXPENDITURES				
Current:				
Personal services	249,432	249,432	231,951	17,481
Materials and services	250,100	265,100	226,508	38,592
Contingency	250,526	250,526	-	250,526
TOTAL EXPENDITURES	<u>750,058</u>	<u>765,058</u>	<u>458,459</u>	<u>306,599</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(199,680)</u>	<u>(199,680)</u>	<u>97,069</u>	<u>296,749</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(68,771)	(68,771)	(68,771)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(68,771)</u>	<u>(68,771)</u>	<u>(68,771)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(268,451)	(268,451)	28,298	296,749
FUND BALANCE, Beginning	<u>268,451</u>	<u>268,451</u>	<u>347,045</u>	<u>78,594</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>375,343</u>	<u>\$ 375,343</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Compensated absences			(6,448)	
PERS transition liability			(18,817)	
Net pension liability			(202,781)	
Deferred outflows related to pension and OPEB			86,222	
Deferred inflows related to pension and OPEB			(34,653)	
Other postemployment benefits			(30,387)	
NET POSITION, Ending			<u>\$ 168,479</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VEHICLE REPLACEMENT FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 194,082	\$ 194,082	\$ 194,076	\$ (6)
Interest on investments	1,500	1,500	6,486	4,986
Miscellaneous	-	-	18,280	18,280
TOTAL REVENUES	<u>195,582</u>	<u>195,582</u>	<u>218,842</u>	<u>23,260</u>
EXPENDITURES				
Capital outlay	<u>225,000</u>	<u>225,000</u>	<u>235,885</u>	<u>(10,885)</u>
TOTAL EXPENDITURES	<u>225,000</u>	<u>225,000</u>	<u>235,885</u>	<u>(10,885)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(29,418)</u>	<u>(29,418)</u>	<u>(17,043)</u>	<u>12,375</u>
NET CHANGE IN FUND BALANCE	<u>(29,418)</u>	<u>(29,418)</u>	<u>(17,043)</u>	<u>12,375</u>
FUND BALANCE, Beginning	<u>174,000</u>	<u>174,000</u>	<u>241,069</u>	<u>67,069</u>
FUND BALANCE, Ending	<u>\$ 144,582</u>	<u>\$ 144,582</u>	<u>224,026</u>	<u>\$ 79,444</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			<u>1,220,035</u>	
NET POSITION, Ending			<u>\$ 1,444,061</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SICK LEAVE LIABILITY FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 500	\$ 500	\$ 1,292	\$ 792
Miscellaneous	500	500	-	(500)
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>1,292</u>	<u>292</u>
EXPENDITURES				
Current:				
Personal services	55,976	55,976	10,117	45,859
TOTAL EXPENDITURES	<u>55,976</u>	<u>55,976</u>	<u>10,117</u>	<u>45,859</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(54,976)</u>	<u>(54,976)</u>	<u>(8,825)</u>	<u>46,151</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,776	6,776	6,776	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,776</u>	<u>6,776</u>	<u>6,776</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(48,200)	(48,200)	(2,049)	46,151
FUND BALANCE, Beginning	<u>48,200</u>	<u>48,200</u>	<u>56,322</u>	<u>8,122</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,273</u>	<u>\$ 54,273</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RISK MANAGEMENT FUND
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 500	\$ 500	\$ 1,403	\$ 903
Miscellaneous	10,000	10,000	27,372	17,372
TOTAL REVENUES	<u>10,500</u>	<u>10,500</u>	<u>28,775</u>	<u>18,275</u>
EXPENDITURES				
Current:				
Materials and services	54,501	54,501	16,481	38,020
TOTAL EXPENDITURES	<u>54,501</u>	<u>54,501</u>	<u>16,481</u>	<u>38,020</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(44,001)</u>	<u>(44,001)</u>	<u>12,294</u>	<u>56,295</u>
NET CHANGE IN FUND BALANCE	<u>(44,001)</u>	<u>(44,001)</u>	<u>12,294</u>	<u>56,295</u>
FUND BALANCE, Beginning	<u>44,001</u>	<u>44,001</u>	<u>30,626</u>	<u>(13,375)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,920</u>	<u>\$ 42,920</u>

STATISTICAL SECTION (UNAUDITED)

This part of the City of Milton-Freewater's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health. This section contains the following tables and information.

- ◆ **Financial Trends** – These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.
- ◆ **Revenue Capacity** – These schedules contain information to help the reader assess the City's most significant local revenue sources; property taxes, charges for services and business taxes.
- ◆ **Debt Capacity** – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- ◆ **Economic and Demographic Information** – These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.
- ◆ **Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information contained in these schedules is derived from the comprehensive annual financial report for the relevant year. Note that the City implemented Governmental Accounting Standards Board Statement No. 34 in 2003; therefore schedules presenting government-wide information include only information beginning in that fiscal year and going forward.

**CITY OF
MILTON-FREEWATER, OREGON
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 18,575,664	\$ 19,091,342	\$ 19,735,512	\$ 13,520,875
Restricted	852,892	689,825	677,401	701,706
Unrestricted	<u>(3,946,223)</u>	<u>(3,760,547)</u>	<u>(2,477,191)</u>	<u>(1,680,809)</u>
 Total governmental activities net position	 <u>15,482,333</u>	 <u>16,020,620</u>	 <u>17,935,722</u>	 <u>12,541,772</u>
 Business-Type Activities:				
Invested in capital assets, net of related debt	17,656,619	17,820,977	17,697,139	17,885,072
Restricted	1,318,514	1,200,133	1,194,673	1,019,402
Unrestricted	<u>5,141,696</u>	<u>5,360,561</u>	<u>5,713,568</u>	<u>5,984,371</u>
 Total business-type activities net position	 <u>24,116,829</u>	 <u>24,381,671</u>	 <u>24,605,380</u>	 <u>24,888,845</u>
 Primary Government:				
Invested in capital assets, net of related debt	36,232,283	36,912,319	37,432,651	31,405,947
Restricted	2,171,406	1,889,958	1,872,074	1,721,108
Unrestricted	<u>1,195,473</u>	<u>1,600,014</u>	<u>3,236,377</u>	<u>4,303,562</u>
 Total primary government net position	 <u>\$ 39,599,162</u>	 <u>\$ 40,402,291</u>	 <u>\$ 42,541,102</u>	 <u>\$ 37,430,617</u>

Source: Current and prior year's financial statements

**CITY OF
MILTON-FREEWATER, OREGON
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)**

2015	2014	2013	2012	2011	2010
\$ 13,946,180	\$ 14,235,561	\$ 14,877,601	\$ 15,043,735	\$ 13,257,524	\$ 12,956,309
903,887	914,197	888,353	718,408	599,177	149,320
(150,999)	724,553	816,015	982,911	1,099,486	1,417,615
<u>14,699,068</u>	<u>15,874,311</u>	<u>16,581,969</u>	<u>16,745,054</u>	<u>14,956,187</u>	<u>14,523,244</u>
16,027,794	16,365,814	16,766,176	17,053,923	15,249,661	14,107,359
776,629	486,665	278,904	190,074	232,381	588,617
<u>7,057,538</u>	<u>7,877,222</u>	<u>8,178,689</u>	<u>7,601,109</u>	<u>7,128,895</u>	<u>6,500,134</u>
<u>23,861,961</u>	<u>24,729,701</u>	<u>25,223,769</u>	<u>24,845,106</u>	<u>22,610,937</u>	<u>21,196,110</u>
29,973,974	30,601,375	31,643,777	32,097,658	28,507,185	27,063,668
1,680,516	1,400,862	1,167,257	908,482	831,558	737,937
<u>6,906,539</u>	<u>8,601,775</u>	<u>8,994,704</u>	<u>8,584,020</u>	<u>8,228,381</u>	<u>7,917,749</u>
<u>\$ 38,561,029</u>	<u>\$ 40,604,012</u>	<u>\$ 41,805,738</u>	<u>\$ 41,590,160</u>	<u>\$ 37,567,124</u>	<u>\$ 35,719,354</u>

**CITY OF
MILTON-FREEWATER, OREGON
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Program Revenues				
Governmental activities:				
Charges for services, fees and fines				
General government	\$ 274,593	\$ 222,300	\$ 204,744	\$ 268,279
Public safety	-	-	-	-
Culture and recreation	121,440	103,563	131,438	144,155
Highways and streets	2,419	1,116	720	780
Operating grants and contributions	919,730	878,399	879,631	816,892
Capital grants and contributions	21,720	26,207	242,893	131,953
Total governmental activities program revenues	<u>1,339,902</u>	<u>1,231,585</u>	<u>1,459,426</u>	<u>1,362,059</u>
Business-type activities:				
Charges for services:				
Electric	8,030,639	7,976,810	7,691,691	7,281,450
Water	1,267,685	1,298,240	1,229,766	1,205,216
Sewer	1,211,961	1,225,428	1,201,125	1,208,592
Solid Waste	1,002,919	1,020,736	956,558	914,084
Internal Service-Primarily Business Activity	-	-	-	-
Golf Course	150,834	170,569	150,423	168,655
Operating grants	48,740	52,497	49,387	50,457
Capital grants	327,744	311,838	751,801	2,608,406
Total business-type activities program revenues	<u>12,040,522</u>	<u>12,056,118</u>	<u>12,030,751</u>	<u>13,436,860</u>
Total primary government program revenues	<u>13,380,424</u>	<u>13,287,703</u>	<u>13,490,177</u>	<u>14,798,919</u>
Expenses				
Governmental activities:				
General government	1,930,495	1,984,828	1,959,138	2,261,372
Public safety	2,573,873	2,628,204	2,445,720	2,948,737
Culture and recreation	895,815	878,063	866,425	1,038,372
Public Works	601,316	532,213	582,470	621,400
Community development	100,139	287,197	381,356	432,463
Engineering	37,739	93,101	83,747	107,548
Highways and streets	936,537	924,605	1,259,648	849,877
Interest on long term obligations	-	-	-	375
Total governmental activities expenses	<u>7,075,914</u>	<u>7,328,211</u>	<u>7,578,504</u>	<u>8,260,144</u>
Business-type activities:				
Electric	7,733,563	7,044,097	7,341,831	7,512,041
Water	729,528	817,925	785,710	951,888
Sewer	876,624	837,572	825,032	935,950
Solid Waste	734,545	711,289	659,340	704,310
Internal Service-Primarily Business Activity	-	-	-	-
Interest on long-term debt	-	-	-	-
Golf Course	167,555	179,228	151,473	202,147
Total business-type activities expenses	<u>10,241,815</u>	<u>9,590,111</u>	<u>9,763,386</u>	<u>10,306,336</u>
Total primary government expenses	<u>17,317,729</u>	<u>16,918,322</u>	<u>17,341,890</u>	<u>18,566,480</u>
Net Expense				
Governmental activities	(5,736,012)	(6,096,626)	(6,119,078)	(6,898,085)
Business-type activities	1,798,707	2,466,007	2,267,365	3,130,524
Total primary government net expense	<u>\$ (3,937,305)</u>	<u>\$ (3,630,619)</u>	<u>\$ (3,851,713)</u>	<u>\$ (3,767,561)</u>

**CITY OF
MILTON-FREEWATER, OREGON
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

2015	2014	2013	2012	2011	2010
\$ 244,325	\$ 224,243	\$ 288,704	\$ 312,399	\$ 320,798	\$ 317,543
-	-	-	-	-	-
172,193	145,584	161,121	151,073	165,173	164,955
1,953	1,081	2,098	3,086	1,415	1,566
754,369	767,451	738,013	725,474	765,733	766,730
285,315	53,946	416,466	2,370,332	752,305	400,587
<u>1,458,155</u>	<u>1,192,305</u>	<u>1,606,402</u>	<u>3,562,364</u>	<u>2,005,424</u>	<u>1,651,381</u>
7,033,057	7,018,128	6,884,263	7,203,939	7,387,021	7,062,297
1,237,185	1,181,796	1,202,639	1,173,701	1,140,830	1,226,003
1,175,433	1,060,795	1,041,235	1,057,176	1,071,331	1,085,906
902,070	845,996	832,589	837,017	817,558	696,771
-	-	-	-	-	-
167,208	177,350	193,373	190,951	191,720	188,902
50,768	50,008	50,169	56,164	46,901	163,058
368,304	390,920	527,340	1,368,151	1,116,586	319,571
<u>10,934,025</u>	<u>10,724,993</u>	<u>10,731,608</u>	<u>11,887,099</u>	<u>11,771,947</u>	<u>10,742,508</u>
<u>12,392,180</u>	<u>11,917,298</u>	<u>12,338,010</u>	<u>15,449,463</u>	<u>13,777,371</u>	<u>12,393,889</u>
1,380,640	1,563,908	1,536,293	1,701,181	1,521,458	1,684,411
1,585,311	2,011,173	2,070,078	2,001,630	1,901,921	1,869,621
733,273	865,910	874,760	859,882	860,232	823,165
368,411	459,647	449,596	435,678	412,988	379,547
209,378	636,052	497,855	366,362	420,496	307,894
51,771	90,451	91,313	84,639	93,821	87,327
714,161	932,701	820,680	794,765	762,496	771,716
3,000	14,971	25,582	29,673	40,587	51,744
<u>5,045,945</u>	<u>6,574,813</u>	<u>6,366,157</u>	<u>6,273,810</u>	<u>6,013,999</u>	<u>5,975,425</u>
6,442,798	6,936,488	6,239,208	5,840,636	6,538,922	6,757,182
805,035	850,276	773,814	625,270	598,092	708,500
732,318	803,378	758,503	737,796	722,683	732,834
485,325	555,565	572,881	529,834	540,571	531,957
-	-	-	-	-	-
-	-	-	-	-	-
180,344	179,148	215,601	198,861	200,082	209,560
<u>8,645,820</u>	<u>9,324,855</u>	<u>8,560,007</u>	<u>7,932,397</u>	<u>8,600,350</u>	<u>8,940,033</u>
<u>13,691,765</u>	<u>15,899,668</u>	<u>14,926,164</u>	<u>14,206,207</u>	<u>14,614,349</u>	<u>14,915,458</u>
(3,587,790)	(5,382,508)	(4,759,755)	(2,711,446)	(4,008,575)	(4,324,044)
2,288,205	1,400,138	2,171,601	3,954,702	3,171,597	1,802,475
<u>\$ (1,299,585)</u>	<u>\$ (3,982,370)</u>	<u>\$ (2,588,154)</u>	<u>\$ 1,243,256</u>	<u>\$ (836,978)</u>	<u>\$ (2,521,569)</u>

**CITY OF
MILTON-FREEWATER, OREGON
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

(continued)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Revenues and Other Changes in Net Position				
General revenues:				
Property taxes levied for:				
General purposes	\$ 1,233,582	\$ 1,059,669	\$ 1,032,358	\$ 1,068,778
Debt service	-	-	-	108,749
Franchise and public service taxes	1,396,681	1,339,582	1,349,354	1,355,646
Interest and investment earnings	26,605	14,507	14,111	7,729
Miscellaneous	(66,823)	5,384	921	1,432
Refund of property taxes to county	-	-	-	-
Transfers	2,419,964	2,365,725	2,258,700	2,198,455
Total governmental activities	<u>5,010,009</u>	<u>4,784,867</u>	<u>4,655,444</u>	<u>4,740,789</u>
Business-type activities:				
Interest and investment earnings	236,659	125,664	68,824	43,146
Miscellaneous	92,116	122,736	77,403	76,076
Transfers	(2,419,964)	(2,365,725)	(2,258,700)	(2,198,455)
Total business-type activities	<u>(2,091,189)</u>	<u>(2,117,325)</u>	<u>(2,112,473)</u>	<u>(2,079,233)</u>
Total primary government	<u>2,918,820</u>	<u>2,667,542</u>	<u>2,542,971</u>	<u>2,661,556</u>
Change in Net Position				
Governmental activities	(726,003)	(1,311,759)	(1,463,634)	(2,157,296)
Business-type activities	(292,482)	348,682	154,892	1,051,291
Total primary government change in net position	<u>(1,018,485)</u>	<u>(963,077)</u>	<u>(1,308,742)</u>	<u>(1,106,005)</u>
Net Position Beginning				
Governmental activities (previous reported)	16,020,620	17,935,721	12,541,772	14,699,068
Business-type activities (previous reported)	24,381,671	24,605,382	24,888,845	23,861,961
Total primary government net position-beginning	<u>40,402,291</u>	<u>42,541,103</u>	<u>37,430,617</u>	<u>38,561,029</u>
Governmental activities change from GASB	215,356	(603,342)	-	-
Business-type activities change from GASB	-	(572,393)	-	-
Prior Period Adjustment	0	0	6,419,223	-24,407
Net Position Ending				
Governmental activities	15,509,973	16,020,620	11,078,138	12,541,772
Business-type activities	24,089,189	24,381,671	25,043,737	24,913,252
Total Primary Government Net Position	<u><u>\$ 39,599,162</u></u>	<u><u>\$ 40,402,291</u></u>	<u><u>\$ 42,541,098</u></u>	<u><u>\$ 37,430,617</u></u>

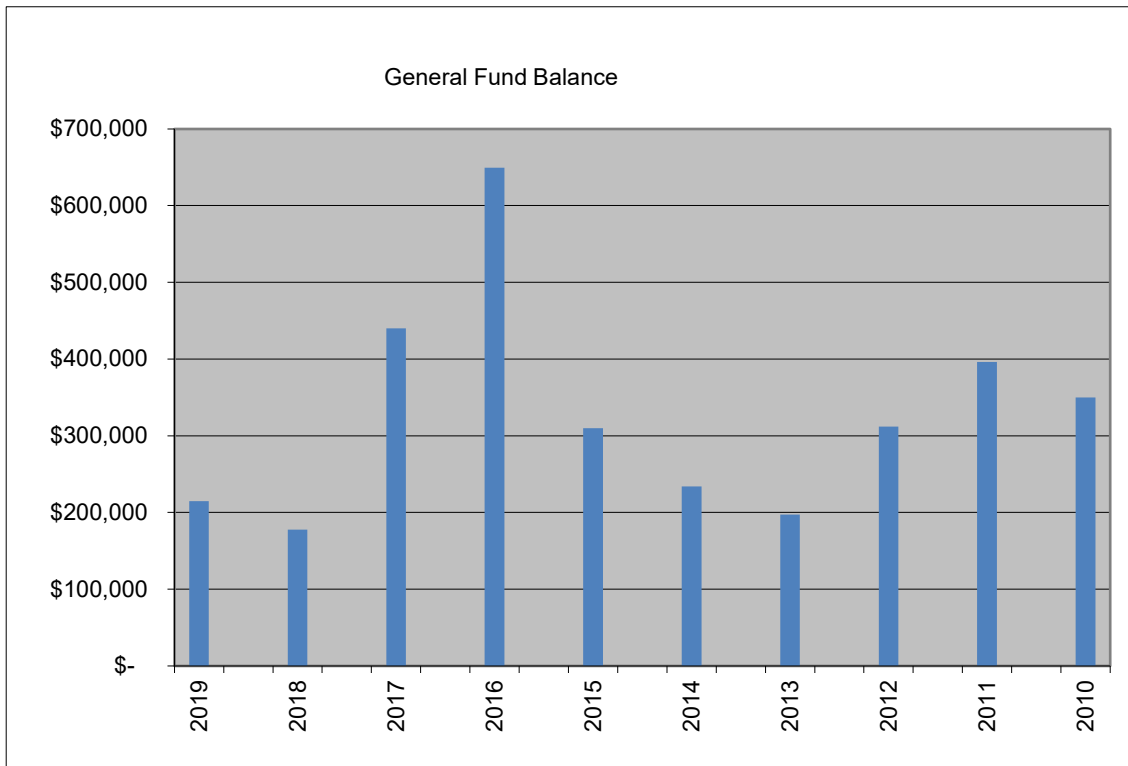
Source: Current and prior years' financial statements

**CITY OF
MILTON-FREEWATER, OREGON
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

2015	2014	2013	2012	2011	2010
\$ 1,006,765	\$ 1,366,983	\$ 1,345,542	\$ 1,300,370	\$ 1,306,981	\$ 1,220,853
115,182	111,200	107,869	102,450	98,765	100,702
1,225,903	1,207,173	1,168,930	1,180,027	1,118,199	1,112,511
24,230	11,403	9,343	9,458	9,376	12,720
-	-	-	-	-	-
-	(74,628)	-	-	-	-
<u>2,145,443</u>	<u>2,052,719</u>	<u>1,964,986</u>	<u>1,908,008</u>	<u>1,908,197</u>	<u>1,838,830</u>
<u>4,517,523</u>	<u>4,674,850</u>	<u>4,596,670</u>	<u>4,500,313</u>	<u>4,441,518</u>	<u>4,285,616</u>
48,664	56,716	55,155	56,844	68,562	105,100
108,784	101,797	116,893	130,631	82,865	81,469
<u>(2,145,443)</u>	<u>(2,052,719)</u>	<u>(1,964,986)</u>	<u>(1,908,008)</u>	<u>(1,908,197)</u>	<u>(1,838,830)</u>
<u>(1,987,995)</u>	<u>(1,894,206)</u>	<u>(1,792,938)</u>	<u>(1,720,533)</u>	<u>(1,756,770)</u>	<u>(1,652,261)</u>
<u>2,529,528</u>	<u>2,780,644</u>	<u>2,803,732</u>	<u>2,779,780</u>	<u>2,684,748</u>	<u>2,633,355</u>
929,733	(707,658)	(163,085)	1,788,867	432,943	(38,428)
300,210	(494,068)	378,663	2,234,169	1,414,827	150,214
<u>1,229,943</u>	<u>(1,201,726)</u>	<u>215,578</u>	<u>4,023,036</u>	<u>1,847,770</u>	<u>111,786</u>
15,874,311	16,581,969	16,745,054	14,956,187	14,523,244	14,561,672
<u>24,729,701</u>	<u>25,223,769</u>	<u>24,845,106</u>	<u>22,610,937</u>	<u>21,196,110</u>	<u>21,045,896</u>
<u>40,604,012</u>	<u>41,805,738</u>	<u>41,590,160</u>	<u>37,567,124</u>	<u>35,719,354</u>	<u>35,607,568</u>
(2,104,976)					
(1,167,950)					
14,699,068	15,874,311	16,581,969	16,745,054	14,956,187	14,523,244
23,861,961	24,729,701	25,223,769	24,845,106	22,610,937	21,196,110
<u>\$ 38,561,029</u>	<u>\$ 40,604,012</u>	<u>\$ 41,805,738</u>	<u>\$ 41,590,160</u>	<u>\$ 37,567,124</u>	<u>\$ 35,719,354</u>

**CITY OF
MILTON-FREEWATER, OREGON
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund				
Nonspendable	141,774	141,774	\$ -	\$ 141,774
Committed	0	0	0	0
Restricted	76,219	91,641	326,370	357,807
Assigned	0	0	113,750	149,651
Unassigned	(3,214)	(55,626)	-	-
Total general fund	<u>\$ 214,779</u>	<u>\$ 177,789</u>	<u>\$ 440,120</u>	<u>\$ 649,232</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	634,899	456,410	351,031	343,899
Assigned	142,556	410,358	265,558	528,995
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$777,455</u>	<u>\$866,768</u>	<u>\$616,589</u>	<u>\$872,894</u>
Total governmental funds	<u>\$ 992,234</u>	<u>\$ 1,044,557</u>	<u>\$ 1,056,709</u>	<u>\$ 1,522,126</u>



Source: Current and prior years' financial statements

**CITY OF
MILTON-FREEWATER, OREGON
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ - 158	\$ 30,645 157	\$ 157	\$ 157	\$ 157	\$ 157
243,818 65,921	203,207 -	197,180 -	311,598 -	395,933 -	349,936 -
<u>\$ 309,897</u>	<u>\$ 234,009</u>	<u>\$ 197,337</u>	<u>\$ 311,755</u>	<u>\$ 396,090</u>	<u>\$ 350,093</u>
\$410,595 493,363 387,174 (2,250)	\$628,846 359,499 369,572 (106,801)	\$0 888,196 366,786 (30,663)	\$0 718,251 358,857 (17,884)	\$0 599,020 328,465 (16,325)	\$87,033 62,130 0 624,427
<u>\$1,288,882</u>	<u>\$1,251,116</u>	<u>\$1,224,319</u>	<u>\$1,059,224</u>	<u>\$911,160</u>	<u>\$773,590</u>
<u>\$ 1,598,779</u>	<u>\$ 1,485,125</u>	<u>\$ 1,421,656</u>	<u>\$ 1,370,979</u>	<u>\$ 1,307,250</u>	<u>\$ 1,123,683</u>

**CITY OF
MILTON-FREEWATER, OREGON**
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues			
Taxes/special assessments	\$1,376,022	\$1,242,558	\$1,207,424
Intergovernmental	1,125,235	1,256,433	1,130,895
Franchise Fees	978,809	959,915	950,319
Licenses and Fines	150,551	116,901	135,602
Charges for services	96,019	104,231	128,201
Interest on Investments	26,605	14,508	14,111
Miscellaneous Revenues	141,925	118,187	113,621
Total revenues	<u>3,895,166</u>	<u>3,812,733</u>	<u>3,680,173</u>
Expenditures			
Current:			
General Government	1,855,317	1,769,316	1,817,704
Public safety	2,524,336	2,376,861	2,280,176
Culture and recreation	777,425	772,917	753,482
Public Works	593,875	518,627	540,436
Community development	104,057	259,166	279,864
Engineering	39,784	87,145	77,839
Highways and streets	278,068	278,656	284,137
Capital outlay	289,064	127,923	370,652
Debt service (principle)	-	-	-
(interest)	-	-	-
Total expenditures	<u>6,461,926</u>	<u>6,190,611</u>	<u>6,404,290</u>
Revenues over (under) expenditures	<u>(2,566,760)</u>	<u>(2,377,878)</u>	<u>(2,724,117)</u>
Other Financing Sources (Uses)			
Proceeds of refunding bonds	-	-	-
Bond discount and issue costs	-	-	-
Issuance of debt	-	-	-
Payments to refund bonds	-	-	-
Sale of assets	94,473	-	-
Transfers in	2,650,412	2,597,574	2,537,032
Transfers out	(230,448)	(231,849)	(278,332)
Total other financing sources (uses)	<u>2,514,437</u>	<u>2,365,725</u>	<u>2,258,700</u>
Refund of property taxes received	-	-	-
Net change in fund balances	<u>\$ (52,323)</u>	<u>\$ (12,153)</u>	<u>\$ (465,417)</u>
Debt service as a percentage of noncapital expenditures	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Source: Current and prior years' financial statements

**CITY OF
MILTON-FREEWATER, OREGON
Last Ten Fiscal Years
(modified accrual basis of accounting)**

2016	2015	2014	2013	2012	2011	2010
\$1,323,645	\$1,294,425	\$1,680,489	\$1,610,543	\$1,562,666	\$1,540,352	\$1,466,365
1,216,031	1,221,539	989,589	1,323,223	3,258,023	1,659,343	1,300,145
915,063	896,789	873,574	851,657	857,718	837,455	831,770
139,165	126,866	137,197	174,527	182,097	195,409	187,921
149,274	183,176	158,916	178,220	168,070	181,935	176,726
7,729	24,230	11,404	9,344	9,460	9,374	12,723
100,179	101,775	112,623	98,839	103,408	101,598	97,187
<u>3,851,086</u>	<u>3,848,800</u>	<u>3,963,792</u>	<u>4,246,353</u>	<u>6,141,442</u>	<u>4,525,466</u>	<u>4,072,837</u>
1,713,108	1,619,098	1,484,678	1,454,853	1,614,651	1,432,935	1,691,005
2,235,366	2,067,077	1,994,110	2,046,083	1,966,687	1,880,750	1,890,608
755,307	718,644	724,460	734,084	709,853	701,349	667,680
475,004	471,760	454,070	438,464	439,530	400,545	387,814
340,998	269,043	424,740	400,848	330,098	322,942	288,081
75,767	72,291	88,313	91,372	82,675	92,394	85,643
268,721	238,770	232,899	234,738	221,959	193,877	211,027
139,673	297,156	261,327	531,886	2,340,165	908,342	381,653
120,000	120,000	199,117	199,230	276,985	272,822	275,049
2,250	6,750	14,700	29,104	33,119	44,147	54,025
<u>6,126,194</u>	<u>5,880,589</u>	<u>5,878,414</u>	<u>6,160,662</u>	<u>8,015,722</u>	<u>6,250,103</u>	<u>5,932,585</u>
<u>(2,275,108)</u>	<u>(2,031,789)</u>	<u>(1,914,622)</u>	<u>(1,914,309)</u>	<u>(1,874,280)</u>	<u>(1,724,637)</u>	<u>(1,859,748)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,031,595	2,437,837	2,270,399	2,185,651	2,158,214	2,156,204	2,200,958
(833,140)	(292,394)	(217,680)	(220,665)	(220,205)	(248,007)	(339,128)
<u>2,198,455</u>	<u>2,145,443</u>	<u>2,052,719</u>	<u>1,964,986</u>	<u>1,938,009</u>	<u>1,908,197</u>	<u>1,861,830</u>
-	-	(74,628)				
<u>\$ (76,653)</u>	<u>\$ 113,654</u>	<u>\$ 63,469</u>	<u>\$ 50,677</u>	<u>\$ 63,729</u>	<u>\$ 183,560</u>	<u>\$ 2,082</u>
<u>2.0%</u>	<u>2.3%</u>	<u>3.8%</u>	<u>4.1%</u>	<u>5.5%</u>	<u>5.9%</u>	<u>5.9%</u>

**CITY OF
MILTON-FREEWATER, OREGON
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)**

Function/Program	2019	2018	2017	2016	2015
Governmental activities					
General government	\$ 405,508	\$ 387,045	\$ 461,600	\$ 440,047	\$ 359,972
Public safety	51,421	77,680	50,048	34,700	52,008
Culture and recreation	352,697	319,792	371,771	337,641	377,762
Community development	-	-	-	-	-
Highways and streets	530,276	457,068	576,007	549,671	668,413
Total governmental activities	1,339,902	1,241,585	1,459,426	1,362,059	1,458,155
Business-type activities					
Electric	8,155,073	8,102,212	7,815,770	7,406,129	7,201,401
Water	1,368,628	1,383,280	1,274,616	1,250,626	1,262,180
Sewer	1,363,068	1,379,321	1,833,384	3,697,366	1,401,166
Solid Waste	1,002,919	1,020,736	956,558	914,084	902,070
Internal Service-Prim Bus	-	-	-	-	-
Golf Course	150,834	170,569	150,423	168,655	167,208
Total business-type activities	12,040,522	12,056,118	12,030,751	13,436,860	10,934,025
Total Primary government	\$13,380,424	\$13,297,703	\$13,490,177	\$ 14,798,919	\$12,392,180

Source: Current and prior years' financial statements

**CITY OF
MILTON-FREEWATER, OREGON
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)**

2014	2013	2012	2011	2010
\$ 375,597	\$ 409,228	\$ 583,085	\$ 503,066	\$ 663,384
42,154	68,892	53,920	143,896	172,171
363,313	340,123	323,519	327,138	330,529
-	-	-	-	-
<u>411,241</u>	<u>788,159</u>	<u>2,601,840</u>	<u>1,031,324</u>	<u>485,297</u>
<u>1,192,305</u>	<u>1,606,402</u>	<u>3,562,364</u>	<u>2,005,424</u>	<u>1,651,381</u>
7,202,841	7,150,618	8,132,633	8,021,010	7,286,311
1,232,534	1,296,077	1,609,438	1,622,032	1,405,206
1,247,183	1,248,951	1,117,060	1,119,627	1,165,318
845,996	832,589	837,017	817,558	696,771
-	-	-	-	-
<u>196,439</u>	<u>203,373</u>	<u>190,951</u>	<u>191,720</u>	<u>188,902</u>
<u>10,724,993</u>	<u>10,731,608</u>	<u>11,887,099</u>	<u>11,771,947</u>	<u>10,742,508</u>
<u><u>\$ 11,917,298</u></u>	<u><u>\$ 12,338,010</u></u>	<u><u>\$ 15,449,463</u></u>	<u><u>\$ 13,777,371</u></u>	<u><u>\$ 12,393,889</u></u>

**CITY OF
MILTON-FREEWATER,
OREGON**
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Year</u>	<u>Property Taxes</u>	<u>Transient Room Taxes</u>	<u>Utility Taxes</u>
2010	1,318,530	20,094	127,741
2011	1,400,910	9,476	129,966
2012	1,402,572	24,000	136,094
2013	1,462,014	14,430	134,099
2014	1,523,708	18,121	138,660
2015	1,147,166	7,431	139,828
2016	1,151,298	26,639	145,708
2017	1,035,196	16,933	155,295
2018	1,063,350	22,302	156,906
2019	1,189,945	20,280	165,797

Source: Current and prior years' financial statements

**CITY OF
MILTON-FREEWATER, OREGON
Assessed Valuation and Actual Values of Taxable Property *
Last Ten Fiscal Years**

Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value
2010	224,018,690	6.01	325,731,595
2011	229,968,793	6.14	317,670,003
2012	237,268,234	6.06	312,506,993
2013	242,266,716	6.12	309,694,430
2014	252,318,776	6.16	310,240,684
2015	259,211,080	4.44	334,986,321
2016	268,188,919	4.43	311,551,824
2017	274,904,381	3.98	351,916,966
2018	282,588,912	3.97	362,474,475
2019	293,817,159	4.31	385,153,289

**CITY OF
MILTON-FREEWATER, OREGON
Property Tax Rates - Direct And Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Fiscal Years**

DIRECT					OVERLAPPING						
Year	City of M-F General	City of M-F Bond	City of M-F Local Option	URA	Total Direct Tax Rate	Umatilla County	BMCC	School District No. 7	Misc Small Districts	Total Overlap Tax Rate	Total Tax Rate
2010	3.21	0.46	0.27	2.08	6.02	2.66	0.83	4.10	1.06	8.65	14.67
2011	3.15	0.43	0.26	2.30	6.14	2.61	0.82	4.03	1.05	8.51	14.65
2012	3.18	0.44	0.25	2.19	6.06	2.63	0.81	4.07	1.74	9.25	15.31
2013	3.18	0.45	0.25	2.24	6.12	2.62	0.81	4.06	1.95	9.44	15.56
2014	3.16	0.44	0.24	2.32	6.16	2.57	0.81	5.04	1.91	10.33	16.49
2015	3.75	0.46	0.23	0	4.44	3.04	0.66	5.79	2.22	11.71	16.15
2016	3.75	0.45	0.23	0	4.43	3.04	0.89	5.79	2.18	11.90	16.33
2017	3.75	0	0.23	0	3.98	2.86	0.87	5.92	2.18	11.83	15.81
2018	3.75	0	0.22	0	3.97	2.85	0.87	5.92	2.18	11.82	15.79
2019	3.75	0	0.56	0	4.31	2.85	0.87	5.92	2.18	11.82	16.13

**CITY OF
MILTON-FREEWATER, OREGON
Direct And Overlapping Governmental Activities Debt**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
<u>DIRECT:</u>			
City of Milton-Freewater	<u>\$0</u>	100%	<u>\$0</u>
<u>OVERLAPPING:</u>			
M-F Unified School Distric	11,875,000	68%	8,075,000
M-F Water control District	<u>2,021,039</u>	65%	<u>1,313,675</u>
Total Overlapping	<u>13,896,039</u>		<u>9,388,675</u>
Total Direct& Overlapping	<u>\$13,896,039</u>		<u>\$9,388,675</u>

Note:

Overlapping debt is debt of various public organizations whose geographic area overlaps City of Milton-Freewater boundaries. This schedule estimates the portion of other public organization debt that certain taxpayers in Milton-Freewater are responsible for. In order to be responsible for the overlapping debt, taxpayers must reside within both Milton-Freewater city limits and the boundaries of the other public organization which has incurred the debt.

**CITY OF
MILTON-FREEWATER, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years
(modified accrual basis of accounting)**

Fiscal Year Ended June 30,	Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Collected in Subsequent Years	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	862,492	796,538	92.35%	65,909	862,447	99.99%
2010	881,496	817,453	92.73%	63,886	881,339	99.98%
2011	910,660	841,495	92.40%	69,165	910,660	100.00%
2012	919,981	854,410	92.87%	65,571	919,981	100.00%
2013	939,891	883,872	94.04%	56,019	939,891	100.00%
2014	966,322	906,661	93.83%	35,498	942,159	97.50%
2015	972,018	945,969	97.32%	26,049	972,018	100.00%
2016	1,005,676	948,653	94.33%	39,541	988,194	98.26%
2017	996,387	938,098	94.15%	25,233	963,331	96.68%
2018	1,030,827	968,825	93.99%	15,090	983,915	95.45%
2019	1,059,657	1,001,474	94.51%	0	1,001,474	94.51%

Source: Current and prior years' financial statements
Umatilla County Assessor

CITY OF
MILTON-FREEWATER, OREGON
Principal Taxpayers
January 1, 2009 to January 1, 2019

Tax Year 2018-2019

Taxpayer	Real Property		Percentage of Total
	Assessed Valuation	Rank	Assessed Valuation
Earl Brown & Sons	\$ 15,430,730	1	5.25%
Charter Communications	5,053,600	2	1.72%
Sykes Realty Inc	3,293,930	3	1.12%
Milton-Freewater Holdings LLC	3,074,650	4	1.05%
Key Meadowbrook Village	3,059,420	5	1.04%
Freewater Oregon LLC	2,750,240	6	0.94%
Verizon Wireless VAW LLC	2,531,000	7	0.86%
Cub Investors LLC	1,600,580	8	0.54%
Century Link	1,334,000	9	0.45%
Wilkinson Oregon Holdings LLC	1,283,730	10	0.44%
	<u>\$ 39,411,880</u>		<u>13.41%</u>
Total Assessed Valuation	<u>\$ 293,817,159</u>		

Tax year 2008-2009

Taxpayer	Real Property		Percentage of Total
	Assessed Valuation	Rank	Assessed Valuation
Blue Mountain Growers, Inc.	\$ 7,545,800	1	3.49%
Earl E Brown & Sons	7,409,640	2	3.43%
Sykes Realty Inc	4,927,220	3	2.28%
Key Meadowbrook Village	2,545,870	4	1.18%
Milton-Freewater Holdings LLC	2,362,860	5	1.09%
Freewater Oregon LLC	2,178,140	6	1.01%
Charter Communications	1,999,000	7	0.93%
Stadelman Fruit Co	1,574,010	8	0.73%
Cub Investors LLC	1,573,740	9	0.73%
Qwest Inc.	1,517,300	10	0.70%
	<u>\$ 33,633,580</u>		<u>15.58%</u>
Total Assessed Valuation	<u>\$ 215,951,341</u>		

**CITY OF
MILTON-FREEWATER, OREGON
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment	Loans Payable	Revenue Bonds	Loans Payable			
2010	665,000	-	524,132	185,000	1,798,344	3,172,476	N/A	485
2011	565,000	-	350,635	125,000	1,639,570	2,680,205	N/A	380
2012	460,000	-	178,650	65,000	1,297,978	2,001,628	N/A	284
2013	350,000	-	89,184	-	875,405	1,314,589	N/A	186
2014	240,000	-	0	-	605,069	845,069	N/A	120
2015	120,000	-	-	-	723,557	843,557	N/A	119
2016	-	-	-	-	1,631,050	1,631,050	N/A	231
2017	-	-	-	-	1,564,514	1,564,514	N/A	221
2018	-	-	-	-	1,390,458	1,390,458	N/A	196
2019	-	-	-	-	1,240,659	1,240,659	N/A	174

Note: N/A Information at City level not available.

**CITY OF
MILTON-FREEWATER, OREGON
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	Population	Gross Bonded Debt	Total Taxable Assessed Value (000)'s	Percentage of Debt to Value of Property	Net Bonded Debt Per Capita
2010	6,545	665,000	224,051	0.34%	102
2011	7,045	565,000	229,968	0.29%	80
2012	7,055	460,000	237,268	0.24%	65
2013	7,050	350,000	242,266	0.18%	50
2014	7,060	240,000	252,318	0.13%	34
2015	7,060	120,000	259,211	0.05%	17
2016	7,070	-	268,188	0.00%	0
2017	7,070	-	274,904	0.00%	0
2018	7,105	-	282,588	0.00%	0
2019	7,145	-	293,817	0.00%	0

Source: Current and prior years' financial statements, Umatilla County Department of Assessment and Taxation, Center for Population Research and Census at Portland State University

**CITY OF
MILTON-FREEWATER, OREGON
Legal Debt Margin Information
Last Ten fiscal Years
(unaudited)**

ORS 287.004 provides a debt limit on general obligation bonds of 3% of the real market value of all taxable property within the City's boundaries.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Real market value	\$ 385,153,289	\$ 362,474,475	\$ 351,916,966	\$ 311,551,824
Debt limit rate	3%	3%	3%	3%
Debt limit	11,554,599	10,874,234	10,557,509	9,346,555
Less general bonded debt June 30,	-	-	-	-
Legal debt margin	<u>\$ 11,554,599</u>	<u>\$ 10,874,234</u>	<u>\$ 10,557,509</u>	<u>\$ 9,346,555</u>
 Total net bonded debt applicable to the limit as a percentage of debt limit	 0.00%	 0.00%	 0.00%	 0.00%

**CITY OF
MILTON-FREEWATER, OREGON
Legal Debt Margin Information
Last Ten fiscal Years
(unaudited)**

2015	2014	2013	2012	2011	2010
\$ 334,986,321	\$ 310,240,684	\$ 309,694,430	\$ 312,506,993	\$ 317,670,003	\$ 325,731,595
3%	3%	3%	3%	3%	3%
10,049,590	9,307,221	9,290,833	9,375,210	9,530,100	9,771,948
120,000	240,000	350,000	460,000	565,000	665,000
<u>\$ 9,929,590</u>	<u>\$ 9,067,221</u>	<u>\$ 8,940,833</u>	<u>\$ 8,915,210</u>	<u>\$ 8,965,100</u>	<u>\$ 9,106,948</u>
1.19%	2.58%	3.77%	4.91%	5.93%	6.81%

**CITY OF
MILTON-FREEWATER, OREGON
Demographic and Economic Statistics
Last Ten Fiscal Years and Last Seven Decades**

Year	Population	School Enrollment	Per Capita Income	Unemployment Rate
2009	6,580	2,050	\$13,101	8.80%
2010	6,545	2,002	\$14,712	9.60%
2011	7,045	2,050	\$15,643	9.20%
2012	7,055	2,008	\$16,355	8.35%
2013	7,050	2,061	\$16,682	7.80%
2014	7,060	2,002	\$16,752	7.30%
2015	7,060	1,910	\$16,814	6.00%
2016	7,070	1,881	\$17,161	5.30%
2017	7,070	1,724	\$17,299	5.00%
2018	7,105	1,763	NA	4.00%
2019	7,145	1,676	NA	4.00%

N/A Information at City level not available.
Unemployment Rate is at the Umatilla County level.

Year	Population	School Enrollment	Per Capita Income	Unemployment Rate
1960	4,110	N/A	\$ N/A	9.50%
1970	4,150	1,332	\$2,806	12.90%
1980	5,086	1,214	5,653	13.70%
1985	5,820	1,370	N/A	12.10%
1990	5,533	1,309	9,130	9.70%
2000	6,495	1,939	14,280	6.20%
2010	6,545	2,002	14,712	9.60%

N/A Information at City level not available.

**CITY OF
MILTON-FREEWATER, OREGON
Principal Employers
Current Year and Ten Years Ago**

***2018-19**

Employer	Employees	Rank	%
M-F Unified School District	270	1	37
Horizen Project	220	2	30
Earl Brown and Sons	100	3	14
City of Milton-Freewater	75	4	10
Safeway	70	5	9
	<u>735</u>		

****2008-09**

Employer	Employees	Rank	%
Sykes	440	1	41
M-F Unified School District	350	2	34
Oregon Coalition of Child Develop.	106	3	10
Earl Brown and Sons	82	4	8
City of Milton-Freewater	74	5	7
	<u>1052</u>		

*Business License

**Source: Oregon Department of Economic Community Development

**CITY OF
MILTON-FREEWATER, OREGON
Full Time Equivalent City Employees
by Function/Program and Bargaining Unit
Last Ten Fiscal Years**

Function/Program	2019	2018	2017	2016
Governmental activities:				
General government	24.78	26.25	26.33	26.70
Public safety and justice	19.23	20.78	19.78	19.78
Community services	1.05	0.75	0.70	0.70
Streets and highways	2.05	2.20	2.20	2.20
Library	3.93	3.96	3.93	3.93
Total governmental activities	51.04	53.94	52.94	53.31
Business-type activities:				
Water	3.06	2.63	2.63	2.63
Wastewater	3.79	3.45	3.45	3.45
Sanitation	4.15	3.09	3.09	3.09
Golf Course	1.21	1.69	1.69	1.69
Electric	11.70	10.05	10.05	10.05
Total business-type activities	23.91	20.91	20.91	20.91
Total primary government budgeted FTE	74.95	74.85	73.85	74.22
City of Milton-Freewater Employees				
Management and exempt	12.34	12.34	12.34	12.34
Temporary employees	61	61	61	61
Total Employees in Six Bargaining Units (Clerical, Teamsters, Police, Linemen, Dept Heads, Supervisory/Tech)	74.95	74.85	73.85	74.22
Volunteer employees	25	27	27	27

**CITY OF
MILTON-FREEWATER, OREGON
Full Time Equivalent City Employees
by Function/Program and Bargaining Unit
Last Ten Fiscal Years**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
26.38	26.66	27.23	27.21	27.19	27.34
19.81	19.68	19.86	19.86	19.93	19.93
0.70	0.70	0.70	0.70	0.70	0.75
1.80	1.80	1.80	1.80	1.80	1.80
3.5	3.93	3.93	3.93	3.93	3.93
<u>52.19</u>	<u>52.77</u>	<u>53.52</u>	<u>53.5</u>	<u>53.55</u>	<u>53.75</u>
2.63	2.63	2.63	2.63	2.63	2.63
3.45	3.45	3.45	3.45	3.45	3.45
2.84	2.84	2.84	2.84	2.84	2.84
1.94	1.94	1.94	1.94	1.94	1.94
10.15	9.70	9.70	9.70	9.70	9.60
<u>21.01</u>	<u>20.56</u>	<u>20.56</u>	<u>20.56</u>	<u>20.56</u>	<u>20.46</u>
<u>73.20</u>	<u>73.33</u>	<u>74.08</u>	<u>74.06</u>	<u>74.11</u>	<u>74.21</u>
<u>12.34</u>	<u>11.42</u>	<u>11.42</u>	<u>11.42</u>	<u>12.69</u>	<u>12.69</u>
<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>
<u>73.20</u>	<u>73.33</u>	<u>74.08</u>	<u>74.06</u>	<u>86.80</u>	<u>86.90</u>
<u>27</u>	<u>30</u>	<u>33</u>	<u>42</u>	<u>42</u>	<u>42</u>

**CITY OF
MILTON-FREEWATER, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years**

FUNCTION/PROGRAM	2019	2018	2017	2016
Governmental Activities:				
Public Safety and Justice				
Police (1)				
Calls for service	6,833	7,583	6,155	4,068
Number of arrests	380	463	367	459
Municipal Court				
Traffic Cases (Non-Criminal)	463	423	480	483
Traffic Cases (Criminal)	35	30	57	55
Criminal Cases	94	72	58	59
Other Violations	15	12	63	62
Library				
Number of registered borrowers**	4,197	4,100	4,276	4,015
Total circulation	53,121	50,542	51,667	48,036
Public programs	141	165	158	148
Program attendance	3,586	4,003	2,919	2,381
Books added	2,843	7,316	8,509	5,432
Computer Use	4,545	4,500	4,430	5,400
Business-type Activities:				
Water				
Average active metered connections	2,346	2,631	2,668	2,680
Average daily water consumption**	1,333,908	1,299,279	1,227,960	1,363,353

**Note in 2015 New Library Borrowers added is 378, total number is down because borrowers that no longer used the library were purged from system

**Note in 2016 books added change, now includes ebooks, DVDs & Audiobooks

(1) Police statistics are for the calendar year.
**2017 new system includes 1288 traffic stops under calls for service

**CITY OF
MILTON-FREEWATER, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
6,212	5,613	7,712	5,730	5,788	5,833
649	661	696	666	774	762
606	535	645	675	785	717
54	32	39	33	37	122
128	198	131	71	82	96
71	62	53	65	74	69
4,273	4,604	4,248	4,308	4,069	4,483
48,616	41,467	42,177	46,365	54,211	58,105
133	168	94	116	93	100
2,637	1,199	899	915	1,178	1,440
2,088	4,172	7,573	1,443	9,913	24,379
4,070					
2,686	2,732	2,715	2,682	2,687	2,774
1,415,782	1,138,455	1,387,285	1,224,094	1,226,548	1,471,902

**CITY OF
MILTON-FREEWATER, OREGON**
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	2019	2018	2017	2016
Governmental Activities				
General Government				
Buildings owned-all structures	36	37	37	37
Vehicles/Equip (i.e. trailers, mowers)	23	23	23	23
Vehicles (i.e. cars & pick ups)-excluding police	18	18	18	18
Vehicles (i.e. dump trucks & bucket trucks)-excluding fire	17	17	17	17
Heavy Equipment (i.e. CAT, grader, etc.)	9	9	8	8
Public Safety and Justice				
Police				
Vehicular patrol units/code enforcement	10	10	10	9
Fire				
Vehicular apparatus units	9	9	9	9
Streets and Highways				
Miles of streets maintained by City:				
Paved	30.20	30.20	30.20	30.20
Unpaved	0.00	0.00	0.00	0.00
Bridges and underpasses	0	0	0	0
Business-type Activities				
Water				
Miles of water lines (estimated)	36.87	36.87	36.87	36.87
Reservoirs	3	3	3	3
Water treatment plant	0	0	0	0
Wells	7	7	7	7
Wastewater				
Treatment plant				
Miles of sewer lines (estimated)	28.23	28.23	28.23	28.23
Lift Stations	2	2	2	2
Electric				
Substations	3	3	3	3
Miles of power lines (underground)	15	15	14	14
Miles of power lines (above ground)	80	80	80	80

Source: City of Milton-Freewater Departments

**CITY OF
MILTON-FREEWATER, OREGON**
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>
23	23	23	23	23	23
18	18	18	18	18	17
17	17	17	17	17	16
8	8	8	8	8	8
<u>8</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
8	8	8	8	8	8
<u>30.20</u>	<u>30.20</u>	<u>30.20</u>	<u>30.20</u>	<u>25.25</u>	<u>25.25</u>
0.00	0.00	0.00	0.00	4.95	4.95
0	0	0	0	0	0
<u>36.87</u>	<u>36.87</u>	<u>36.87</u>	<u>36.87</u>	<u>36.87</u>	<u>36.87</u>
3	3	3	3	3	3
0	0	0	0	0	0
7	7	7	7	7	7
<u>28.23</u>	<u>28.23</u>	<u>28.23</u>	<u>28.23</u>	<u>28.23</u>	<u>28.23</u>
2	2	2	2	2	2
<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
14	14	14	14	14	14
80	80	80	80	80	80

**REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



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

To the Governing Body of the City of Milton-Freewater, Oregon:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Milton-Freewater, Oregon as of and for the year ended June 30, 2019, and have issued our report thereon dated December 28, 2019.

Compliance

As part of obtaining reasonable assurance about whether the City of Milton-Freewater, Oregon'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 statement 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 of Milton-Freewater, Oregon 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* except as follows:

- Expenditures exceeded appropriations in the following amounts for the year ended June 30, 2019:

Library Fund	
Capital Outlay	<u>\$ 24,305</u>
Senior/Disabled Transportation Fund	
Materials and Services	<u>\$ 4,976</u>
Solid Waste Fund	
Materials and Services	<u>\$ 3,094</u>
Golf Course Fund	
Capital Outlay	<u>\$ 30,603</u>
Vehicle Replacement Fund	
Capital Outlay	<u>\$ 10,885</u>

- As of June 30, 2019, the Golf Course Fund had a deficit balance of \$255,471.
- In the resolutions adopting the 2018-2019 and 2019-2020 budgets, amounts reserved for future expenditures were appropriated for the Landfill Closure Reserve Fund and the Vehicle Replacement Fund, when under Oregon Budget Law such an appropriation should not be made since the initial intent is not to spend these funds.
- In the resolution adopting the 2018-2019 and 2019-2020 budgets, several non-operating funds were appropriated with an operating contingency when only operating funds are allowed an appropriation for such a contingency under Oregon Budget Law.
- In the second half of the 2019 calendar year, the Federal Transit Administration (FTA) performed a review of the City of Milton-Freewater's activities related to FTA-funded projects. The scope of this review included the fiscal year ended June 30, 2019. Currently the City receives partial funding from FTA for both the operation of public transportation and the construction of an ADA elevator in City Hall. The final report from FTA recorded deficiencies in eight of 21 areas reviewed, the majority of these relating to a lack of, or use of outdated, written policies and operating procedures. Deficiencies were also noted with respect to contractors providing services on behalf of the City. Further, the report noted that preventative maintenance on vehicles was late in some cases, and that the City does not provide complementary paratransit sufficiently comparable to the fixed-route

system already in place. The City intends to have a corrective action plan addressing all deficiencies noted in place by March 30, 2020.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the City of Milton-Freewater, Oregon's internal control over financial reporting to determine the 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 of Milton-Freewater, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Milton-Freewater, Oregon's internal control.

Internal control deficiencies, none of which were material or significant, and other matters were reported to management in a separate management letter dated December 28, 2019.

Restriction on Use

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

The RBH Group, LLC

December 28, 2019