

CITY OF MILTON~FREEWATER, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

Prepared by: The City of Milton-Freewater Finance Department



CITY OF MILTON-FREEWATER, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

Prepared by:
The City of Milton-Freewater
Finance Department
Laurie Bubar
Accounting Supervisor
and
Dustin Dougherty
Finance Director



CITY OF MILTON-FREEWATER, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION



CITY OF MILTON-FREEWATER

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

February 7, 2022

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

It is our pleasure to submit to you the Annual Comprehensive Financial Report of the City of Milton-Freewater, Oregon for the fiscal year ended June 30, 2021.

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 nineteenth year of reporting under GASB Statement No. 34, the thirteenth year reporting under GASB Statement No.45, the eleventh year under GASB No. 54, the seventh year under GASB No. 68 and the fourth 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 forprofit 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 worldwide. Major employers are the School District, Horizon Project, Earl Brown & Sons, the City of Milton-Freewater and Safeway. Recently the City has seen the medical and dental services industry make a strong economic presence in the valley.

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. 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.

The global COVID-19 pandemic continues to impact our operations, with an increased cost of materials and delays due to supply chain disruptions. The City's conservative budgeting measures, however, have resulted in the City's budgets remaining balanced and healthy and we remain cautiously optimistic about the City's economic future.

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 sub-divisions approved with over 200 lots for building. Smaller subdivisions (50 lots and under) have seen a recent surge in development and all are currently sold and built out.

Health Services Industry – A kidney dialysis center provides a dozen family wage jobs to our economy and is providing a crucial health service to hundreds of patients. Four dental clinics and one medical clinic continue to be strong industry employers.

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 City Council's long-term financial planning goals are:

- Continue to plan for the financial health & solvency of utilities
- Retain and build the 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 Finance Director.

The City's 2021-22 budget is for \$49,697,828, an increase of \$13,632,695 from the prior year's budget total. This increase is mainly due to the inclusion of \$3,976,561 in grant dollars from the American Rescue Plan Act of 2021 and the Police Station capital project of \$7,657,390. There are no overall rate increases in Electric, Water, Sewer, Solid Waste or Golf Course in this budget.

The General Fund's fund balance is \$456,005 at the end of current fiscal year, an increase of \$183,103 over last year. The increase was primarily due to grants and state revenue sharing, as well as conservative spending on the part of staff.

The City's net position at June 30, 2021 is \$38,470,621, an increase of \$326,327, mainly due to increased capital projects related to House Bill 2017. The City's cash, cash equivalents and investments as of June 30, 2021 were \$11,682,644, an increase of \$751,097.

MAJOR INITIATIVE

In August 2021, the City issued \$6.695 million in general obligation bonds, backed by the full faith and credit of the City. Proceeds from the bonds will provide financing for the construction of a new police station on the lot across from City Hall. This has been a long-time council goal of City Council.

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 on 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 2021 were \$82,004. For fiscal year June 30, 2021, 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 of this is the \$4,075,980 in grant funds received this year. The overall City is healthy financially with \$11,682,644 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 City departments who assisted and contributed to the preparation of this year's ACFR. 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,

Dustin Dougherty Finance Director

Linda Hall City Manager

CITY OF MILTON-FREEWATER, OREGON

Officials of the City June 30, 2021

Mayor and City Councilor Members:			Term Expires
Lewis Key	Mayor		December 31, 2024
John Lyon	Councilor	Ward 1	December 31, 2022
Brad Humbert	Councilor	Ward 2	December 31, 2024
Jose Garcia	Councilor	Ward 3	December 31, 2024
Damien Reino	Councilor	At Large	December 31, 2024
Steve Irving	Councilor	At Large	December 31, 2022
Wes Koklich	Councilor	At Large	December 31, 2022

Appointed Officials:

Linda Hall City Manager

Sam Tucker Municipal Judge

David Blanc of:

The Blanc Firm, LLC City Attorney

AGENCY ADDRESS

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



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT



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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Street Improvement 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, employee retirement pension benefits information, and other employee postemployment benefits information (collectively, the required supplementary information) on pages 4 through 13 and 67 through 70, respectively, 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 February 28, 2022 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 February 28, 2022

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, 2021. 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 eighteenth year the City is reporting under the provisions of GASB Statement No. 34, twelfth year under GASB Statement No. 45, tenth year under GASB Statement No.54, the sixth year under GASB No.68 and the third year under GASB No. 75.

Financial Highlights

- The City's net position at June 30, 2021 is \$38,470,621. An increase of \$326,327 from the prior year, is mainly due to increased capital projects related to House Bill 2017.
- The General Fund's fund balance is \$456,005 at the end of the current fiscal year, an increase of \$183,103 over last year. The increase was mainly due to grants and increased state revenue sharing. General Fund revenues were \$3,479,222.
- The City's cash, cash equivalents, and investments as of June 30, 2021 are \$11,682,644, an increase of \$751.097.
- The City's 2021-22 budget is \$49,697,828, an increase of \$13,632,695 from the prior year's budget. This is higher due to inclusion of \$3,976,561 in grant dollars from the American Rescue Plan Act of 2021 and the Police Station capital project of \$7,657,390.

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

<u>Government-wide financial statements.</u> 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

<u>Fund financial statements.</u> 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 8 individual governmental funds with the information presented separately for General, Special Revenue, Capital Project and Debt Service Funds. Please see the Notes to the Basic Financial Statements for further explanation of each individual fund.

<u>Proprietary funds</u>. 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 the Basic Financial Statements for further explanation of each individual fund.

<u>Notes to the financial statements.</u> 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 \$456,005. This is an increase of \$183,103 compared to last year. This was mainly a result of grants and increased state revenue sharing. Revenues for fiscal 2021 were \$3,479,222.

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	\$ 1,199,787	34.4%
Utility Tax	183,789	5.3%
Other Taxes	15,991	0.5%
Intergovernmental	638,973	18.4%
Franchise Fees	1,049,485	30.2%
Fines, Licenses & System Development	174,610	5.0%
Services	45,416	1.3%
Interest	4,785	0.1%
Miscellaneous	166,386	4.8%
Total	\$ 3,479,222	100.0%

Expenditures for the fiscal year were \$6,044,964.

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

Beginning Fund Balance	\$ 272,902
Prior Period Adjustment	(141,774)
Beginning Fund Balance, as	
restated	131,128
Revenues	3,479,222
Issuance of Debt	240,575
Transfers In	2,813,659
	\$ 6,664,584
Expenditures	6,044,964
Transfers Out	163,615
	6,208,579
Fund Balance June 30, 2021	\$ 456,005

Expenditures were as follows:

General Government	\$ 1,900,634	31.4%
Public Safety	2,588,738	42.8%
Culture and Recreation	373,395	6.2%
Public Works	632,614	10.5%
Community Development	107,044	1.8%
Engineering	41,676	0.7%
Capital Outlay	400,288	6.6%
Debt Service	575	0.0%
Total	\$ 6,044,964	100.0%

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 \$643,137, a decrease of \$31,682 from last year. This decrease is mainly due to more street projects this year.

<u>Library Fund</u>. 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.

<u>Public Transportation Fund</u>. 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.

<u>Drug Enforcement Fund</u>. 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.

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

Capital Project Fund

<u>Street Improvement Fund</u>. 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, 2021 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 \$6,695,000 were sold within the legal debt limit on August 31, 2021.

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:

	2021	2020
Operating Revenues	\$ 8,666,444	\$ 8,061,674
Operating Expenses	8,277,437	7,859,034
Operating Income (Loss)	389,007	202,640
Non-operating		
Revenues (expenses)	30,924	107,987
Capital Contributions	158,464	126,917
Net Operating Transfers	(1,131,765)	(1,093,985)
Net Income (Loss)	\$ (553,370)	\$ (656,441)

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

<u>Electric Operating & Maintenance Fund</u>. 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:

	2021	2020
Operating Revenues	\$ 1,403,151	\$ 1,288,681
Operating Expenses	722,798	933,704
Operating Income (Loss)	680,353	354,977
Non-operating		
Revenues (expenses)	3,924	2,576
Capital Contributions	773,686	136,557
Net Operating Transfers	(625,214)	(597,859)
Net Income (Loss)	\$ 832,749	\$ (103,749)

<u>Sewer Fund</u>. 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:

Financial comparison to last year is as follows:

	2021	2020
Operating Revenues	\$ 1,320,450	\$ 1,295,620
Operating Expenses	922,519	970,361
Operating Income (Loss)	397,931	325,259
Non-operating		
Revenues (expenses)	(64,547)	(12,622)
Capital Contributions	134,893	111,291
Net Operating Transfers	(527,770)	(503,160)
Net Income (Loss)	\$ (59,493)	\$ (79,232)

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 \$99,666 for payment of the sewer digester loan.

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

<u>Solid Waste Fund</u>. 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:

2021	2020
\$ 1,019,539	\$ 1,006,008
824,225	712,143
195,314	293,865
3,481	13,435
1,062	-
(343,872)	(328,292)
\$ (144,015)	\$ (20,992)
	\$ 1,019,539 824,225 195,314 3,481 1,062 (343,872)

<u>Landfill Closure Fund</u>. This fund was created to set aside funds from the Landfill Fund to pay for closure costs as required. The fund assets are now \$160,777, an increase of \$5,131.

<u>Golf Course Fund</u>. This is the thirty first 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:

	2021	2020
Operating Revenues	\$ 219,722	\$ 214,925
Operating Expenses	194,550	171,739
Operating Income (Loss)	25,172	43,186
Non-operating		
Revenues (expenses)	(1,587)	(1,682)
Capital Contributions	-	-
Net Operating Transfers	(100)	(100)
Net Income (Loss)	\$ 23,485	\$ 41,404

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:

<u>Warehouse Fund.</u> 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.

<u>Vehicle Maintenance Fund</u>. 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.

<u>Vehicle Replacement Fund</u>. 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.

<u>Sick Leave Liability Fund</u>. 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 leave not budgeted for. The fund equity is now \$47,399, an increase of \$7,091.

<u>Risk Management Fund</u>. 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 \$56,886, an increase of \$5,528.

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 and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$38,470,621 at the close of FY21.

City of Milton-Freewater Net Position

	Governmental Activities		Business-Type	Activities	Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 2,927,349	\$ 2,312,275	\$ 11,533,288	\$ 10,729,643	\$ 14,460,637	\$ 13,041,918
Capital assets	19,238,679	18,563,070	18,803,543	19,003,555	38,042,222	37,566,625
Total assets	22,166,028	20,875,345	30,336,831	29,733,198	52,502,859	50,608,543
Total Deferred Outlows	2,578,467	1,865,025	1,676,624	1,068,889	4,255,091	2,933,914
Liabilities						
Current liabilities	557,582	374,571	1,133,872	998,164	1,691,454	1,372,735
Noncurrent liabilities	8,709,032	6,853,902	7,039,555	5,954,911	15,748,587	12,808,813
Total liabilities	9,266,614	7,228,473	8,173,427	6,953,075	17,440,041	14,181,548
Total Deferred Inflows	451,830	692,396	395,458	524,219	847,288	1,216,615
Net Position:						
Invested in capital assets,						
net of related debt	18,508,129	18,043,070	17,375,667	17,195,784	35,883,796	35,238,854
Restricted	1,003,576	976,784	1,288,282	1,223,240	2,291,858	2,200,024
Unrestricted	(4,485,654)	(4,200,353)	4,780,621	4,905,769	294,967	705,416
Total net position	\$ 15,026,051	\$ 14,819,501	\$ 23,444,570	\$ 23,324,793	\$ 38,470,621	\$ 38,144,294

The largest portion of the City's net position (93%) 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 produced 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 \$2,291,858 or 6% represents resources that are subject to external restrictions on how they may be used. The remaining balances are unrestricted net position of \$294,967 or 1% may be used to meet the City's ongoing obligations to citizens and creditors.

City of Milton-Freewater's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
Revenues	2021	2020	2021	2020	2021	2020
Program revenues						
Charges for services	242,440	233,500	12,572,489	11,809,899	12,814,929	12,043,399
Operating grants and contributions	1,304,031	1,303,042	56,817	57,009	1,360,848	1,360,051
Capital grants and contributions	1,647,027	361,735	1,068,105	374,765	2,715,132	736,500
General Revenues						
Taxes	1,186,141	1,236,146	-	-	1,186,141	1,236,146
Franchise Fees	1,465,612	1,381,913	-	-	1,465,612	1,381,913
Other	11,345	25,825	128,299	280,707	139,644	306,532
Total revenues	5,856,596	4,542,161	13,825,710	12,522,380	19,682,306	17,064,541
Expenses						
General government	2,383,689	2,496,674	-	-	2,383,689	2,496,674
Public safety	2,948,602	2,722,041	-	-	2,948,602	2,722,041
Culture and recreation	852,030	855,695	-	-	852,030	855,695
Public works	798,540	627,569	-	-	798,540	627,569
Community development	121,359	46,475	-	-	121,359	46,475
Engineering	47,412	46,884	-	-	47,412	46,884
Highways and streets	1,163,093	975,475	-	-	1,163,093	975,475
Interest on long-term debt	10,398	-	-	-	10,398	-
Electric	-	-	8,296,331	7,903,614	8,296,331	7,903,614
Water	-	-	728,492	947,684	728,492	947,684
Sewer	-	-	998,123	1,023,046	998,123	1,023,046
Solid Waste	-	-	814,065	702,396	814,065	702,396
Golf Course			193,845	171,856	193,845	171,856
Total expenses	8,325,123	7,770,813	11,030,856	10,748,596	19,355,979	18,519,409
Increase in net assets before transfers	(2,468,527)	(3,228,652)	2,794,854	1,773,784	326,327	(1,454,868)
Transfers in (out)	2,675,077	2,565,820	(2,675,077)	(2,565,820)		
Change in net position	206,550	(662,832)	119,777	(792,036)	326,327	(1,454,868)
Net position, beginning	14,819,501	15,482,333	23,324,793	24,116,829	38,144,294	39,599,162
Net position, ending	15,026,051	14,819,501	23,444,570	23,324,793	38,470,621	38,144,294

Governmental Activities

The City's Governmental Activities received \$2,951,058 in operating grants, capital grants and contributions.

Business-type Activities

The City's Business Activities received \$1,124,922 in operating grants, capital grants and contributions.

Budgetary Highlights

Total grants received \$4,075,980. The general fund expenditures were \$508,712 under budget because a couple capital projects in the public works department were not started during fiscal year 2021.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business type activities as of June 30, 2021, amounts to \$35,883,796 (net of related debt). This investment in capital assets includes land, construction in

progress, buildings, machinery and equipment, improvements and infrastructure.

As of June 30, 2021 the City's 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 \$1,217,916 at year end. In addition, as of June 30, 2021, there was a \$499,975 balance outstanding on a promissory note incurred for construction of an elevator in City Hall and a \$230,575 balance outstanding on a promissory note for repairs at the Aquatic Center. The City also entered into two capital leases during the fiscal year. As of June 30, 2021, there was a \$209,959 balance outstanding on capital leases.

More detailed information on capital asset activity and long-term debt activity can be found in the notes to the financial statements at Note III.C and Note III.E, respectively.

Economic Factors and Next Year's Budget and Rates

The FY 2021-2022 budget total is \$49,697,828 for the City. This is a \$13,632,695 increase over last year's budget. This is higher due to inclusion of \$3,976,561 in grant dollars from the American Rescue Plan Act of 2021 and the Police Station capital project of \$7,657,390.

Electric: No rate increase.

Water: No rate increase.

Solid Waste: No rate increase.

<u>Sewer</u>: No rate increase.

Golf Course: No rate increase.

Requests for Information

As stated above, this is the nineteenth year the City is reporting under GASB No.34, the thirteenth year of reporting under GASB No.45, the eleventh year reporting under GASB No.54, seventh year of GASB No.68 and fourth 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, Dustin Dougherty at 722 S. Main, Milton-Freewater, Oregon 97862.



BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER, OREGON STATEMENT OF NET POSITION June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 802,809	\$ 5,891,801	\$ 6,694,610
Investments	610,626	4,377,408	4,988,034
Receivables:			
Accounts, net	667,975	1,221,248	1,889,223
Fines and Forfeitures, net	57,585	-	57,585
Property taxes	47,384	-	47,384
Weatherization loans	-	115,102	115,102
Internal balances	740,970	(740,970)	-
Inventories	-	668,699	668,699
Capital assets:			-
Land	427,540	753,069	1,180,609
Construction in progress	938,153	10,300	948,453
Depreciable assets, net of depreciation	17,872,986	18,040,174	35,913,160
Total assets	22,166,028	30,336,831	52,502,859
Deferred Outflows:			
Deferred outflows related to pension and OPEB	2,578,467	1,676,624	4,255,091
Total assets and deferred outflows of resources	\$ 24,744,495	\$ 32,013,455	\$ 56,757,950
Liabilities:			
Accounts payable and accrued expenses	\$ 557,003	\$ 837,817	\$ 1,394,820
Accrued interest payable	579	5,648	6,227
Customer deposits	-	229,753	229,753
Unearned revenue	-	60,654	60,654
Long-term obligations:			
Due within one year	276,189	261,810	537,999
Due in more than one year	1,020,066	1,701,393	2,721,459
Net pension liability	6,753,560	4,137,857	10,891,417
Other post employment benefits liability	659,217	938,495	1,597,712
Total liabilities	9,266,614	8,173,427	17,440,041
Deferred inflows:			
Deferred inflows related to pension and OPEB	451,830	395,458	847,288
Net Position:			
Net investment in capital assets	18,508,129	17,375,667	35,883,796
Restricted for: Highways and streets	643,137		643,137
Culture and recreation		-	165,937
	165,937	1 200 202	
System development Debt service	30,808 361	1,288,282	1,319,090 361
Urban renewal		-	
Unrestricted	163,333	4,780,621	163,333
	(4,485,654)	23,444,570	294,967
Total net position	15,026,051	25,444,370	38,470,621
Total liabilities, deferred inflows, and net position	\$ 24,744,495	\$ 32,013,455	\$ 56,757,950

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, 2021

Net (Expense) Revenue and

Program Revenues Changes in Net Position **Primary Government** Charges Operating Capital Grants and for Grants and Governmental Business-type Contributions Contributions **Functions** Expenses Services Activities Activities Total Governmental activities: General government \$ 2,383,689 \$ 75,215 \$ 414,722 \$ 232,530 \$ (1,661,222)(1,661,222)2,948,602 123,303 21,305 Public safety 86,991 (2,717,003)(2,717,003)Culture and recreation 852,030 38,584 266,796 48,737 (497,913)(497,913)Public works 798,540 (798,540)(798,540)Community development 121,359 (121,359)(121,359)Engineering 47,412 (47,412)(47,412)1,163,093 5,338 535,522 1,344,455 722,222 722,222 Highways and streets 10,398 (10,398) (10,398) Interest on long-term debt 8,325,123 242,440 1,304,031 1,647,027 (5,131,625) (5,131,625) Total governmental activities **Business-type activities:** Electric 8,296,331 8,666,444 158,464 528,577 528,577 Water 1,403,151 728,492 773,686 1,448,345 1,448,345 56,817 134,893 457,220 Sewer 998,123 1,263,633 457,220 Solid waste 814,065 1,019,539 1,062 206,536 206,536 Golf course 193,845 219,722 25,877 25,877 56,817 1,068,105 2,666,555 Total business-type activities 11,030,856 12,572,489 2,666,555 Total government \$ 19,355,979 12,814,929 1,360,848 2,715,132 (5,131,625) 2,666,555 (2,465,070) General revenues: Property taxes levied for: General purposes 1,186,141 1,186,141 Franchise and public service taxes 1,465,612 1,465,612 Interest and investment earnings 11,345 70,659 82,004 Miscellaneous 48,690 48,690 8,950 8,950 Gain (Loss) on sale of property 2,675<u>,</u>077 Transfers (2,675,077)Total general receipts and transfers 5,338,175 (2,546,778) 2,791,397 Change in net position 206,550 119,777 326,327 Net position - beginning 14,819,501 23,324,793 38,144,294 Net position - ending 15,026,051 23,444,570 38,470,621



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.

Street Improvement Fund

The 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.

CITY OF MILTON-FREEWATER, OREGON BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2021

	Gei	neral Fund	Imp	Street	Gov	Other vernmental Funds		Totals
ASSETS	_						_	
Cash and cash equivalents	\$	329,315	\$	-	\$	473,494	\$	802,809
Investments		244,476		-		366,150		610,626
Receivables:								
Property taxes		45,115		-		2,269		47,384
Accounts		151,599		420,126		96,250		667,975
Fines and forfeitures, net		57,585		-		-		57,585
Due from other funds		153,691		-		-		153,691
Total assets	\$	981,781	\$	420,126	\$	938,163	\$ 2	2,340,070
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES LIABILITIES Accounts payable and accrued liabilities	\$	399,632	\$	113,034	\$	44,337	\$	557,003
Due to other funds		-		97,773		15,032		112,805
Total liabilities		399,632		210,807		59,369		669,808
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue		126,144				35,652		161,796
Total deferred inflows of resources	\$	126,144	\$		\$	35,652	\$	161,796
FUND BALANCES (DEFICIT) Restricted	\$	62,367	\$	-	\$	809,435	\$	871,802
Assigned		-		209,319		61,519		270,838
Unassigned		393,638		_		(27,812)		365,826
Total fund balances		456,005		209,319		843,142		1,508,466
Total liabilities, deferred inflows of resources, and fund balances	\$	981,781	\$	420,126	\$	938,163	\$ 2	2,340,070

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, 2021

Fund balances - total governmental funds

\$ 1.508,466

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	(6,753,560)
Deferred outflows after measurement date	2,459,076
Deferred inflows of assumed and actual investment earnings and City's proportionate share	(305.555)

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	(659,217)
Deferred outflows after measurement date	119,391
Deferred inflows from changes of assumptions or inputs	(146 275)

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

19,238,679

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

41,054

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

252,516

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

(291,585)

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

(274,120)

Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.

(579)

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and, therefore, are not reported in the fund statements.

(730,550)

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 Position, 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.

568,310

Net position of governmental activities

\$ 15,026,051

CITY OF MILTON-FREEWATER, OREGON STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2021

	General Fund	Street Improvement Fund	Other Governmental Funds	Totals
REVENUES				
Property taxes	\$ 1,199,787	\$ -	\$ 58,571	\$ 1,258,358
Utility tax	183,789	-	-	183,789
Other taxes	15,991	-	-	15,991
Franchise fees	1,049,485	-	-	1,049,485
Licenses and fees	21,947	2,287	-	24,234
Charges for services	45,416	-	2,744	48,160
Intergovernmental	638,973	1,344,455	1,022,311	3,005,739
Fines and forfeitures	130,938	-	457	131,395
System development charges	21,725	-	-	21,725
Interest on investments	4,785	643	5,916	11,344
Miscellaneous	166,386		9,856	176,242
Total revenues	3,479,222	1,347,385	1,099,855	5,926,462
EXPENDITURES				
Current:				
General government	1,900,634	-	297,415	2,198,049
Public safety	2,588,738	-	27,580	2,616,318
Culture and recreation	373,395	-	327,410	700,805
Public works	632,614	-	-	632,614
Community development	107,044	-	-	107,044
Engineering	41,676	-	-	41,676
Highways and streets	-	-	277,707	277,707
Capital outlay	400,288	1,340,990	10,501	1,751,779
Debt service	575		30,835	31,410
Total Expenditures	6,044,964	1,340,990	971,448	8,357,402
REVENUES OVER (UNDER)				
EXPENDITURES	(2,565,742)	6,395	128,407	(2,430,940)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	240,575	-	-	240,575
Transfers in	2,813,659	175,000	162,015	3,150,674
Transfers out	(163,615)		(311,982)	(475,597)
Total other financing sources (uses)	2,890,619	175,000	(149,967)	2,915,652
NET CHANGE IN FUND BALANCE	324,877	181,395	(21,560)	484,712
FUND BALANCE (DEFICIT), Beginning	272,902	27,924	864,702	1,165,528
Prior period adjustment	(141,774)			(141,774)
FUND BALANCE (DEFICIT), Beginning of, as restated	131,128	27,924	864,702	1,023,754
FUND BALANCE (DEFICIT), Ending	\$ 456,005	\$ 209,319	\$ 843,142	\$ 1,508,466

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, 2021

Net change in fund balance - governmental funds	\$ 484,712
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 fines receivable	(17,777)
Property tax receivables	(22,835)
Franchise and public service taxes receivable	(3,352)
State transit fund exchange agreement funds	(35,902)
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the	
repayment reduces long-term obligations in the Statement of Net Assets.	20,025
Issuance of debt is a financial resource in the governmental funds, but the issurance increases	
long-term liabilities in the Statement of Net Position	(230,575)
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	(8,629)
Change in accrued interest payable	987
Change in other postemployment benefits	(7,335)
Change in PERS transition liability	32,904
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	1,546,598
Depreciation expense	(870,989)
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.	(707,512)
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.	 26,230
Change in net position of governmental activities	\$ 206,550

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, 2021

	Budgeted				Variance with Final Budget- Positive/		
DEVENIUE	<u>Original</u>		Final	Act	ual Amounts	(1	Negative)
REVENUES Deconstructores	\$ 1,238,805	\$	1,238,805	\$	1 100 797	\$	(39,018)
Property taxes Utility tax	152,000	Ф	1,238,803	Ф	1,199,787 183,789	Ф	31,789
Other taxes	13,000		13,000		15,991		2,991
Franchise fees	1,006,385		1,006,385		1,049,485		43,100
Licenses and fees	19,900		19,900		21,947		2,047
Charges for services	93,880		93,880		45,416		(48,464)
Intergovernmental	396,374		594,453		638,973		44,520
Fines and forfeitures	141,650		141,650		130,938		(10,712)
System development charges	2,000		2,000		21,725		19,725
Interest on investments	5,000		5,000		4,785		(215)
Miscellaneous	103,100		141,316		166,386		25,070
TOTAL REVENUES	3,172,094		3,408,389		3,479,222		70,833
EXPENDITURES							
Current:							
General government	1,863,674		1,927,418		1,900,634		26,784
Public safety	2,721,824		2,733,799		2,588,738		145,061
Culture and recreation	455,536		461,729		373,395		88,334
Public works	666,843		691,782		632,614		59,168
Community development	127,142		129,569		107,044		22,525
Engineering	45,779		45,779		41,676		4,103
Capital outlay	145,525		510,992		400,288		110,704
Debt service	11,058		11,058		575		10,483
Contingency	50,000		41,550				41,550
TOTAL EXPENDITURES	6,087,381		6,553,676		6,044,964		508,712
REVENUES OVER (UNDER) EXPENDITURES	(2,915,287)		(3,145,287)		(2,565,742)		579,545
OTHER FINANCING SOURCES (USES)							
Issuance of debt	13,493		243,493		240,575		(2,918)
Transfers in	2,813,659		2,813,659		2,813,659		-
Transfers out	(163,615)		(163,615)		(163,615)		-
TOTAL OTHER FINANCING SOURCES (USES)	2,663,537		2,893,537		2,890,619		(2,918)
NET CHANGE IN FUND BALANCE	(251,750)		(251,750)		324,877		576,627
FUND BALANCE, Beginning	251,750		251,750		272,902		21,152
Prior period adjustment					(141,774)		(141,774)
FUND BALANCE, Beginning of, as restated	251,750		251,750		131,128		(120,622)
FUND BALANCE, Ending	\$ -	\$	-	\$	456,005	\$	456,005

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

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, 2021

	 Budgeted	Amou	ints			Fir	riance with nal Budget- Positive/	
	Original		Final	Act	ual Amounts	(Negative)		
REVENUES	 - 6 ··							
Licenses and fees	\$ 1,200	\$	1,200	\$	2,286	\$	1,086	
Intergovernmental	3,005,422		3,251,227		1,344,455		(1,906,772)	
Interest on investments	 1,000		1,000		644		(356)	
TOTAL REVENUES	 3,007,622		3,253,427		1,347,385		(1,906,042)	
EXPENDITURES								
Capital outlay	3,005,422		3,251,227		1,340,990		1,910,237	
Debt service	27,669		27,669		-		27,669	
Contingency	 176,835		176,835				176,835	
TOTAL EXPENDITURES	 3,209,926		3,455,731		1,340,990		2,114,741	
REVENUES OVER (UNDER) EXPENDITURES	(202,304)		(202,304)		6,395		208,699	
OTHER FINANCING SOURCES (USES)								
Transfers in	 175,000		175,000		175,000		-	
TOTAL OTHER FINANCING SOURCES (USES)	 175,000		175,000		175,000			
NET CHANGE IN FUND BALANCE	(27,304)		(27,304)		181,395		208,699	
FUND BALANCE, Beginning	 27,304		27,304		27,924		620	
FUND BALANCE, Ending	\$ 	\$		\$	209,319	\$	209,319	



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
 - o Electric
 - Electric Capital Replacement Reserve
 - Electric Operating and Maintenance Reserve
- All Sewer Funds
 - o 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, 2021

		Business-Type				
	All Electric		All Sewer	Other Enterprise		Activities - Internal Service
A CCE/DC	Funds	Water Fund	Funds	Funds	Totals	Funds
ASSETS Current assets:						
Cash and cash equivalents	\$ 3,023,778	\$ 433,452	\$1,114,025	\$ 343,419	\$ 4,914,674	\$ 656,841
Investments	1,839,518	151,824	254,181	265,564	2,511,087	507,928
Restricted cash and cash equivalents	229,620	-	-	-	229,620	-
Receivables:						
Accounts	737,543	199,395	155,212	117,212	1,209,362	11,886
Inventories	600,994	59,253	2,809		663,056	5,643
Total current assets	6,431,453	843,924	1,526,227	726,195	9,527,799	1,182,298
Noncurrent assets:						
Restricted cash and cash equivalents	-	-	-	90,666	90,666	-
Restricted investments	497,634	183,362	607,286	70,111	1,358,393	-
Weatherization loans	115,102	-	-	-	115,102	-
Capital assets:						
Land	112,628	16,313	512,442	111,686	753,069	-
Construction in progress	- 205.060	-	10,300	102 (01	10,300	- 1 210 727
Depreciable assets, net of depreciation	6,395,969	4,770,946	5,478,921	183,601	16,829,437	1,210,737
Total noncurrent assets	7,121,333	4,970,621	6,608,949	456,064	19,156,967	1,210,737
Total assets	13,552,786	5,814,545	8,135,176	1,182,259	28,684,766	2,393,035
Total assets	13,332,780	3,814,343	6,133,170	1,102,239	28,084,700	2,393,033
DEFERRED OUTFLOW OF RESOURCES Deferred outflows related to pension and OPEB	966,097	165,397	203,590	211,965	1,547,049	129,575
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	622,521	119,271	35,962	27,712	805,466	32,351
Accrued interest payable	· -	-	2,020	1,208	3,228	2,420
Unearned revenue	60,654	-	-	-	60,654	-
Due to other funds	-	-	-	40,886	40,886	-
Current portion of long-term debt	103,529	3,585	72,100	28,656	207,870	53,940
Total current liabilities (unrestricted)	786,704	122,856	110,082	98,462	1,118,104	88,711
Current liabilities (payable from restricted assets):						
Deposits	229,753	_	_	_	229,753	_
Total current liabilities	1,016,457	122,856	110,082	98,462	1,347,857	88,711
Noncurrent liabilities						
Advances from other funds	-	-	-	131,774	131,774	-
Long-term debt, net of current portion:						
Due to Bonneville Power Administration	41,586	-	-	-	41,586	-
Landfill closure liability	-	-	-	161,244	161,244	164.226
Leases payable Notes and contracts payable	-	-	1,147,540	-	1,147,540	164,326
Net pension liability	2,398,845	364,839	469,735	548,573	3,781,992	355,865
Transition liability	82,326	14,542	20,929	16,725	134,522	15,723
Compensated absences payable	25,883	897	431	7,165	34,376	2,076
Other postemployment benefits	511,523	179,743	179,743	67,486	938,495	
Total noncurrent liabilities	3,060,163	560,021	1,818,378	932,967	6,371,529	537,990
Total liabilities	4,076,620	682,877	1,928,460	1,031,429	7,719,386	626,701
DEFENDED INEL OWG OF BEGOVERORS					_	
DEFERRED INFLOWS OF RESOURCES Deferred inflows related to pension and OPEB	222,036	56,391	61,137	39,793	379,357	16,101
NET BOCITION						
NET POSITION Net investment in capital assets	6,508,597	4,787,259	4,783,747	295,287	16,374,890	1,000,777
Restricted for system development	497,634	183,362	607,286	293,287	1,288,282	1,000,777
Restricted for landfill closure	-77,034	103,302	-	-	- 1,200,202	-
Unrestricted	3,213,996	270,053	958,136	27,715	4,469,900	879,031
Total net position	\$10,220,227	\$5,240,674	\$6,349,169	\$ 323,002	\$22,133,072	\$ 1,879,808

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, 2021

Net postion - total enterprise funds

\$ 22,133,072

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	\$ 656,841
Investments	507,928
Accounts receivable, net	11,886
Inventories	5,643
Internal balances	(568,310)
Capital assets, net	1,210,737
Deferred outflows - contributions to PERS	129,575
Accounts payable and accrued expenses	(32,351)
Accrued interest payable	(2,420)
Long-term debt, including capital leases	(209,960)
Compensated absences	(10,382)
Deferred inflows - pension differences	(16,101)
Net pension liability	(355,865)
PERS transition liability	 (15,723)

1,311,498

Net position of business-type activities

\$ 23,444,570

CITY OF MILTON-FREEWATER, OREGON STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds								Business-Type		
						Other			Activities -		
	A	ll Electric			All Sewer	Enterprise			Internal Service		
		Funds	V	/ater Fund	Funds	Funds		Totals		Funds	
OPERATING REVENUES											
Charges for services	\$	8,425,039	\$	1,389,465	\$ 1,248,688	\$ 1,229,163	\$	12,292,355	\$	801,380	
Farm income		-		-	56,817	-		56,817		-	
Miscellaneous		241,405		13,686	14,945	10,098	_	280,134		14,349	
Total operating revenues	s	8,666,444		1,403,151	1,320,450	1,239,261		12,629,306		815,729	
OPERATING EXPENSES											
Personal services		2,309,155		224,653	474,831	520,857		3,529,496		315,204	
Materials and services		5,718,026		341,678	289,769	494,435		6,843,908		249,390	
Depreciation		250,256		156,467	157,919	14,225		578,867		162,343	
•											
Total operating expenses	·	8,277,437		722,798	922,519	1,029,517	_	10,952,271		726,937	
OPERATING INCOME (LOSS)		389,007		680,353	397,931	209,744		1,677,035		88,792	
NON-OPERATING INCOME (EXPENSES)											
Gain (loss) on disposal of capital assets		_		_	_	_		-		8,950	
Interest on investments		38,607		5,093	13,585	6,108		63,393		7,266	
Interest expense		(7,683)		(1,169)	(78,132)	(3,083)		(90,067)		(3,561)	
Total non-operating income (expenses))	30,924		3,924	(64,547)	3,025		(26,674)		12,655	
- v v v v v v v					(0.1,0.1.)			(==,=,=)			
NET INCOME (LOSS) BEFORE CAPITAL											
CONTRIBUTIONS AND TRANSFERS		419,931		684,277	333,384	212,769		1,650,361		101,447	
CAPITAL CONTRIBUTIONS											
Intergovernmental		30,818		661,586	1,477	1,062		694,943		1,171	
System development charges		127,646		112,100	133,416	-,		373,162		-	
TRANSFERS											
Transfers in					300,000	6,000		306,000		164,874	
		(1.121.765)		(625,214)		-,		,			
Transfers out		(1,131,765)		(023,214)	(827,770)	(345,972)	_	(2,930,721)		(215,230)	
CHANGE IN NET POSITION		(553,370)		832,749	(59,493)	(126,141)		93,745		52,262	
NET POSITION, Beginning		10,773,597		4,407,925	6,408,662	449,143		22,039,327		1,827,546	
NET POSITION, Ending	\$	10,220,227	\$	5,240,674	\$ 6,349,169	\$ 323,002	\$	22,133,072	\$	1,879,808	

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, 2021

Change in net postion - total enterprise funds	\$ 93,745
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.	26,032
Change in net position of business-type activities	\$ 119,777

CITY OF MILTON-FREEWATER, OREGON STATEMENT OF OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2021

	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds	Totals	A	ness-Type ctivities - rnal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 8.638.874	¢ 1 250 961	¢ 1221200	¢ 1 226 474	¢ 12 527 507	\$	41,962
Receipts from customers and users Receipts from interfund services provided	\$ 8,638,874	\$ 1,350,861	\$ 1,321,298	\$ 1,226,474	\$ 12,537,507	Э	772,011
Payments to suppliers	(4,938,927)	(135,192)	(109,285)	(189,233)	(5,372,637)		(238,782)
Payments to employees	(1,748,268)	(284,160)	(384,102)	(449,377)	(2,865,907)		(255,701)
Payments for interfund services used	(842,815)	(145,757)	(168,086)	(303,163)	(1,459,821)		_
Net cash provided from (used by) operating activities	1,108,864	785,752	659,825	284,701	2,839,142		319,490
CACH ELONG EDOM NONCADIDAT EINANGING ACTIVITA	TEG						
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVIT Proceeds from internal loans	49,731	14,815	6,203	13,258	84,007		18,640
Payments from internal loans	49,731	(6,457)	0,203	(26,137)	(32,594)		(2,375)
Transfers in	-	(0,437)	300,000	6,000	306,000		164,874
Transfers out	(1,131,765)	(625,214)	(827,770)	(345,972)	(2,930,721)		(215,230)
Net cash provided from (used by) non-capital							
financing activities	(1,082,034)	(616,856)	(521,567)	(352,851)	(2,573,308)		(34,091)
CASH FLOWS FROM CAPITAL AND RELATED FINANCIN		661.596	1 477	1.062	604.042		1 171
Proceeds from intergovernmental revenue Weatherization program	30,818 (9,485)	661,586	1,477	1,062	694,943 (9,485)		1,171
System development charges	127,646	112,100	133,416	_	373,162		_
Proceeds from issuance of debt	127,040	-	1,217,916	-	1,217,916		240,296
Proceeds from sale of capital assets	-	-	-	-	-		350
Acquisition of capital assets	(50,679)	(123,093)	(56,085)	(20,200)	(250,057)		(291,141)
Principal paid on long-term obligations	-	(601,200)	(1,206,571)	(10,000)	(1,817,771)		(30,336)
Interest paid on long-term obligations	(7,683)	(8,814)	(103,755)	(3,175)	(123,427)		(1,140)
Net cash provided from (used by) capital							
and related financing activities	90,617	40,579	(13,602)	(32,313)	85,281		(80,800)
CASH FLOWS FROM INVESTING ACTIVITIES							
Net sales (purchases) of investments	36,334	(83,101)	(25,574)	57,471	(14,870)		(74,386)
Interest on investments	38,607	5,093	13,585	6,108	63,393		7,266
Net Cash provided (used) by investing activities	74,941	(78,008)	(11,989)	63,579	48,523		(67,120)
NET INCREASE (DECREASE) IN CASH	102 200	121 467	112 667	(26,004)	200 (20		127 470
AND CASH EQUIVALENTS	192,388	131,467	112,667	(36,884)	399,638		137,479
CASH AND CASH EQUIVALENTS, Beginning	3,061,010	301,985	1,001,358	470,969	4,835,322		519,362
, , ,							
CASH AND CASH EQUIVALENTS, Ending	\$ 3,253,398	\$ 433,452	\$ 1,114,025	\$ 434,085	\$ 5,234,960	\$	656,841
GOLFED AG TOLL OWG							
COMPRISED AS FOLLOWS	¢ 2.022.779	e 422.452	\$ 1.114.025	¢ 242.410	¢ 4014 <i>6</i> 74	\$	CEC 041
Cash and cash equivalents Restricted cash and cash equivalents	\$ 3,023,778 229,620	\$ 433,452	\$ 1,114,025	\$ 343,419 90,666	\$ 4,914,674 320,286	Э	656,841
resurred eash and eash equivalents	\$ 3,253,398	\$ 433,452	\$ 1,114,025	\$ 434,085	\$ 5,234,960	\$	656,841
						<u> </u>	
Reconciliation of operating income (loss) to net cash provided							
Operating income (loss)	\$ 389,007	\$ 680,353	\$ 397,931	\$ 209,744	\$ 1,677,035	\$	88,792
Adjustments to reconcile operating income(loss) to net cash							
Depreciation	250,256	156,467	157,919	14,225	578,867		162,343
(Increase) decrease in assets:							
Receivables	(101,590)	(52,290)	848	(12,787)	(165,819)		(1,756)
Deferred inflows related to pension and OPEB	447,248	21,056	23,742	61,879	553,925		58,671
Inventories Increase (decrease) in liabilities:	(67,980)	(14,608)	772	-	(81,816)		504
Deposits	13,366	=	=	-	13,366		-
Accounts payable and accrued expenses	4,264	75,337	11,626	2,039	93,266		10,104
Unearned revenue	60,654		,	-,	60,654		-,
Compensated absences payable	14,953	(2,008)	1,395	6,914	21,254		2,566
PERS transition liability	(11,687)	(1,778)	(2,289)	(2,673)	(18,427)		(1,734)
Other postemployment benefits	110,373	(76,777)	67,881	5,360	106,837		
Net cash provided from operating activities	\$ 1,108,864	\$ 785,752	\$ 659,825	\$ 284,701	\$ 2,839,142	\$	319,490

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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 funds:

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

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 Fund – 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 Fund – 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 Fund – 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*, which is reported as a major fund.

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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the 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.

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

Assets	Years
DI	15 70
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

GASB Statement No. 98, "The Annual Comprehensive Financial Report". This statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged. The City implemented this statement in fiscal year ending June 30, 2021.

G. Pending Accounting Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2021:

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, 2022.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" (SBITAs). This statement was issued May 2020 to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 will be effective for the City for the fiscal year ending June 30, 2023.

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, 2021, 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:

General Fund	
City Hall	\$ 33,056
Water Fund	
Debt Service	\$ 645,992
Sewer Improvement Fund	
Debt Service	\$1,125,724
Vehicle Replacement Fund	
Capital Outlay	\$ 175,741

C. Deficit Fund Balances

Funds having a deficit fund balance at June 30, 2021 are as follows:

Senior/Diabled Transportation Fund	\$ (27,812)
Golf Course Fund	\$ (44,893)

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, 2021. 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, 2021, the carrying amount of the City deposits, including certificates of deposit (in the amount of \$495,509) and money market accounts, was \$1,608,092 and the bank balance was \$1,739,162. All deposits are held in the name of the City. Of the bank balance, \$882,693 was covered by federal depository insurance and \$856,469 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, 2021:

								Cost	Measurement				
	Fair Value Measurements Using								Using				
		Quo	oted Prices in			Sig	nificant		_				
		Activ	Active Markets for Significant O		ificant Other	Unol	oservable						
	Totals	Identical Assets Observable Inputs		Iı	nputs	No	ot measured						
Investments Measured at Fair Value:	as of 6/30/2021	Level One Level Two		Level One		Level One		l One Level Two		Level Three		at Fair Value	
US Government Agency Obligations	\$ 1,994,194	\$	1,994,194	\$	-	\$	-	\$	-				
Corporate Bonds	2,498,332		-		2,498,332		-		-				
Time/Interest Bearing Deposits	668,772		-		-		-		668,772				
Local Government Investment Pool	5,534,105		-		-		-		5,534,105				
Total investments	\$ 10,695,403	\$	1,994,194	\$	2,498,332	\$		\$	6,202,877				

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, 2021, and their remaining time to maturity, are as follows:

Investment Type	Maturity	Fair Value
Local Government Investment Pool	1 day	\$5,534,105
Money Market Investments	1 day	173,263
US Government Agency Obligations (Rating Aaa)	Less than 1 year	602,110
US Government Agency Obligations (Rating Aaa)	1 to 3 years	1,392,083
Corporate Bonds (Rating 18% AA, 82% A)	Less than 1 year	174,093
Corporate Bonds (Rating 58% AA, 42% A)	1 to 3 years	2,324,239
		10,199,893
Less amounts classified as cash equivalents		(5,707,368)
Total subject to investment risk		4,492,525
Time Certificates of Deposit	Less than 1 year	495,509
Total investments for financial reporting purposes		\$ 4,988,034

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	\$ 987,242
Local Government Investment Pool	5,534,105
Money Market Investments	173,263
Total cash and cash equivalents	\$ 6,694,610

Restricted cash and investments at June 30, 2021 consist of the following:

	Cash	Investments	Total
Governmental activities			
Highways and streets	\$344,854	\$266,674	\$611,528
Culture and recreation	102,347	79,145	181,492
System development	-	30,808	30,808
Debt service	204	157	361
Urban Renewal	31,559		31,559
Total governmental activities	\$478,964	\$376,784	\$855,748
Business-type activities:			
Customer deposits	229,753	-	229,753
System development	-	1,288,282	1,288,282
Landfill closure costs	90,666	70,111	160,777
Total business-type activities	320,419	1,358,393	1,678,812
Total restricted cash and investments	\$ 799,383	\$ 1,735,177	\$2,534,560

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:

					Other			Total
	General		General		Governmental		Gov	vernmental
	Fund		Fund			Funds		Activities
Property taxes	\$	45,115	\$	2,269	\$	47,384		
Accounts		151,599		516,376		667,975		
Fines and Forfeitures		191,951		-		191,951		
Allowance for doubtful accounts		(134,366)				(134,366)		
Total receivables	\$	254,299	\$	518,645	\$	772,944		

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, 2021, was as follows:

	Beginning	Additions	Deletions	Transfers	Ending Balance
Control courts and being demonstrated	Balance	Additions	Deletions	Transfers	Balance
Capital assets, not being depreciated	A 412.540	Φ.	Φ.	Φ.	A 112.540
Land	\$ 412,540	\$ -	\$ -	\$ -	\$ 412,540
Easements	15,000	-	-	-	15,000
Construction in progress	46,641	905,653		(14,141)	938,153
Total capital assets, not being depreciated	474,181	905,653		(14,141)	1,365,693
Capital assets, being depreciated					
Machinery and equipment	661,497	302,617	-	-	964,114
Buildings and improvements	6,066,094	338,328	-	14,141	6,418,563
Infrastructure	26,437,167				26,437,167
Total capital assets, being depreciated	33,164,758	640,945		14,141	33,819,844
Accumulated depreciation for:					
Machinery and equipment	(476,653)	(82,385)	_	_	(559,038)
Buildings and improvements	(3,642,633)	(128,260)	_	-	(3,770,893)
Infrastructure	(10,956,583)	(660,344)			(11,616,927)
Total accumulated depreciation	(15,075,869)	(870,989)			(15,946,858)
Total capital assets, being depreciated, net	18,088,889	(230,044)		14,141	17,872,986
Governmental activities capital assets, net	\$ 18,563,070	\$ 675,609	\$ -	\$ -	\$ 19,238,679

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

General Government	\$	872
Public Safety		40,590
Culture and recreation		76,863
Public Works		99,627
Highways and streets		553,037
Total depreciation expense - governmental activities	\$ 8	870,989

Capital asset activity for the business-type activities for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated	Dalance	Additions	Deletions	Transfers	Dalance
Land	\$ 753,069	\$ -	\$ -	\$ -	\$ 753,069
Construction in progress	7,104	10,300	<u> </u>	(7,104)	10,300
Total capital assets, not being depreciated	760,173	10,300		(7,104)	763,369
Capital assets, being depreciated					
Machinery and equipment	6,532,242	453,219	(140,115)	-	6,845,346
Buildings and improvements	34,040,488	77,679		7,104	34,125,271
Total capital assets, being depreciated	40,572,730	530,898	(140,115)	7,104	40,970,617
Accumulated depreciation for:					
Machinery and equipment	(4,802,778)	(237,486)	140,115	_	(4,900,149)
Buildings and improvements	(17,526,570)	(503,724)			(18,030,294)
Total accumulated depreciation	(22,329,348)	(741,210)	140,115		(22,930,443)
Total capital assets, being depreciated, net	18,243,382	(210,312)		7,104	18,040,174
Business-type activities capital assets, net	\$ 19,003,555	\$ (200,012)	\$ -	\$ -	\$ 18,803,543

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

Electric	\$ 250,256
Water	156,467
Sewer	157,919
Solid Waste	11,268
Golf Course	2,957
Warehouse	1,938
Vehicle Maintenance	1,297
Vehicle Replacement	159,108
Total depreciation expense - business-type activities	\$ 741,210

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 postemployment 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:

	Other					
	(General	Governmental			
		Fund	Funds		Totals	
Property taxes	\$	39,087	\$	1,967	\$	41,054
Advances to other funds		131,774		-		131,774
Accounts		39,255		30,105		69,360
Fines and forfeitures		47,802		-		47,802
Assessments / Accounts				3,580		3,580
	\$	257,918	\$	35,652	\$	293,570

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. This loan was refinanced on

February 5, 2021 with Truist Bank. The new outstanding debt of \$1,217,916 carries an interest rate of 1.99% per annum and is payable from Sewer Fund revenues in annual installments over 15 years. The loan is backed solely by the future pledged revenue from sewer fees. In the event of an event of default, Truist Bank may exercise any remedy available at law or in equity. The amounts due from the City under this finance agreement, however, shall not be subject to acceleration. Principal payments begin December 1, 2021.

Future maturities are as follows:

Year Ending			
June 30	Principal	Interest	
2022	\$ 70,376	\$ 23,536	
2023	71,790	22,122	
2024	73,233	20,679	
2025	74,705	19,207	
2026	76,207	17,705	
2027-2031	404,635	64,924	
2032-2036	446,970	22,591	
	\$1,217,916	\$ 190,764	

2. Direct Borrowings – Governmental Activities

Promissory Notes

On April 30, 2020, the City executed an unsecured promissory note with Community Bank to pay for the construction of an elevator in City Hall. The principal amount of the promissory note is \$520,000 and has a maturity date of June 30, 2030 with no prepayment penalties. Principal and interest is payable in 19 regular payments and one balloon payment at the maturity date. The note carries a variable interest rate based on the Federal Home Loan Bank 5-year Fixed Advance Rate plus a margin of 0.750% and is computed on a 365/360 basis. In the event of an event of default, the lender will increase the interest rate to 18%. Principal payments began December 31, 2020.

On April 15, 2021, the City executed an unsecured promissory note with Baker Boyer National Bank to pay for repairs at the aquatic center. The principal amount of the promissory note is \$230,575 and has a maturity date of December 1, 2031 with no prepayment penalties. Principal and interest is payable in 30 payments and the note carries an interest rate of 2% and is computed on a 30/360 simple basis. In the event of an event of default the lender will increase the interest rate to 4% and the lender may accelerate payment immediately of the entire principal amount and other amounts due. Principal payments begin December 31, 2021.

Future maturities for promissory notes are as follows:

Year Ending		
June 30	Principal	Interest
2022	\$ 42,921	\$ 13,866
2023	43,316	12,463
2024	43,698	11,661
2025	44,129	10,811
2026	44,547	9,974
2027-2031	490,978	32,023
2032	20,961	210
	\$ 730,550	\$ 91,008

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:

		Outstanding		Outstanding
	Original	June 30,		June 30,
	Amount	2020	Decrease	2021
Golf course irrigation system note, interest at				
1%, principal and interest due annually on				
August 1, due 2021	\$ 195,846	\$ 141,774	\$ 10,000	\$ 131,774

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 through the current year. 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
2022	\$ 131,774	\$ 1,418
	\$ 131,774	\$ 1,418

4. Capital Leases – Business-Type Activities

On February 26, 2021, the City entered into a capital lease purchase agreement for a bucket truck for \$190,000 with an effective interest rate of 2.00%. Annual payments of \$33,168 are due in July of each year and the final payment is expected in January of 2026. The equipment is collateral on the agreement.

On August 17, 2020, the City entered into a capital lease purchase agreement for a police vehicle for \$50,295 with an effective interest rate of 3.68%. Annual payments of \$13,752 are

due in November of each year and the final payment is expected in November of 2023. The equipment is collateral on the agreement.

Future debt service requirements for capital leases payable are as follows:

Year Ending				
June 30	P	Principal		nterest
2022	\$	45,634	\$	1,286
2023		41,391		5,529
2024		42,776		4,145
2025		31,552		1,616
2026		48,607		1,146
	\$	209,960	\$	13,722

5. 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 \$41,586 was outstanding as of June 30, 2021.

6. 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 \$161,244 reported as landfill closure liability in the landfill closure fund at June 30, 2021, 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 \$378,790 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 39.73% and the City expects to close the landfill in the year 2075, which means a remaining estimated life of 54 years.

7. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2021, is as follows:

	Beginning			Ending	Due Within
	Balance Additions Reductions		Balance	One Year	
Governmental activities:					
Notes from direct borrowings	\$ 520,000	\$230,575	\$ 20,025	\$ 730,550	\$ 42,921
Other postemployment benefits	579,743	79,474	-	659,217	-
Net pension liability (asset)	5,164,179	1,589,381	-	6,753,560	-
PERS transition liabilty	307,024	-	32,904	274,120	-
Compensated absences	282,956	8,629		291,585	233,268
Governmental activity Long-term obligations	\$ 6,853,902	\$1,908,059	\$ 52,929	\$ 8,709,032	\$ 276,189
Business-type activities:					
Notes from direct borrowings	\$ 1,807,771	\$1,269,165	\$1,859,020	\$ 1,217,916	\$ 70,376
Weatherization Program-Due to BPA	47,377	-	5,791	41,586	-
Landfill Closure Liability	150,502	10,742		161,244	
Total debt	2,005,650	1,279,907	1,864,811	1,420,746	70,376
Leases Payable	-	240,296	30,336	209,960	45,634
Other postemployment benefits	831,658	106,837	-	938,495	-
Net pension liability (asset)	2,788,765	1,349,092	-	4,137,857	-
PERS transition liability	170,406	-	20,161	150,245	-
Compensated absences	158,432	23,819		182,251	145,800
Business-type activity Long-term obligations	\$ 5,954,911	\$2,999,951	\$1,915,308	\$ 7,039,554	\$ 261,810

F. Interfund Receivables, Payables, and Transfers

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

Advances from/to other funds:

Receivable Fund

General	Golf Course	\$	131,774
Due from/to other funds:			
Receivable Fund	Payable Fund	Am	ount
General	Street Improvement	\$	97,773
General	Senior/Disabled Transportation		15,032
General	Golf Course		40,886
	Total	\$	153,691

Payable Fund

<u>Amount</u>

As described in note E.3, the \$131,774 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 \$2,675,077.

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

	Transfers In		Transfers Ou	
Governmental activities:				
General	\$	2,813,659	\$	163,615
Street Improvement		175,000		-
Other governmental funds		162,015		311,982
Business-type activities				
Electric		-		1,131,765
Water		-		625,214
Sewer		300,000		827,770
Other enterprise funds		6,000		345,972
Internal service funds		148,029		198,385
	\$	3,604,703	\$	3,604,703

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, 2021 were as follows:

						Other		Total
	(General		Street	Governmental		Go	vernmental
		Fund	Imp	provement		Funds		Funds
Fund Balance								
Restricted for:								
Streets and Parks		-		-		643,137		643,137
Library		-		-		165,937		165,937
Urban Renewal		31,559		-	-			31,559
Debt Service		-		-	361			361
System Development		30,808		-	-			30,808
Assigned to:								
Streets		=		209,319		-		209,319
Transportation programs		=		-		-		-
911 Service		=		-	61,510			61,510
Drug enforcement		=		-		9		9
Appropriated FB carryover		272,902		-		-		272,902
Unassigned:		120,736				(27,812)		92,924
Total Fund Balance	\$	456,005	\$	209,319	\$	843,142	\$	1,508,466

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 \$216,389 for the year ended June 30, 2021.

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

Summary of Significant Accounting Policy

Postemployment Benefits Other Than Pensions (OPEB). The OPEB for the City combines three separate plans. The City provides certain health care benefits for retired employees (Employer Contribution). 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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's three separate plans and additions to/deductions from the City's three separate plan's fiduciary net position have been determined on the same basis as they are reported by Implicit Rate Subsidy and OPERS. For this purpose, the three separate plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Post-Employment Health Care Benefits

Employer Contribution

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 11 retired members, 65 active members and 1 spouse of ineligible members in its plan on July 1, 2020, 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 (HIC)

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 11 retired members, 65 active members and 1 spouses of ineligible members in its plan on July 1, 2020, 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.

Financial Statement Presentation

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

	Employer Contribution & HIC	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 27,885	\$ 27,885
Deferred Outflows of Resources			
Change in Assumptions	33,302	-	33,302
Contributions After MD	128,408	819	129,227
Net difference between projected			
and actual earnings on investments	-	3,101	3,101
Change in Proportionate Share	94,217	29,514	123,731
Total OPEB Liability	(1,625,597)	-	(1,625,597)
Deferred Inflows of Resources			
Difference in Expected and Actual			
Experience	(33,554)	(2,851)	(36,405)
Difference in Earnings	-	-	-
Change in Assumptions	(315,798)	(1,482)	(317,280)
Change in Proportionate Share	-	(836)	(836)
OPEB Expense/(Income)*	108,938	10,437	119,375

^{*}Included in program expenses on Statement of Activities

A summary of the aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows for the three plans is as follows:

	Net OPEB	Deferred	Deferred	OPEB
	(Asset)	Outflows of	Inflows of	(Income)
	Liability	Resources	Resources	Expense
Employer Contribution & HIC	(1,625,597)	255,927	(349,352)	108,938
Retirement Health Insurance Account (RHIA)	27,885	33,434	(5,169)	10,437
Aggregate amounts related to OPEB	(1,597,712)	289,361	(354,521)	119,375

OPEB Plan Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Excluding PERS RHIA Plan

The City's total OPEB liability of \$1,625,597 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2021, the City recognized OPEB expense from this plan of \$108,938. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual				_
experience	\$	94,217	\$	33,554
Changes of assumptions		33,302		315,798
Total (prior to post-MD contributions)		127,519		349,352
Contributions subsequent to the MD		128,408		
Total	\$	255,927	\$	349,352

Deferred outflows of resources related to OPEB of \$128,408 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (43,211)
2023	(43,211)
2024	(43,211)
2025	(43,211)
2026	(40,937)
Thereafter	 (8,052)
Total	\$ (221,833)

Actuarial Assumptions and Other Inputs

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

Valuation Date	July 1, 2020			
Measurement Date	June 30, 2020			
Actuarial Cost Method	Entry Age Normal			
Actuarial Assumptions:				
Inflation Rate	2.50 percent			
Discount Rate	2.21 percent			
Projected Salary Increases	3.50 percent per year			
Retiree Healthcare Participation	40% of eligible employees 60% of male members and 35% of female members will elect spouse			
Mortality	Health retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.			
Healthcare cost trend rate	Medical and vision: 5.75 percent per year decreasing to 4.00 percent. Dental: 4.00 percent per year			

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

Changes in the Total OPEB Liability

Changes in assumptions is the result of the change in the discount rate from 3.50% to 2.21%.

	Total OPEI Liability		
Balance as of June 30, 2020	\$	1,493,672	
Changes for the year:			
Service cost		98,313	
Interest on Total OPEB Liability		53,836	
Effect of economic/demographic gains or		106,949	
Effect of assumptions changes or inputs		(18,638)	
Benefit payments		(108,535)	
Balance as of June 30, 2021	\$	1,625,597	

Sensitivity of the Total OPEB Liability

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

Discount Rate:	1% Decrease (1.21%)		Current Discount Rate (2.21%)		1% Increase (3.21%)	
Total OPEB Liability	\$	1,750,741	\$	1,625,597	\$	1,508,220
Healthcare Cost Trend:	1%	Decrease		rent Health Trend Rates	1%	6 Increase
Total OPEB Liability	\$	1,445,167	\$	1,625,597	\$	1,842,697

PERS Retirement Health Insurance Account

Plan Description

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public

Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf.

Benefits Provided

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

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, 2017 actuarial valuation and a percentage of payroll that first became effective July 1, 2019. The City contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The City's total for the year ended June 30, 2021 contributions was \$819.

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

At June 30, 2021, the City reported an asset of \$27,885 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2020, the City's proportionate share was 0.01368528%, which is an increase from its proportion of 0.04257546% as of June 30, 2019.

For the year ended June 30, 2021, the City recognized OPEB expense from this plan of \$10,437. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

		ed Outflows esources	Deferred Inflows of Resources	
Differences between expected and actual				
experience	\$	-	\$	2,851
Changes of assumptions		-		1,482
Net difference between projected and actual				
earnings on investments		3,101		-
Changes in proportionate share		29,514		836
Total (prior to post-MD contributions)	·	32,615		5,169
Contributions subsequent to the MD		819		
Total	\$	33,434	\$	5,169

Deferred outflows of resources related to OPEB of \$819 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	_	
2022	\$	12,020
2023		13,302
2024		1,146
2025		978
2026		-
Total	\$	27,446

Actuarial Methods and Assumptions

The total OPEB asset in the December 31, 2018 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed above in note F – Pension Plan Actuarial Assumptions.

Long-Term Expected Rate of Return

Are the same as listed above in Note F – Pension Plan Long-term Expected Rate of Return.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.20% for the RHIA 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 RHIA 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 RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the City's proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the

net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

Discount Rate:

			Increase 3.20%)		
Total OPEB Asset (Liability)	\$ 22,513	\$	27,885	\$	32,749

OPEB 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

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

Changes in Plan Provisions Subsequent to Measurement Date

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

F. Pension Plan

General Information about the Pension Plan

Plan Description

Employees of the City 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 Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at

http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

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

were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

Death Benefits

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

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

Disability Benefits

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

Benefit Changes 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.

2. OPSRP Defined Benefit Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by

employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested

employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2021 were \$1,433,710, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 28.23 percent for Tier One/Tier Two General Service Member, 28.23 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.

2. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees.

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

At June 30, 2021, the City reported a liability of \$10,891,417 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to

the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was 0.04990697%, which was increased from its proportion of 0.04597714% measured as of June 30, 2019.

For the year ended June 30, 2021, the City's recognized pension expense of \$2,425,323. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual				
experience	\$	479,354	\$	-
Changes of assumptions		584,508		20,480
Net difference between projected and actual				
earnings on investments		1,280,689		-
Changes in proportion		461,911		356,680
Differences between employer contributions and				
proportionate share of contributions		130,708		115,606
Total (prior to post-MD contributions)		2,937,170		492,766
Contributions subsequent to the MD		1,028,562		
Total	\$	3,965,732	\$	492,766

City's contributions subsequent to the measurement date of \$1,028,562 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 457,958
2023	669,295
2024	671,037
2025	579,803
2026	 66,311
Total	\$ 2,444,404

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA
	(1.25%/0.15%) in accordance with <i>Moro</i>
	decision, blend based on service.
Mortality	Health retirees and beneficiaries: Pub-
	2010 Healthy Retiree, sex distinct,
	generational with Unisex, Social Security
	Data Scale, with job category adjustments
	and set-backs as described in the valuation.
	Active Members: Pub-2010 Employee,
	sex distinct, generational with Unisex, Social
	Security Data Scale, with job category
	adjustments and set-backs as described in
	the valuation.
	Disabled retirees: Pub-2010 Disable
	Retiree, sex distinct, generational with
	Unisex, Social Security Data Scale, with job
	category adjustments and set-backs as
	described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period published July 24, 2019.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

		Compounded Annual
Asset Class	Target Allocation	Return (Geometric)
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Foreign Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equities	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-Driven	0.38%	5.59%
Timber	1.12%	5.61%
Farmland	1.12%	6.12%
Infrastructure	2.24%	6.67%
Commodities	1.12%	3.79%
Total	100.00%	
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 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% D	1% Decrease (6.20%)		Discount Rate (7.20%)		1% Increase (8.20%)	
City's proportionate share of the							
net pension liability	\$	16,172,855	\$	10,891,417	\$	6,462,687	

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

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

Changes in Plan Provisions Subsequent to Measurement Date

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

G. Commitments and Contingencies

The City is committed under various construction and purchase contracts at June 30, 2021. Major projects in progress at June 30, 2021 are as follows:

The City began work on pedestrian and road improvements funded through House Bill 2017 and entered into a \$60,000 contract with Anderson Perry & Associates, Inc. for engineering services and a \$1,186,720 contract with Humbert Asphalt for paving services. The costs incurred to date were \$15,867 for Anderson Perry & Associates, Inc., leaving an unspent obligation on the contract of \$44,133. The costs incurred to date were \$347,229 for Humbert Asphalt leaving an unspent obligation on the contract of \$839,491.

The City entered into a \$35,000 professional service agreement with Midea Development, LLC for design of the Braeburn Lift Station replacement and improvements. The costs incurred to date were \$10,299 leaving an unspent obligation on the contract of \$24,701.

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, 2021.

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 this loan as of June 30, 2021 was \$131,774. In addition, the Golf Fund owes the General Fund \$1,208 in accrued interest on the loan.

J. Subsequent Events

In August 2021, the City issued \$6.695 million in general obligation bonds, backed by the full faith and credit of the City. Proceeds from the bonds will provide financing for the construction of a police station. The bonds are payable solely from general property tax revenues and are payable through fiscal year 2051.

In July 2021, the City entered into an agreement with FFA Architecture & Interiors, Inc. for architecture, design engineering, and project management services related to the new police station project. The original contract was for \$794,157 but was amended in October 2021 to include communication system design services bringing the total contract amount to \$852,557.

In November 2021, the City purchased a Freightliner 108SD dump truck from Gordon Truck Centers, Inc. for \$147,228.

K. Prior Period Adjustment

Subsequent to the year ended June 30, 2020, the City corrected errors related to the interfund note payable between the Golf Course and the General Fund. This interfund note payable was included in the General Fund's fund balance but this was a long-term asset not available to pay for current period expenditures and should have been deferred in the fund statements.

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

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

	Ge	neral Fund
Net position - beginning (as originally reported) Reclassify advances to other funds	\$	272,902 (141,774)
Net position - beginning (as restated)	\$	131,128

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

	A	Actual Amounts
Net position - beginning (as originally reported) Reclassify advances to other funds	\$	272,902 (141,774)
Net position - beginning (as restated)	\$	131,128



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

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

				(b)					(b/c)
		(a)	Con	Contributions in (a-b)		(c)		Contributions	
Year	S	Statutorily	rela	ation to the	Contr	ribution		City's	as a percent
Ended		required	statut	orily required	defi	ciency		covered	of covered
June 30,	co	ontribution	co	ontribution	(excess)		(excess) pays		payroll
2020	\$	1,028,562	\$	1,028,562	\$	-	\$	4,761,367	21.60%
2020		1,031,992		1,031,992		-		4,504,607	22.91%
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 Eight Fiscal Years¹

							(b/c) City's	
		(a)		(b)			share of the net	Plan fiduciary
M		City's		City's		(c)	pension liability	net position as
Measurement		proportion of	proportionate share			City's	(asset) as a	a percentage of
Date	2	the net pension		he net pension	covered		percentage of its	the total pension
June 30,	. ⁻ -	liability (asset)	lia	bility (asset)	payroll		covered payroll	liability
2020		0.04990697%	\$	10,891,417	\$	4,504,607	241.78%	75.80%
2019		0.04597714%		7,952,944		4,531,545	175.50%	80.20%
2018		0.04816572%		7,296,472		3,942,528	185.07%	82.10%
2017		0.05152128%		6,945,088		4,309,636	161.15%	83.10%
2016		0.05304484%		7,963,262		4,048,202	196.71%	80.53%
2015		0.05877367%		3,374,468		3,987,926	84.62%	91.90%
2014		0.06234782%		(1,413,247)		3,857,755	-36.63%	103.60%
2013		0.06234782%		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, 2021

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

					(b/c)	
	(a)		(b)		Share of the OPEB	Plan fiduciary
	City's proportion	(City's proportionate	(c)	pension liability	net position as
Measurement	of the net		share of the net	City's	(asset) as a	a percentage of
date	OPEB pension		OPEB pension	covered	percentage of its	the total OPEB
June 30,	² liability (asset)		liability (asset)	payroll	covered payroll	liability (asset)
2020	0.01368528%	\$	(27,885)	\$4,504,607	-0.62%	150.10%
2019	0.04257546%		(82,271)	4,531,545	-1.82%	144.40%
2018	0.03965970%		(44,221)	3,942,528	-1.12%	123.99%
2017	0.04242036%		(17,704)	4,309,636	-0.41%	108.88%
2016	0.04258291%		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.

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

				(b)				(-b/c)
		(a)	Cont	tributions in	(a+b)		(c)	Contributions
Year	Con	tractually	rela	ation to the	Contribution		City's	as a percentage
ended	re	equired	COI	ntractually	deficiency	deficiency covered		of covered
June 30,	con	tributions	require	d contributions	(excess) payroll		payroll	payroll
2021	\$	819	\$	(819)	-	\$	4,761,367	0.02%
2020		977		(977)	-		4,504,607	0.02%
2019		21,124		(21,124)	=		4,531,545	0.47%
2018		19,036		(19,036)	=		3,942,528	0.48%
2017		21,119		(21,119)	-		4,309,636	0.49%
2016		18,897		(18,897)	-		4,048,202	0.47%

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

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

² Measurement date is one year in arrears

CITY OF MILTON-FREEWATER, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

Schedule of the Changes in the City's OPEB Liability and Related Ratios Health Insurance Continuation (HIC) and Stand Alone Plans Last Four Fiscal Years¹

	 2021	2020		
Beginning balance	\$ 1,493,672	\$	1,403,105	
Changes for the year:				
Service cost	98,313		87,331	
Interest on total OPEB liability	53,836		55,848	
Effect of changes to benefit terms	-		-	
Effect of economic/demographic gains or losses	106,949		-	
Effect of assumptions changes or inputs	(18,638)		42,954	
Benefit payments	(108,535)		(95,566)	
Balance as of June 30	\$ 1,625,597	\$	1,493,672	
Covered payroll	\$ 4,761,367	\$	4,504,607	
Total OPEB liability, as a percentage of covered payroll	34.14%		33.16%	

 $^{^{1}}$ 10-year trend information required by GASB 75 will be presented prospectively

 2019	 2018
\$ 1,774,824	\$ 1,815,193
106,736	114,786
65,163	53,469
-	-
(50,615)	-
(369,202)	(100,146)
(123,801)	(108,478)
\$ 1,403,105	\$ 1,774,824
\$ 4,531,545	\$ 3,942,528
30.96%	45.02%



NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

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.

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012, 2014, 2016, 2018 and 2020 Experience Study for the System, which were published on September 18, 2013, September 23, 2015, July 26, 2017, July 24, 2019, and July 20, 2021. 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, 2020 reporting date is 3.50% and the discount rate for the June 30, 2021 reporting date is 2.21%.

Changes of Assumptions

There were no significant changes in benefit terms in the current period related to the other postemployment 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 Fund The Senior/Disabled Transportation Fund 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 Fund The Drug Enforcement Fund 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 Fund The 911 Fund accounts for 911 telephone tax revenue. The revenues can only be expended on 911 emergency service expenditures.

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 June 30, 2021

	Special Revenue							
	Street		Library		Senior/ Disabled Transportation		Drug Enforcement	
ASSETS								
Cash and cash equivalents Investments	\$	344,854 266,674	\$	102,347 79,145	\$	-	\$	5 4
Receivables: Property taxes Accounts		- 48,880		- 1,959		2,269 13,480		-
Fines and forfeitures, net Interfund receivables Due from other funds		-		-		-		-
Total assets	\$	660,408	\$	183,451	\$	15,749	\$	9
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES LIABILITIES								
Accounts payable and accrued liabilities Due to other funds	\$	13,691	\$	17,514	\$	13,082 15,032	\$	<u>-</u>
Total liabilities		13,691		17,514		28,114		
DEFERRED INFLOWS OF RESOURCES Unavailable revenue		3,580				15,447		
Total deferred inflows of resources		3,580				15,447		
FUND BALANCES (DEFICIT) Nonspendable		-		_		_		_
Restricted Assigned		643,137		165,937 -		-		- 9
Unassigned		-		-		(27,812)		
Total fund balances		643,137		165,937		(27,812)		9
Total liabilities, deferred inflows of resources, and fund balances	\$	660,408	\$	183,451	\$	15,749	\$	9

Speci	al Revenue	Deb	t Service	
	911		pecial essments	Totals
\$	26,084 20,170	\$	204 157	\$ 473,494 366,150
	- 31,931		- -	2,269 96,250
	- - -		- - -	- - -
\$	78,185	\$	361	\$ 938,163
\$	50	\$	- -	\$ 44,337 15,032
	50			59,369
	16,625		_	35,652
	16,625			35,652
	-		-	-
	61,510 -		361 - -	809,435 61,519 (27,812)
	61,510		361	843,142
\$	78,185	\$	361	\$ 938,163

CITY OF MILTON-FREEWATER, OREGON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS

	Special Revenue							
		Street		Library	Γ	Senior/ Disabled Insportation		
REVENUES								
Property taxes	\$	-	\$	-	\$	58,571		
Charges for services		246		-		2,498		
Intergovernmental		535,522		259,955		173,800		
Fines and forfeitures		-		457		-		
Interest on investments		4,194		829		542		
Miscellaneous		2,805		7,051				
Total revenues		542,767		268,292		235,411		
EXPENDITURES								
Current:								
General government		-		-		297,415		
Public safety		-		-		-		
Culture and recreation		-		327,410		-		
Highways and streets		277,707		-		-		
Capital outlay		-		2,370		-		
Debt service						30,835		
Total Expenditures		277,707		329,780		328,250		
REVENUES OVER (UNDER)								
EXPENDITURES		265,060		(61,488)		(92,839)		
OTHER FINANCING SOURCES (USES)								
Issuance of debt		-		-		-		
Transfers in		-		130,313		31,702		
Transfers out		(296,742)		(240)		_		
Total other financing sources (uses)		(296,742)		130,073		31,702		
NET CHANGE IN FUND BALANCE		(31,682)		68,585		(61,137)		
FUND BALANCE (DEFICIT), Beginning		674,819		97,352		33,325		
FUND BALANCE (DEFICIT), Ending	\$	643,137	\$	165,937	\$	(27,812)		

	Special 1	Revenue	2	Deb	t Service	
Drug Enfo	orcement		911		pecial essments	Totals
\$	_	\$	-	\$	_	\$ 58,571
	-		-		-	2,744
	-		53,034		-	1,022,311
	-		-		-	457
	-		351		-	5,916
	_		_			9,856
	_		53,385		<u>-</u>	1,099,855
	-		-		-	297,415
	-		27,580		-	27,580
	-		-		-	327,410
	-		-		-	277,707
	-		8,131		-	10,501
	_		_			 30,835
			35,711		_	971,448
			17,674			128,407
	-		-		-	162,015
	_		(15,000)		_	(311,982)
	_		(15,000)		_	(149,967)
	-		2,674		_	(21,560)
	9		58,836		361	864,702
\$	9	\$	61,510	\$	361	\$ 843,142



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, 2021

	Solid Waste	Landfill Closure	Golf Course	Totals
ASSETS				
Current assets:			*	
Cash and cash equivalents	\$ 343,419	\$ -	\$ -	\$ 343,419
Investments Receivables:	265,564	-	-	265,564
Accounts	116,712		500	117,212
Accounts	110,712			117,212
Total current assets	725,695		500	726,195
Noncurrent assets:				
Restricted cash and cash equivalents	_	90,666	_	90.666
Restricted investments	_	70,111	_	70,111
Capital assets:		,0,111		, 0,111
Land	50,000	-	61,686	111,686
Depreciable assets, net of depreciation	135,962		47,639	183,601
Total noncurrent assets	185,962	160,777	109,325	456,064
	, , , , , , , , , , , , , , , , , , ,			
Total assets	911,657	160,777	109,825	1,182,259
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to pension and OPEB	182,285		29,680	211,965
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	23,205	_	4,507	27,712
Accrued interest payable	-	_	1,208	1,208
Due to other funds	-	-	40,886	40,886
Current portion of long-term debt	25,722		2,934	28,656
Total current liabilities	48,927		49,535	98,462
Total Carrent machines	10,527		17,555	70,102
Advances from other funds	-	-	131,774	131,774
Long-term debt, net of current portion:				
Landfill closure liability	-	161,244	-	161,244
Net pension liability	467,059	-	81,514	548,573
Transition liability	12,100	-	4,625	16,725
Compensated absences payable	6,431	-	734	7,165
Other postemployment benefits	67,486			67,486
Total noncurrent liabilities	553,076	161,244	218,647	932,967
Total liabilities	602,003	161,244	268,182	1,031,429
•				
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension and OPEB	36,105		3,688	39,793
NET DOCITION				
NET POSITION Net investment in capital assets	185,962		109,325	295,287
Restricted for landfill closure	103,302	-	109,323	293,207
Unrestricted	269,872	(467)	(241,690)	27,715
		(-1)		
Total net position	\$ 455,834	\$ (467)	\$ (132,365)	\$ 323,002
C 11: 1	Ψ 433,034	ψ (+07)	ψ (132,303)	ψ 323,002

CITY OF MILTON-FREEWATER, OREGON COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NON-MAJOR ENTERPRISE FUNDS

	Solid Waste	Landfill Closure	Golf Course	Totals
OPERATING REVENUES				
Charges for services	\$ 1,009,441	\$ -	\$ 219,722	\$ 1,229,163
Miscellaneous	10,098	-	-	10,098
Total operating revenues	1,019,539		219,722	1,239,261
OPERATING EXPENSES				
Personal services	443,804	_	77,053	520,857
Materials and services	369,153	10,742	114,540	494,435
Depreciation	11,268		2,957	14,225
Total operating expenses	824,225	10,742	194,550	1,029,517
OPERATING INCOME (LOSS)	195,314	(10,742)	25,172	209,744
NON-OPERATING INCOME (EXPENSES)				
Interest on investments	4,977	1,131	-	6,108
Interest expense	(1,496)		(1,587)	(3,083)
Total non-operating income (expenses)	3,481	1,131	(1,587)	3,025
NET INCOME (LOSS) BEFORE CAPITAL	198,795	(9,611)	23,585	212,769
CONTRIBUTIONS AND TRANSFERS				
CAPITAL CONTRIBUTIONS				
Intergovernmental	1,062	-	-	1,062
TRANSFERS				
Transfers in	2,000	4,000	-	6,000
Transfers out	(345,872)	-	(100)	(345,972)
CHANGE IN NET POSITION	(144,015)	(5,611)	23,485	(126,141)
NET POSITION, Beginning	599,849	5,144	(155,850)	449,143
NET POSITION, Ending	\$ 455,834	\$ (467)	\$ (132,365)	\$ 323,002

CITY OF MILTON-FREEWATER, OREGON COMBINING STATEMENT OF OF CASH FLOWS NON-MAJOR ENTERPRISE FUNDS

				ndfill	_			
CACH ELONG EDOM ODED ATING A OTHUGEEG	So	lid Waste	Cl	osure	Go	olf Course	_	Totals
CASH FLOWS FROM OPERATING ACTIVITIES	\$	1,006,903	\$		\$	219,571	•	1,226,474
Receipts from customers and users Payments to suppliers	Φ.	(94,638)	Ф	_	Ф	(94,595)	φ.	(189,233)
Payments to suppliers Payments to employees		(382,681)		_		(66,696)		(449,377)
Payments for interfund services used		(282,799)		_		(20,364)		(303,163)
Net cash provided from (used by) operating activities		246,785				37,916	_	284,701
,		-,						- ,
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVI	TIES							
Proceeds from internal loans		13,258		-		-		13,258
Payments from internal loans		-		-		(26,137)		(26,137)
Transfers in		2,000		4,000		-		6,000
Transfers out		(345,872)		-		(100)		(345,972)
Net cash provided from (used by) non-capital financing activities		(330,614)		4,000		(26,237)	_	(352,851)
CASH FLOWS FROM CAPITAL AND RELATED FINANCI	NC A	CTIVITIES						
Proceeds from intergovernmental revenue	NG A	1,062	,	_		_		1,062
Proceeds from sale of capital assets		1,002		_		_		1,002
Acquisition of capital assets		(20,200)		_		_		(20,200)
Principal paid on long-term obligations		-		_		(10,000)		(10,000)
Interest paid on long-term obligations		(1,496)		_		(1,679)		(3,175)
Net cash provided from (used by) capital								
and related financing activities		(20,634)				(11,679)	_	(32,313)
CASH FLOWS FROM INVESTING ACTIVITIES								
Net sales (purchases) of investments		56,768		703		-		57,471
Interest on investments		4,977		1,131		-		6,108
Net Cash provided (used) by investing activities		61,745		1,834		-		63,579
NET INCREASE (DECREASE) IN CASH								
AND CASH EQUIVALENTS		(42,718)		5,834		-		(36,884)
CASH AND CASH EQUIVALENTS, Beginning		386,137	8	34,832				470,969
CASH AND CASH EQUIVALENTS, Ending	\$	343,419	\$ 9	0,666	\$	-	\$	434,085
COMPRISED AS FOLLOWS								
Cash and cash equivalents	\$	343,419	\$	-	\$	-	\$	343,419
Restricted cash and cash equivalents		-	9	0,666		-		90,666
	\$	343,419	\$ 9	0,666	\$	-	\$	434,085
Reconciliation of operating income (loss) to net cash provided	¢.	105 214	ф /1	0.740)	¢.	25 172	Ф	200.744
Operating income (loss) Adjustments to reconcile operating income(loss) to net cash	\$	195,314	\$ (1	0,742)	\$	25,172	\$	209,744
provided by (used in) operating activities:								
Depreciation		11,268		_		2,957		14,225
(Increase) decrease in assets:		11,200				2,751		17,223
Receivables		(12,636)		_		(151)		(12,787)
Deferred inflows related to pension and OPEB		51,834		_		10,045		61,879
Increase (decrease) in liabilities:		,				- ,		,
Accounts payable and accrued expenses		(8,284)	1	0,742		(419)		2,039
Compensated absences payable		6,205		-		709		6,914
PERS transition liability		(2,276)		-		(397)		(2,673)
Other postemployment benefits		5,360		-		-	_	5,360
Net cash provided from operating activities	\$	246,785	\$		\$	37,916	\$	284,701
See auditor's report.								
See addition to 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 June 30, 2021

			Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
ASSETS						
Current assets:	¢ 26.162	£ 150.067	¢ 410.000	Ф 26.720	ф 24.054	Ф <i>с</i> 56.041
Cash and cash equivalents Investments	\$ 26,162 20,230	\$ 150,967 116,741	\$ 418,929 323,954	\$ 26,729 20,670	\$ 34,054 26,333	\$ 656,841 507,928
Receivables:	20,230	110,741	323,934	20,070	20,333	307,928
Accounts	_	3,286	8,600	_	_	11,886
Inventories	-	5,643	-	-	-	5,643
Total current assets	46,392	276,637	751,483	47,399	60,387	1,182,298
N						
Noncurrent assets: Capital assets:						
Depreciable assets, net of depreciation	10,656	12,430	1,187,651	_	_	1,210,737
Depreciable assets, net of depreciation	10,030	12,430	1,107,031			1,210,737
Total noncurrent assets	10,656	12,430	1,187,651			1,210,737
Total assets	57,048	289,067	1,939,134	47,399	60,387	2,393,035
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows related to pension and OPEB		129,575				129,575
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	915	27,935	-	-	3,501	32,351
Accrued interest payable	-	-	2,420	-	-	2,420
Current portion of long-term debt		8,306	45,634			53,940
Total current liabilities	915	36,241	48,054		3,501	88,711
	_					
Noncurrent liabilities:						
Long-term debt, net of current portion: Leases payable			164,326			164,326
Net pension liability	_	355,865	104,320	_	-	355,865
Transition liability	_	15,723	-	_	_	15,723
Compensated absences payable	_	2,076	-	_	-	2,076
	_					
Total noncurrent liabilities		373,664	164,326			537,990
Total liabilities	915	409,905	212,380		3,501	626,701
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension and OPEB	_	16,101	_	_	_	16,101
Deferred filliows related to pension and of EB		10,101				10,101
NET POSITION						
Net investment in capital assets	10,656	12,430	977,691	-	-	1,000,777
Unrestricted	45,477	(19,794)	749,063	47,399	56,886	879,031
Total net position	\$ 56,133	\$ (7,364)	\$ 1,726,754	\$ 47,399	\$ 56,886	\$ 1,879,808
		. (.,501)	,,	,577	. 23,300	,,

CITY OF MILTON-FREEWATER, OREGON COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

	-	Warehouse	Vehicle Maintenance	Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
OPERATING REVENUES Charges for services Miscellaneous	-	\$ - -	\$ 523,304	\$ 278,076	\$ - -	\$ - 14,349	\$ 801,380 14,349
Tota	al operating revenues		523,304	278,076		14,349	815,729
OPERATING EXPENSES							
Personal services		-	315,204	-	-	-	315,204
Materials and services		28,896	210,675	600	-	9,219	249,390
Depreciation	-	1,938	1,297	159,108			162,343
Tota	al operating expenses	30,834	527,176	159,708		9,219	726,937
OPERATING INCOME (LOSS)	-	(30,834)	(3,872)	118,368		5,130	88,792
NON-OPERATING INCOME (E	EXPENSES)						
Gain (loss) on disposal of capital	l assets	-	-	8,950	-	-	8,950
Interest on investments		391	2,604	3,558	315	398	7,266
Interest expense	-		(1,140)	(2,421)			(3,561)
Total non-operation	ng income (expenses)	391	1,464	10,087	315	398	12,655
NET INCOME (LOSS) BEFORE							
CONTRIBUTIONS AND TRA	ANSFERS	(30,443)	(2,408)	128,455	315	5,528	101,447
CAPITAL CONTRIBUTIONS							
Intergovernmental		1,171	-	-	-	-	1,171
TRANSFERS							
Transfers in		41,253	-	116,845	6,776	_	164,874
Transfers out	-	(22,479)	(192,751)				(215,230)
CHANGE IN NET POSITION		(10,498)	(195,159)	245,300	7,091	5,528	52,262
NET POSITION, Beginning	-	66,631	187,795	1,481,454	40,308	51,358	1,827,546
NET POSITION, Ending		\$ 56,133	\$ (7,364)	\$ 1,726,754	\$ 47,399	\$ 56,886	\$ 1,879,808

CITY OF MILTON-FREEWATER, OREGON COMBINING STATEMENT OF OF CASH FLOWS INTERNAL SERVICE FUNDS

	Warel	nouse		Vehicle intenance		Vehicle placement	Sick l		Mai	Risk nagement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from customers and users	\$	-	\$	27,613	\$	-	\$	-	\$	14,349	\$ 41,962
Receipts from interfund services provided		-		493,935		278,076		-		-	772,011
Payments to suppliers	(2	8,926)		(203,538)		(600)		-		(5,718)	(238,782)
Payments to employees				(255,701)							(255,701)
Net cash provided from (used by) operating activities	(2	8,926)		62,309		277,476				8,631	319,490
CASH FLOWS FROM NONCAPITAL FINANCING ACTI	VITIES										
Proceeds from internal loans		-		5,606		12,034		-		1,000	18,640
Payments from internal loans		-		=		-		-		(2,375)	(2,375)
Transfers in	4	1,253		-		116,845	6	,776		-	164,874
Transfers out	(2	2,479)		(192,751)							(215,230)
Net cash provided from (used by) non-capital											
financing activities	1	8,774		(187,145)	_	128,879		5,776		(1,375)	(34,091)
CASH FLOWS FROM CAPITAL AND RELATED FINAN	CING ACT	IVITIE	S								
Proceeds from intergovernmental revenue		1,171		-		-		-		-	1,171
Proceeds from the issuance of debt		-		-		240,296		-		-	240,296
Proceeds from sale of capital assets		-		-		350		-		-	350
Acquisition of capital assets		-		-		(291,141)		-		-	(291,141)
Principal paid on long-term obligations		-		_		(30,336)		-		_	(30,336)
Interest paid on long-term obligations		-		(1,140)		-		-		_	(1,140)
Net cash provided from (used by) capital											
and related financing activities		1,171		(1,140)	_	(80,831)		-			(80,800)
CASH FLOWS FROM INVESTING ACTIVITIES											
Net sales (purchases) of investments		4,785		61,188		(135,687)	C	2,331)		(2,341)	(74,386)
Interest on investments		391		2,604		3,558	(-	315		398	7,266
Net Cash provided (used) by investing activities		5,176		63,792		(132,129)	(2	2,016)		(1,943)	(67,120)
NET INCREASE (DECREASE) IN CASH											
AND CASH EQUIVALENTS	(3,805)		(62,184)		193,395	_	,760		5,313	137,479
THE CHAIL EQUIVALENTS	(3,003)		(02,104)		173,373		,,,,,,		3,313	137,477
CASH AND CASH EQUIVALENTS, Beginning	2	9,967		213,151	_	225,534	21	,969		28,741	519,362
CASH AND CASH EQUIVALENTS, Ending	\$ 2	6,162	\$	150,967	\$	418,929	\$ 26	5,729	\$	34,054	\$ 656,841
Reconciliation of operating income (loss) to net cash provide	d from (us	ed by)									
operating activities	.	0.024	Φ.	(2.052)	Φ.	110.250	ф		٠	5 100	A 00 707
Operating income (loss) Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:	\$ (3	0,834)	\$	(3,872)	\$	118,368	\$	-	\$	5,130	\$ 88,792
Depreciation		1,938		1,297		159,108		_		_	162,343
(Increase) decrease in assets:		-,,		-,		,					,
Receivables		_		(1,756)		_		_		_	(1,756)
Deferred inflows related to pension and OPEB		_		58,671		_		_		_	58,671
Inventories		_		504		_		_		_	50,071
Increase (decrease) in liabilities:		_		504				_			304
Accounts payable and accrued expenses		(30)		6,633		_		_		3,501	10,104
Compensated absences payable		(30)		2,566		-		_		5,501	2,566
PERS Transition liability	_			(1,734)	_				_		(1,734)
Net cash provided from operating activities	\$ (2	8,926)	\$	62,309	\$	277,476	\$	-	\$	8,631	\$ 319,490

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

	Budgeted Amounts							iance with al Budget- Positive/
	Or	riginal		Final	Actual Amounts		(Negative)	
EXPENDITURES								
City council	\$	28,341	\$	28,625	\$	19,413	\$	9,212
City manager		517,038		539,395		511,916		27,479
City attorney		15,000		15,000		5,290		9,710
Municipal court		99,053		101,404		99,347		2,057
Finance department		926,992		946,931		922,540		24,391
Planning		127,542		130,959		108,403		22,556
Police department		2,355,999		2,387,974		2,266,419		121,555
Fire department		379,850		379,850		344,712		35,138
Public works		1,246,979		1,616,501		1,373,061		243,440
City hall		293,058		317,958		351,014		(33,056)
Civil engineering		47,529		47,529		42,849		4,680
Transfers out		163,615		163,615		163,615		-
Contingency		50,000		41,550		-		41,550
TOTAL EXPENDITURES	\$	6,250,996	\$	6,717,291	\$	6,208,579	\$	508,712

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

Governmental Funds

Special Revenue Funds

- Street
- Library
- 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

	B	Amoui			Variance with Final Budget- Positive/			
	Origina	al		Final	Actu	al Amounts	(N	legative)
REVENUES								
Charges for services	\$	-	\$	-	\$	246	\$	246
Intergovernmental	42	0,000		421,347		535,522		114,175
Interest on investments		3,000		3,000		4,194		1,194
Miscellaneous	-	300		300		2,805		2,505
TOTAL REVENUES	42	3,300		424,647		542,767		118,120
EXPENDITURES Current:								
Highways and streets:								
Personal services	21	1,856		213,078		176,173		36,905
Materials and services	11	2,132		112,257		101,534		10,723
Contingency	39	3,953		393,953		-		393,953
TOTAL EXPENDITURES	71	7,941		719,288		277,707		441,581
REVENUES OVER (UNDER) EXPENDITURES	(29	4,641)		(294,641)		265,060		559,701
OTHER FINANCING SOURCES (USES)								
Issuance of debt		4,234		4,234		-		(4,234)
Transfers out	(29	6,742)		(296,742)		(296,742)		
TOTAL OTHER FINANCING SOURCES (USES)	(29	2,508)		(292,508)		(296,742)		(4,234)
NET CHANGE IN FUND BALANCE	(58	7,149)		(587,149)		(31,682)		555,467
FUND BALANCE, Beginning	58	7,149		587,149		674,819		87,670
FUND BALANCE, Ending	\$		\$		\$	643,137	\$	643,137

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL LIBRARY FUND

	Budgeted Amounts							
)riginal		Final	Actu	al Amounts		ositive/ egative)
REVENUES								
Intergovernmental	\$	226,597	\$	231,722	\$	259,955	\$	28,233
Fines and forfeitures		4,000		4,000		457		(3,543)
Interest on investments		500		500		829		329
Miscellaneous		9,000		9,000		7,051		(1,949)
TOTAL REVENUES		240,097		245,222		268,292		23,070
EXPENDITURES								
Current:								
Culture and recreation:								
Personal services		346,813		351,409		291,230		60,179
Materials and services		48,525		48,754		36,180		12,574
Capital outlay		6,000		6,300		2,370		3,930
Debt service		3,425		3,425		-		3,425
Contingency		15,869		15,869		-		15,869
TOTAL EXPENDITURES		420,632		425,757		329,780		95,977
REVENUES OVER (UNDER) EXPENDITURES		(180,535)		(180,535)		(61,488)		119,047
OTHER FINANCING SOURCES (USES)								
Transfers in		130,313		130,313		130,313		-
Transfers out		(240)		(240)		(240)		
TOTAL OTHER FINANCING SOURCES (USES)		130,073		130,073		130,073		
NET CHANGE IN FUND BALANCE		(50,462)		(50,462)		68,585		119,047
FUND BALANCE, Beginning		50,462		50,462		97,352		46,890
FUND BALANCE, Ending	\$	_	\$	-	\$	165,937	\$	165,937

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SENIOR/DISABLED TRANSPORTATION FUND

	Budgeted	Amounts		Variance with Final Budget-
	Original	Final	Actual Amounts	Positive/ (Negative)
REVENUES				
Property taxes	\$ 59,500	\$ 59,500	\$ 58,571	\$ (929)
Charges for services	5,000	5,000	2,498	(2,502)
Intergovernmental	868,052	868,052	173,800	(694,252)
Interest on investments	3,000	3,000	542	(2,458)
TOTAL REVENUES	935,552	935,552	235,411	(700,141)
EXPENDITURES				
Current:				
General government:				
Personal services	199,301	199,301	116,453	82,848
Materials and services	518,928	518,928	180,962	337,966
Capital outlay	100,000	100,000	-	100,000
Debt service	73,702	73,702	30,835	42,867
Contingency	235,323	235,323		235,323
TOTAL EXPENDITURES	1,127,254	1,127,254	328,250	799,004
REVENUES OVER (UNDER) EXPENDITURES	(191,702)	(191,702)	(92,839)	98,863
OTHER FINANCING SOURCES (USES)				
Transfers in	31,702	31,702	31,702	-
TOTAL OTHER FINANCING SOURCES (USES)	31,702	31,702	31,702	
NET CHANGE IN FUND BALANCE	(160,000)	(160,000)	(61,137)	98,863
FUND BALANCE, Beginning	160,000	160,000	33,325	(126,675)
FUND BALANCE, Ending	\$ -	\$ -	\$ (27,812)	\$ (27,812)

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DRUG ENFORCEMENT FUND

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

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL 911 FUND

		Budgeted	Amoun	its			Variance with Final Budget- Positive/	
	(Original		Final	Actual Amounts		(Negative)	
REVENUES								<u> </u>
Intergovernmental	\$	38,645	\$	38,645	\$	53,034	\$	14,389
Interest on investments		750		750	-	351		(399)
TOTAL REVENUES		39,395		39,395		53,385		13,990
EXPENDITURES								
Current:								
Public safety:								
Materials and services		43,450		43,450		27,580		15,870
Capital outlay		17,682		17,682		8,131		9,551
TOTAL EXPENDITURES		61,132		61,132		35,711		25,421
REVENUES OVER (UNDER) EXPENDITURES		(21,737)		(21,737)		17,674		39,411
OTHER FINANCING SOURCES (USES)								
Transfers out		(15,000)		(15,000)		(15,000)		
TOTAL OTHER FINANCING SOURCES (USES)		(15,000)		(15,000)		(15,000)		-
NET CHANGE IN FUND BALANCE		(36,737)		(36,737)		2,674		39,411
FUND BALANCE, Beginning		36,737		36,737		58,836		22,099
FUND BALANCE, Ending	\$	_	\$		\$	61,510	\$	61,510

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL ASSESSMENT FUND

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



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

Proprietary Funds

Enterprise Funds

- All Electric Funds
 - o 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

		Budgeted	Amou	ints			Variance with Final Budget- Positive/	
	Original		Final		Actual Amounts		(Negative)	
REVENUES								
Surplus power sales	\$	154,534	\$	154,534	\$	216,389	\$	61,855
Charges for services		8,125,670		8,125,670		8,208,650		82,980
Intergovernmental		-		30,818		30,817		(1)
System development charges		123,930		123,930		127,646		3,716
Weatherization loan repayments		24,000		24,000		45,581		21,581
Interest on investments		15,000		15,000		5,631		(9,369)
Miscellaneous		197,000		197,000		241,560		44,560
TOTAL REVENUES		8,640,134		8,670,952		8,876,274		205,322
EXPENDITURES								
Current:								
Personal services		1,986,785		1,996,857		1,775,648		221,209
Materials and services		6,033,719		6,047,600		5,576,260		471,340
Capital outlay		582,500		589,365		227,969		361,396
Contingency		476,177		476,177				476,177
TOTAL EXPENDITURES		9,079,181		9,109,999		7,579,877		1,530,122
REVENUES OVER (UNDER) EXPENDITURES		(439,047)		(439,047)		1,296,397		1,735,444
OTHER FINANCING SOURCES (USES)								
Issuance of debt		2,616		2,616		-		(2,616)
Transfers out		(1,131,765)		(1,131,765)		(1,131,765)		
TOTAL OTHER FINANCING SOURCES (USES)		(1,129,149)		(1,129,149)		(1,131,765)		(2,616)
NET CHANGE IN FUND BALANCE		(1,568,196)		(1,568,196)		164,632		1,732,828
FUND BALANCE, Beginning		1,568,196		1,568,196		1,244,835		(323,361)
FUND BALANCE, Ending	\$	_	\$		\$	1,409,467	\$	1,409,467

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

		Budgeted	Amou	nts			Variance with Final Budget-		
REVENUES	<u>Original</u>			Final	Actual Amounts		Positive/ (Negative)		
Interest on investments	\$	26,000	\$	26,000	\$	12,634	\$	(13,366)	
TOTAL REVENUES		26,000		26,000		12,634		(13,366)	
EXPENDITURES									
Capital outlay		1,729,879		1,729,879				1,729,879	
TOTAL EXPENDITURES		1,729,879		1,729,879		-		1,729,879	
REVENUES OVER (UNDER) EXPENDITURES		(1,703,879)		(1,703,879)		12,634		1,716,513	
NET CHANGE IN FUND BALANCE		(1,703,879)		(1,703,879)		12,634		1,716,513	
FUND BALANCE, Beginning		1,703,879		1,703,879		1,752,307		48,428	
FUND BALANCE, Ending	\$		\$	_	\$	1,764,941	\$	1,764,941	

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

		Budgeted	Amou			Fin	riance with al Budget-	
		Original	Final		Actual Amounts		Positive/ (Negative)	
REVENUES								
Interest on investments	\$	42,000	\$	42,000	\$	20,342	\$	(21,658)
TOTAL REVENUES		42,000		42,000		20,342		(21,658)
EXPENDITURES Capital outlay TOTAL EXPENDITURES	_	2,791,011 2,791,011		2,791,011 2,791,011		<u>-</u>		2,791,011 2,791,011
REVENUES OVER (UNDER) EXPENDITURES		(2,749,011)		(2,749,011)		20,342		2,769,353
NET CHANGE IN FUND BALANCE		(2,749,011)		(2,749,011)		20,342		2,769,353
FUND BALANCE, Beginning		2,749,011		2,749,011		2,821,409		72,398
FUND BALANCE, Ending	\$		\$	-	\$	2,841,751	\$	2,841,751

CITY OF MILTON-FREEWATER, OREGON RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ALL ELECTRIC FUNDS

Electric	\$ 1,409,467
Electric Capital Replacement Reserve	1,764,941
Electric Operating and Maintenance Reserve	2,841,751
	6,016,159
Adjustments:	
Capital assets, net of depreciation	6,508,597
Weatherization loans receivable	115,102
Compensated absences	(129,412)
PERS transition liability	(82,326)
Net pension liability	(2,398,845)
Deferred outflows related to pension and OPEB	966,097
Deferred inflows related to pension and OPEB	(222,036)
Due to Bonneville Power Administration	(41,586)
Other Postemployment benefits	(511,523)
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	
BASIS (GAAP) NET POSITION	\$ 10,220,227

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) WATER FUND

	Budgeted Amounts						Variance with Final Budget- Positive/	
	Or	iginal		Final	Actı	ual Amounts		legative)
REVENUES								
Charges for services	\$	1,333,000	\$	1,333,000	\$	1,389,465	\$	56,465
Intergovernmental		-		1,493		653,941		652,448
System development charges		90,000		90,000		112,100		22,100
Interest on investments		5,000		5,000		5,093		93
Miscellaneous		1,000		1,000		13,686		12,686
TOTAL REVENUES		1,429,000		1,430,493		2,174,285		743,792
EXPENDITURES								
Current:								
Personal services		332,221		332,221		286,069		46,152
Materials and services		370,905		372,398		323,719		48,679
Capital outlay		174,000		174,000		140,312		33,688
Debt service		6,457		6,457		652,449		(645,992)
Contingency		584,371		584,371				584,371
TOTAL EXPENDITURES		1,467,954		1,469,447		1,402,549		66,898
REVENUES OVER (UNDER) EXPENDITURES		(38,954)		(38,954)		771,736		810,690
OTHER FINANCING SOURCES (USES)								
Issuance of debt		14,984		14,984		51,249		36,265
Transfers out		(625,214)		(625,214)		(625,214)		-
TOTAL OTHER FINANCING SOURCES (USES)		(610,230)		(610,230)		(573,965)		36,265
NET CHANGE IN FUND BALANCE		(649,184)		(649,184)		197,771		846,955
FUND BALANCE, Beginning		649,184		649,184		710,244		61,060
FUND BALANCE, Ending	\$		\$			908,015	\$	908,015
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES								
Capital assets, net of depreciation						4,787,259		
Compensated absences						(4,482)		
PERS transition liability						(14,542)		
Net pension liability						(364,839)		
Deferred outflows related to pension and OPEB						165,397		
Deferred inflows related to pension and OPEB						(56,391)		
Other postemployment benefits						(179,743)		
NET POSITION, Ending					\$	5,240,674		

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SEWER FUND

		Budgeted	Amou	unts			Variance with Final Budget- Positive/		
	Original		Final		Actual Amounts		(Negative)		
REVENUES									
Charges for services	\$	1,174,000	\$	1,174,000	\$	1,248,688	\$	74,688	
Intergovernmental		-		1,477		1,477		-	
System development charges		90,000		90,000		99,666		9,666	
Interest on investments		15,000		15,000		7,629		(7,371)	
Miscellaneous		51,210		51,210		58,262		7,052	
TOTAL REVENUES		1,330,210		1,331,687		1,415,722		84,035	
EXPENDITURES									
Current:									
Personal services		437,690		437,690		385,608		52,082	
Materials and services		309,680		311,157		293,207		17,950	
Contingency		975,176		975,176				975,176	
TOTAL EXPENDITURES		1,722,546		1,724,023		678,815		1,045,208	
REVENUES OVER (UNDER) EXPENDITURES		(392,336)		(392,336)		736,907		1,129,243	
OTHER FINANCING SOURCES (USES)									
Issuance of debt		4,042		4,042		-		(4,042)	
Transfers out		(827,770)		(827,770)		(827,770)			
TOTAL OTHER FINANCING SOURCES (USES)		(823,728)		(823,728)		(827,770)		(4,042)	
NET CHANGE IN FUND BALANCE		(1,216,064)		(1,216,064)		(90,863)		1,125,201	
FUND BALANCE, Beginning		1,216,064		1,216,064		1,323,810		107,746	
FUND BALANCE, Ending	\$	-	\$	-	\$	1,232,947	\$	1,232,947	

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SEWER IMPROVEMENT FUND

		Budgeted	Amou	nts			Fir	Variance with Final Budget- Positive/		
	Original		Final		Actual Amounts		(Negative)			
REVENUES		_						_		
System development charges	\$	7,000	\$	7,000	\$	33,750	\$	26,750		
Interest on investments		5,000		5,000		5,956		956		
Miscellaneous		-		-		13,500		13,500		
TOTAL REVENUES		12,000		12,000		53,206		41,206		
EXPENDITURES										
Capital outlay		215,000		215,000		52,648		162,352		
Debt service		183,096		183,096		1,308,820		(1,125,724)		
Contingency		349,933		349,933		-		349,933		
TOTAL EXPENDITURES		748,029		748,029		1,361,468		(613,439)		
REVENUES OVER (UNDER) EXPENDITURES		(736,029)		(736,029)		(1,308,262)		(572,233)		
OTHER FINANCING SOURCES (USES)										
Issuance of debt		-		-		1,217,916		1,217,916		
Transfers in		300,000		300,000		300,000				
TOTAL OTHER FINANCING SOURCES (USES)		300,000		300,000		1,517,916		1,217,916		
NET CHANGE IN FUND BALANCE		(436,029)		(436,029)		209,654		645,683		
FUND BALANCE, Beginning		436,029		436,029		654,950		218,921		
FUND BALANCE, Ending	\$	-	\$	-	\$	864,604	\$	864,604		

CITY OF MILTON-FREEWATER, OREGON RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ALL SEWER FUNDS

For the Fiscal Year Ended June 30, 2021

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,232,947
Sewer Improvement	864,604
	2,097,551
Adjustments:	
Capital assets, net of depreciation	6,001,663
Compensated absences	(2,155)
PERS transition liability	(20,929)
Accrued interest payable	(2,020)
Net pension liability	(469,735)
Deferred outflows related to pension and OPEB	203,590
Deferred inflows related to pension and OPEB	(61,137)
Long-term debt	(1,217,916)
Other Postemployment benefits	(179,743)
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	
BASIS (GAAP) NET POSITION	\$ 6,349,169

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SOLID WASTE FUND

	Budgeted	l Amounts		Variance with Final Budget- Positive/	
	Original	Final	Actual Amounts	(Negative)	
REVENUES					
Charges for services	\$ 900,000	\$ 900,000	\$ 1,009,441	\$ 109,441	
Intergovernmental	- 5.000	1,062	1,062	(22)	
Interest on investments	5,000	5,000	4,977	(23)	
Miscellaneous	2,500	2,500	10,098	7,598	
TOTAL REVENUES	907,500	908,562	1,025,578	117,016	
EXPENDITURES					
Current:					
Personal services	452,641	452,641	384,177	68,464	
Materials and services	341,655	342,717	340,231	2,486	
Capital outlay	24,000	52,500	49,122	3,378	
Contingency	490,001	461,501		461,501	
TOTAL EXPENDITURES	1,308,297	1,309,359	773,530	535,829	
REVENUES OVER (UNDER) EXPENDITURES	(400,797)	(400,797)	252,048	652,845	
OTHER FINANCING SOURCES (USES)					
Issuance of debt	9,998	9,998	_	(9,998)	
Transfers in	2,000	2,000	2,000	-	
Transfers out	(345,872)	(345,872)	(345,872)		
TOTAL OTHER FINANCING SOURCES (USES)	(333,874)	(333,874)	(343,872)	(9,998)	
NET CHANGE IN FUND BALANCE	(734,671)	(734,671)	(91,824)	642,847	
FUND BALANCE, Beginning	734,671	734,671	794,314	59,643	
FUND BALANCE, Ending	\$ -	\$ -	702,490	\$ 702,490	
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Capital assets, net of depreciation			185,962		
Compensated absences			(32,153)		
PERS transition liability			(12,100)		
Net pension liability			(467,059)		
Deferred outflows related to pension and OPEB			182,285		
Deferred inflows related to pension and OPEB			(36,105)		
Other postemployment benefits			(67,486)		
NET POSITION, Ending			\$ 455,834		

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) LANDFILL CLOSURE FUND

	Budgeted Amounts							Variance with Final Budget- Positive/	
		Original		Final	Actual Amounts		(Negative)		
REVENUES						_		_	
Interest on investments	\$	3,000	\$	3,000	\$	1,131	\$	(1,869)	
TOTAL REVENUES		3,000		3,000		1,131		(1,869)	
REVENUES OVER (UNDER) EXPENDITURES		3,000		3,000		1,131		(1,869)	
OTHER FINANCING SOURCES (USES) Transfers in		4,000		4,000		4,000			
TOTAL OTHER FINANCING SOURCES (USES)		4,000		4,000		4,000			
NET CHANGE IN FUND BALANCE		7,000		7,000		5,131		(1,869)	
FUND BALANCE, Beginning		155,444		155,444		155,646		202	
FUND BALANCE, Ending	\$	162,444	\$	162,444		160,777	\$	(1,667)	
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES									
Landfill closure liability						(161,244)			
NET POSITION, Ending					\$	(467)			

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GOLF COURSE FUND

	Budgeted Amounts						Variance with Final Budget- Positive/	
	Original		Final		Actual Amounts		(Negative)	
REVENUES Charges for comings	¢	222 724	¢	222 724	¢.	210.722	ď	(4.012)
Charges for services	\$	223,734	\$	223,734	\$	219,722	\$	(4,012)
TOTAL REVENUES		223,734		223,734		219,722		(4,012)
EXPENDITURES								
Current:								
Personal services		71,885		71,885		66,957		4,928
Materials and services		116,531		116,531		114,540		1,991
Debt service		11,418		11,418		11,418		-
Contingency		23,800		23,800				23,800
TOTAL EXPENDITURES		223,634		223,634		192,915		30,719
REVENUES OVER (UNDER) EXPENDITURES		100		100		26,807		26,707
OTHER FINANCING COURGE (LIGES)								
OTHER FINANCING SOURCES (USES) Transfers out		(100)		(100)		(100)		_
TOTAL OTHER FINANCING SOURCES (USES)		(100)		(100)		(100)		
NET CHANGE IN FUND BALANCE		-		-		26,707		26,707
FUND BALANCE, Beginning						(213,374)		(213,374)
Prior period adjustment						141,774		141,774
FUND BALANCE, Beginning, as restated						(71,600)		(71,600)
FUND BALANCE, Ending	\$	_	\$	-		(44,893)	\$	(44,893)
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES								
Capital assets, net of depreciation						109,325		
Compensated absences						(3,668)		
PERS transition liability						(4,625)		
Accrued interest payable						(1,208)		
Net pension liability						(81,514)		
Deferred outflows related to pension and OPEB						29,680		
Deferred inflows related to pension and OPEB						(3,688)		
Advances from other funds						(131,774)		
NET POSITION, Ending					\$	(132,365)		

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) WAREHOUSE FUND

	Budgeted Amounts						Variance with Final Budget- Positive/		
	Original		Final		_Actual Amounts_		(Negative)		
REVENUES									
Interest on investments	\$	1,200	\$	1,200	\$	392	\$	(808)	
Intergovernmental				1,171		1,171			
TOTAL REVENUES		1,200		2,371		1,563		(808)	
EXPENDITURES									
Current:									
Materials and services		31,100		31,215		26,444		4,771	
Capital outlay		12,000		13,056		2,453		10,603	
Contingency		17,578		17,578		-		17,578	
TOTAL EXPENDITURES		60,678		61,849		28,897		32,952	
REVENUES OVER (UNDER) EXPENDITURES		(59,478)		(59,478)		(27,334)		32,144	
OTHER FINANCING SOURCES (USES)									
Transfers in		41,253		41,253		41,253		-	
Transfers out		(22,479)		(22,479)		(22,479)			
TOTAL OTHER FINANCING SOURCES (USES)		18,774		18,774		18,774			
NET CHANGE IN FUND BALANCE		(40,704)		(40,704)		(8,560)		32,144	
FUND BALANCE, Beginning		40,704		40,704		54,037		13,333	
FUND BALANCE, Ending	\$		\$	_		45,477	\$	45,477	
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES									
Capital assets, net of depreciation						10,656			
NET POSITION, Ending					\$	56,133			

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) VEHICLE MAINTENANCE FUND

	Budgeted Amounts					Fina	ance with al Budget- ositive/	
	(Original		Final	Actu	al Amounts		egative)
REVENUES								, , , , , , , , , , , , , , , , , , ,
Charges for services	\$	518,049	\$	518,049	\$	523,304	\$	5,255
Interest on investments		2,500		2,500		2,604		104
TOTAL REVENUES		520,549		520,549	-	525,908		5,359
EXPENDITURES								
Current:								
Personal services		263,432		263,432		256,841		6,591
Materials and services		263,300		263,300		227,520		35,780
Contingency		164,571		164,571				164,571
TOTAL EXPENDITURES		691,303		691,303		484,361		206,942
REVENUES OVER (UNDER) EXPENDITURES		(170,754)		(170,754)		41,547		212,301
OTHER FINANCING SOURCES (USES)								
Transfers out		(175,906)		(175,906)		(175,906)		
TOTAL OTHER FINANCING SOURCES (USES)		(175,906)		(175,906)		(175,906)		
NET CHANGE IN FUND BALANCE		(346,660)		(346,660)		(134,359)		212,301
FUND BALANCE, Beginning		346,660		346,660		383,061		36,401
FUND BALANCE, Ending	\$		\$	_		248,702	\$	248,702
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES								
Capital assets, net of depreciation						12,430		
Compensated absences						(10,382)		
PERS transition liability						(15,723)		
Net pension liability						(355,865)		
Deferred outflows related to pension and OPEB						129,575		
Deferred inflows related to pension and OPEB						(16,101)		
NET POSITION, Ending					\$	(7,364)		

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) VEHICLE REPLACEMENT FUND

		Budgeted	Amou	ints			Fin	riance with al Budget-
	(Original		Final	Actu	al Amounts		Positive/ Negative)
REVENUES		×			-12000			(oguer (o)
Charges for services	\$	278,792	\$	278,792	\$	278,076	\$	(716)
Interest on investments		1,500		1,500		3,558		2,058
Miscellaneous		-		-		8,950		8,950
TOTAL REVENUES		280,292		280,292		290,584		10,292
EXPENDITURES								
Capital outlay		150,000		150,000		325,741		(175,741)
Debt service		-		63,510		30,336		33,174
TOTAL EXPENDITURES		150,000		213,510		356,077		(142,567)
REVENUES OVER (UNDER) EXPENDITURES		130,292		66,782		(65,493)		(132,275)
OTHER FINANCING SOURCES (USES)								
Issuance of debt		21,240		21,240		291,141		269,901
Transfers in		100,000		100,000		100,000		-
TOTAL OTHER FINANCING SOURCES (USES)		121,240		121,240		391,141		269,901
NET CHANGE IN FUND BALANCE		251,532		188,022		325,648		137,626
FUND BALANCE, Beginning		350,000		350,000		425,836		75,836
FUND BALANCE, Ending	\$	601,532	\$	538,022		751,484	\$	213,462
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES								
Capital assets, net of depreciation						1,187,651		
Accrued interest payable						(2,421)		
Leases payable						(209,960)		
NET POSITION, Ending					\$	1,726,754		

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

		Budgeted	its			Variance with Final Budget- Positive/		
	o	riginal		Final	Actual	Amounts		egative)
REVENUES								
Interest on investments	\$	800	\$	800	\$	315	\$	(485)
TOTAL REVENUES		800		800		315		(485)
EXPENDITURES								
Current:								
Personal services		52,776		52,776		-		52,776
TOTAL EXPENDITURES		52,776		52,776				52,776
REVENUES OVER (UNDER) EXPENDITURES		(51,976)		(51,976)		315		52,291
OTHER FINANCING SOURCES (USES)								
Transfers in		6,776		6,776		6,776		-
TOTAL OTHER FINANCING SOURCES (USES)		6,776		6,776		6,776		-
NET CHANGE IN FUND BALANCE		(45,200)		(45,200)		7,091		52,291
FUND BALANCE, Beginning		45,200		45,200		40,308		(4,892)
FUND BALANCE, Ending	\$	_	\$	_	\$	47,399	\$	47,399

CITY OF MILTON-FREEWATER, OREGON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) RISK MANAGEMENT FUND

		Budgeted	Amour			Variance with Final Budget- Positive/		
	(Original		Final	Actua	l Amounts		egative)
REVENUES								,
Interest on investments	\$	900	\$	900	\$	398	\$	(502)
Miscellaneous		10,000		10,000		14,349		4,349
TOTAL REVENUES		10,900		10,900		14,747		3,847
EXPENDITURES								
Current: Materials and services		25 221		25 221		0.210		26 102
Debt service		35,321		35,321		9,219		26,102
TOTAL EXPENDITURES		35,321		35,321		9,219		26,102
TOTAL EM ENDITORES	-	33,321		33,321		7,217		20,102
REVENUES OVER (UNDER) EXPENDITURES		(24,421)		(24,421)		5,528		29,949
OTHER FINANCING SOURCES (USES)								
Issuance of debt		1,000		1,000				(1,000)
TOTAL OTHER FINANCING SOURCES (USES)		1,000		1,000		-		(1,000)
NET CHANGE IN FUND BALANCE		(23,421)		(23,421)		5,528		28,949
FUND BALANCE, Beginning		35,000		35,000		51,358		16,358
FUND BALANCE, Ending	\$	11,579	\$	11,579	\$	56,886	\$	45,307



STATISTICAL SECTION



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 annual comprehensive financial report for the relevant year.

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

	2021	2020	2019	2018
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 18,508,129	\$18,043,070	\$ 18,575,664	\$ 19,091,342
Restricted	1,003,576	976,784	852,892	689,825
Unrestricted	(4,485,654)	(4,200,353)	(3,946,223)	(3,760,547)
Total governmental activities net position	15,026,051	14,819,501	15,482,333	16,020,620
Business-Type Activities:				
Invested in capital assets, net of related debt	17,375,667	17,195,784	17,656,619	17,820,977
Restricted	1,288,282	1,223,240	1,318,514	1,200,133
Unrestricted	4,780,621	4,905,769	5,141,696	5,360,561
				_
Total business-type activities net position	23,444,570	23,324,793	24,116,829	24,381,671
Primary Government:				
Invested in capital assets, net of related debt	35,883,796	35,238,854	36,232,283	36,912,319
Restricted	2,291,858	2,200,024	2,171,406	1,889,958
Unrestricted	294,967	705,416	1,195,473	1,600,014
Total primary government net position	\$ 38,470,621	\$38,144,294	\$ 39,599,162	\$ 40,402,291

Source: Current and prior year's financial statements

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

2017	2016	2015	2014	2013	2012
\$ 19,735,512 677,401 (2,477,191)	\$13,520,875 701,706 (1,680,809)	\$13,946,180 903,887 (150,999)	\$14,235,561 914,197 724,553	\$14,877,601 888,353 816,015	\$ 15,043,735 718,408 982,911
17,935,722	12,541,772	14,699,068	15,874,311	16,581,969	16,745,054
17,697,139 1,194,673 5,713,568	17,885,072 1,019,402 5,984,371	16,027,794 776,629 7,057,538	16,365,814 486,665 7,877,222	16,766,176 278,904 8,178,689	17,053,923 190,074 7,601,109
24,605,380	24,888,845	23,861,961	24,729,701	25,223,769	24,845,106
37,432,651 1,872,074 3,236,377	31,405,947 1,721,108 4,303,562	29,973,974 1,680,516 6,906,539	30,601,375 1,400,862 8,601,775	31,643,777 1,167,257 8,994,704	32,097,658 908,482 8,584,020
\$ 42,541,102	\$37,430,617	\$38,561,029	\$40,604,012	\$41,805,738	\$ 41,590,160

CITY OF MILTON-FREEWATER, OREGON Changes in Net Position Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2021	2020	2019	2018
Program Revenues				
Governmental activities:				
Charges for services, fees and fines				
General government	\$ 75,215	\$ 29,239	\$ 274,593	\$ 222,300
Public safety	123,303	166,452	-	-
Culture and recreation	38,584	29,718	121,440	103,563
Highways and streets	5,338	8,091	2,419	1,116
Operating grants and contributions	1,304,031	1,303,042	919,730	878,399
Capital grants and contributions	1,647,027	361,735	21,720	26,207
Total governmental activities program revenues	3,193,498	1,898,277	1,339,902	1,231,585
Business-type activities:				
Charges for services:				
Electric	8,666,444	8,061,674	8,030,639	7,976,810
Water	1,403,151	1,288,681	1,267,685	1,298,240
Sewer	1,263,633	1,238,611	1,211,961	1,225,428
Solid Waste	1,019,539	1,006,008	1,002,919	1,020,736
Golf Course	219,722	214,925	150,834	170,569
Operating grants	56,817	57,009	48,740	52,497
Capital grants	1,068,105	374,765	327,744	311,838
Total business-type activities program revenues	13,697,411	12,241,673	12,040,522	12,056,118
Total primary government program revenues	16,890,909	14,139,950	13,380,424	13,287,703
Expenses				
Governmental activities:				
General government	2,383,689	2,496,674	1,930,495	1,984,828
Public safety	2,948,602	2,722,041	2,573,873	2,628,204
Culture and recreation	852,030	855,695	895,815	878,063
Public Works	798,540	627,569	601,316	532,213
Community development	121,359	46,475	100,139	287,197
Engineering	47,412	46,884	37,739	93,101
Highways and streets	1,163,093	975,475	936,537	924,605
Interest on long term obligations	10,398	913,413	930,337	924,003
Total governmental actvities expenses	8,325,123	7,770,813	7,075,914	7,328,211
rotal governmental activities expenses	0,323,123	7,770,013	1,013,314	7,320,211
Business-type activities:				
Electric	8,296,331	7,903,614	7,733,563	7,044,097
Water	728,492	947,684	729,528	817,925
Sewer	998,123	1,023,046	876,624	837,572
Solid Waste	814,065	702,396	734,545	711,289
Golf Course	193,845	171,856	167,555	179,228
Total business-type activities expenses	11,030,856	10,748,596	10,241,815	9,590,111
Total primary government expenses	19,355,979	18,519,409	17,317,729	16,918,322
Net Expense				
Governmental activities	(5,131,625)	(5,872,536)	(5,736,012)	(6,096,626)
Business-type activities	2,666,555	1,493,077	1,798,707	2,466,007
Total primary government net expense	\$ (2,465,070)	\$ (4,379,459)	\$ (3,937,305)	\$ (3,630,619)
. T.S. Pinnery government not expense		Ψ (1,070,100)	+ (0,001,000)	+ (0,000,010)

(continued)

CITY OF MILTON-FREEWATER, OREGON Changes in Net Position Last Ten Fiscal Years

(Accrual Basis of Accounting)

2017		2016	2015	2014	2013	2012
\$ 204,74	14	\$ 268,279	\$ 244,325	\$ 224,243	\$ 288,704	\$ 312,399
131,43	38	144,155	172,193	145,584	161,121	151,073
72		780	1,953	1,081	2,098	3,086
879,63	31	816,892	754,369	767,451	738,013	725,474
242,89		131,953	285,315	53,946	416,466	2,370,332
1,459,42	26	1,362,059	1,458,155	1,192,305	1,606,402	3,562,364
7,691,69	91	7,281,450	7,033,057	7,018,128	6,884,263	7,203,939
1,229,76	36	1,205,216	1,237,185	1,181,796	1,202,639	1,173,701
1,201,12	25	1,208,592	1,175,433	1,060,795	1,041,235	1,057,176
956,55	58	914,084	902,070	845,996	832,589	837,017
150,42	23	168,655	167,208	177,350	193,373	190,951
49,38	37	50,457	50,768	50,008	50,169	56,164
751,80	01_	2,608,406	368,304	390,920	527,340	1,368,151
12,030,75	51	13,436,860	10,934,025	10,724,993	10,731,608	11,887,099
13,490,17	77	14,798,919	12,392,180	11,917,298	12,338,010	15,449,463
1,959,13	38	2,261,372	1,380,640	1,563,908	1,536,293	1,701,181
2,445,72		2,948,737	1,585,311	2,011,173	2,070,078	2,001,630
866,42	25	1,038,372	733,273	865,910	874,760	859,882
582,47	70	621,400	368,411	459,647	449,596	435,678
381,35	56	432,463	209,378	636,052	497,855	366,362
83,74	47	107,548	51,771	90,451	91,313	84,639
1,259,64	48	849,877	714,161	932,701	820,680	794,765
		375	3,000	14,971	25,582	29,673
7,578,50)4	8,260,144	5,045,945	6,574,813	6,366,157	6,273,810
7,341,83		7,512,041	6,442,798	6,936,488	6,239,208	5,840,636
785,71	10	951,888	805,035	850,276	773,814	625,270
825,03	32	935,950	732,318	803,378	758,503	737,796
659,34	40	704,310	485,325	555,565	572,881	529,834
151,47	73_	202,147	180,344	179,148	215,601	198,861
9,763,38	36	10,306,336	8,645,820	9,324,855	8,560,007	7,932,397
17,341,89	90	18,566,480	13,691,765	15,899,668	14,926,164	14,206,207
(6,119,07	78)	(6,898,085)	(3,587,790)	(5,382,508)	(4,759,755)	(2,711,446)
2,267,36	,	3,130,524	2,288,205	1,400,138	2,171,601	3,954,702
\$ (3,851,71	13)	\$ (3,767,561)	\$ (1,299,585)	\$ (3,982,370)	\$ (2,588,154)	\$ 1,243,256

CITY OF MILTON-FREEWATER, OREGON Changes in Net Position Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2021	2020	2019	2018
General Revenues and Other Changes in Net	Position			
General revenues:				
Property taxes levied for:				
General purposes	\$ 1,186,141	\$ 1,236,146	\$ 1,233,582	\$ 1,059,669
Franchise and public service taxes	1,465,612	1,381,913	1,396,681	1,339,582
Interest and investment earnings	11,345	25,825	26,605	14,507
Miscellaneous	-	-	(66,823)	5,384
Refund of property taxes to county	-	-	-	-
Transfers	2,675,077	2,565,820	2,419,964	2,365,725
Total governmental activities	5,338,175	5,209,704	5,010,009	4,784,867
Business-type activities:				
Interest and investment earnings	70,659	199,702	236,659	125,664
Miscellaneous	57,640	81,005	92,116	122,736
Transfers	(2,675,077)	(2,565,820)	(2,419,964)	(2,365,725)
Total business-type activities	(2,546,778)	(2,285,113)	(2,091,189)	(2,117,325)
Total primary government	2,791,397	2,924,591	2,918,820	2,667,542
Change in Net Position				
Governmental activities	206,550	(662,832)	(726,003)	(1,311,759)
Business-type activities	119,777	(792,036)	(292,482)	348,682
Total primary government change in net position		(1,454,868)	(1,018,485)	(963,077)
Total primary government change in het position	1	(1,434,000)	(1,010,400)	(903,077)
Net Position Beginning				
Governmental activities (previously reported)	14,819,501	15,482,333	16,020,620	17,935,721
Business-type activities (previously reported)	23,324,793	24,116,829	24,381,671	24,605,382
,				
Total primary government net position-beginning	38,144,294	39,599,162	40,402,291	42,541,103
Governmental activities change from GASB	_	_	215,356	(603,342)
Business-type activities change from GASB	_	_		(572,393)
Prior Period Adjustment	_	_	_	-
Net Position Ending				
Governmental activities	15,026,051	14,819,501	15,509,973	16,020,620
Business-type activities	23,444,570	23,324,793	24,089,189	24,381,671
Total Primary Government Net Position	\$ 38,470,621	\$38,144,294	\$39,599,162	\$ 40,402,291
•				

Source: Current and prior years' financial statements

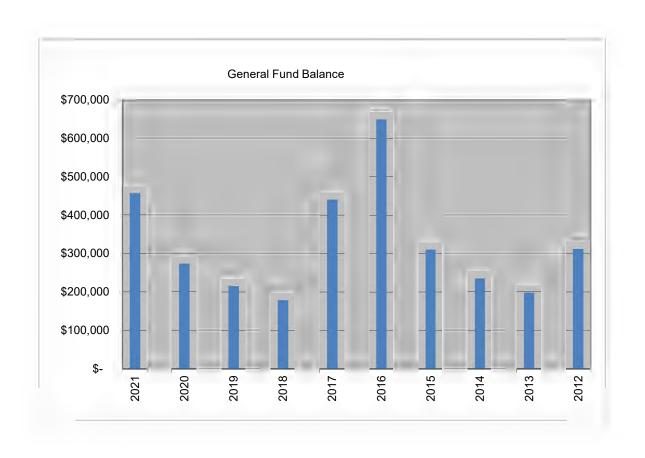
CITY OF MILTON-FREEWATER, OREGON

Changes in Net Position Last Ten Fiscal Years (Accrual Basis of Accounting)

2017	2016	2015	2014	2013	2012
\$ 1,032,358 1,349,354 14,111	\$ 1,068,778 1,355,646 7,729	\$ 1,006,765 1,225,903 24,230	\$ 1,366,983 1,207,173 11,403	\$ 1,345,542 1,168,930 9,343	\$ 1,300,370 1,180,027 9,458
921	1,432	-	(74,628)	-	· -
2,258,700	2,198,455	2,145,443	2,052,719	1,964,986	1,908,008
4,655,444	4,740,789	4,517,523	4,674,850	4,596,670	4,500,313
68,824	43,146	48,664	56,716	55,155	56,844
77,403	76,076	108,784	101,797	116,893	130,631
(2,258,700)	(2,198,455)	(2,145,443)	(2,052,719)	(1,964,986)	(1,908,008)
(2,112,473)	(2,079,233)	(1,987,995)	(1,894,206)	(1,792,938)	(1,720,533)
2,542,971	2,661,556	2,529,528	2,780,644	2,803,732	2,779,780
(1,463,634)	(2,157,296)	929,733	(707,658)	(163,085)	1,788,867
154,892	1,051,291	300,210	(494,068)	378,663	2,234,169
(1,308,742)	(1,106,005)	1,229,943	(1,201,726)	215,578	4,023,036
12,541,772	14,699,068	15,874,311	16,581,969	16,745,054	14,956,187
24,888,845	23,861,961	24,729,701	25,223,769	24,845,106	22,610,937
37,430,617	38,561,029	40,604,012	41,805,738	41,590,160	37,567,124
_	_	(2,104,976)	_	_	_
-	-	(1,167,950)	-	-	-
6,419,223	(24,407)	,	-	-	-
11,078,138	12,541,772	14,699,068	15,874,311	16,581,969	16,745,054
25,043,737	24,913,252	23,861,961	24,729,701	25,223,769	24,845,106
\$ 42,541,098	\$37,430,617	\$38,561,029	\$ 40,604,012	\$41,805,738	\$ 41,590,160

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

	2021		2020		2019		2018	
General Fund								
Nonspendable	\$	-	\$	141,774	\$	141,774	\$	141,774
Committed		-		-		-		-
Restricted		62,367		62,478		76,219		91,641
Assigned		-		-		-		-
Unassigned		393,638		68,650		(3,214)		(55,626)
Total general fund	\$	456,005	\$	272,902	\$	214,779	\$	177,789
All Other Govermental Funds								
Nonspendable	\$	-	\$	-	\$	-	\$	-
Restricted		809,435		772,532		634,899		456,410
Assigned		270,838		120,094		142,556		410,358
Unassigned		(27,812)				-		
Total all other governmental funds	\$	1,052,461		\$892,626		\$777,455	_	\$866,768
Total governmental funds	\$ 1	1,508,466	<u>\$</u>	1,165,528	\$	992,234	\$	1,044,557



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)

	2017		2016	2015		2014		2013		2012	
\$	_	\$	141,774	\$	_	\$	30,645	\$	_	\$	_
*	_	Ψ.	-	Ψ.	158	•	157	•	157	*	157
	326,370		357,807								
	113,750		149,651		243,818		203,207		197,180		311,598
	-		-		65,921		-		-		-
\$	440,120	\$	649,232	\$	309,897	\$	234,009	\$	197,337	\$	311,755
\$	-	\$	-	\$	410,595	\$	628,846	\$	-	\$	-
	351,031		343,899		493,363		359,499		888,196		718,251
	265,558		528,995		387,174		369,572		366,786		358,857
	-		-		(2,250)		(106,801)		(30,663)		(17,884)
	\$616,589		\$872,894	\$	1,288,882	\$	1,251,116	\$	1,224,319	\$	1,059,224
\$ ^	1,056,709	\$	1,522,126	\$ 1	1,598,779	<u></u> \$ ^	1,485,125	<u></u> \$ ^	1,421,656	<u></u> \$ ^	1,370,979

CITY OF

MILTON-FREEWATER, OREGON

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

	2021	2020	2019
Revenues			
Taxes/special assesments	\$1,458,138	\$1,395,381	\$1,376,022
Intergovernmental	3,005,739	1,859,546	1,125,235
Franchise Fees	1,049,485	983,253	978,809
Licenses and Fines	155,629	137,861	150,551
Charges for services	48,160	36,385	96,019
Interest on Investments	11,344	25,825	26,605
Miscellaneous Revenues	197,967	133,615	141,925
Total revenues	5,926,462	4,571,866	3,895,166
Expenditures			
Current:			
General Government	2,198,049	2,312,042	1,855,317
Public safety	2,616,318	2,521,590	2,524,336
Culture and recreation	700,805	698,896	777,425
Public Works	632,614	626,654	593,875
Community development	107,044	104,536	104,057
Engineering	41,676	34,210	39,784
Highways and streets	277,707	287,169	278,068
Capital outlay	1,751,779	899,295	289,064
Debt service (principle)	20,025	-	_
(interest)	11,385	-	-
Total expenditures	8,357,402	7,484,392	6,461,926
Revenues over (under) expenditures	(2,430,940)	(2,912,526)	(2,566,760)
Other Financing Sources (Uses)			
Issuance of debt	240,575	520,000	-
Sale of assets	-	-	94,473
Transfers in	3,150,674	2,813,913	2,650,412
Transfers out	(475,597)	(248,093)	(230,448)
Total other financing sources (uses)	2,915,652	3,085,820	2,514,437
Refund of property taxes received	-	-	-
Net change in fund balances	\$ 484,712	\$ 173,294	\$ (52,323)
Debt service as a percentage of noncapital expenditures	0.5%	0.0%	0.0%

Source: Current and prior years' financial statements

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

2018		2017	2016	2015		2014	2013		2012
\$1,242,55	58	\$1,207,424	\$1,323,645	\$1,294,425		\$1,680,489	\$1,610,543	ç	\$1,562,666
1,256,43		1,130,895	1,216,031	1,221,539		989,589	1,323,223		3,258,023
959,91		950,319	915,063	896,789		873,574	851,657		857,718
116,90		135,602	139,165	126,866		137,197	174,527		182,097
104,23		128,201	149,274	183,176		158,916	178,220		168,070
14,50		14,111	7,729	24,230		11,404	9,344		9,460
118,18		113,621	100,179	101,775		112,623	98,839		103,408
3,812,73	3	3,680,173	3,851,086	3,848,800		3,963,792	4,246,353		6,141,442
1,769,31	6	1,817,704	1,713,108	1,619,098		1,484,678	1,454,853		1,614,651
2,376,86	1	2,280,176	2,235,366	2,067,077		1,994,110	2,046,083		1,966,687
772,91	7	753,482	755,307	718,644		724,460	734,084		709,853
518,62	7	540,436	475,004	471,760		454,070	438,464		439,530
259,16	6	279,864	340,998	269,043		424,740	400,848		330,098
87,14	5	77,839	75,767	72,291		88,313	91,372		82,675
278,65	6	284,137	268,721	238,770		232,899	234,738		221,959
127,92	3	370,652	139,673	297,156		261,327	531,886		2,340,165
-		-	120,000	120,000		199,117	199,230		276,985
	_		2,250	6,750		14,700	29,104		33,119
6,190,61	<u>1</u>	6,404,290	6,126,194	5,880,589		5,878,414	6,160,662		8,015,722
(2,377,87	8)	(2,724,117)	(2,275,108)	(2,031,789)	((1,914,622)	(1,914,309)	(1,874,280)
-		-	-	-		-	-		-
<u>-</u>		-	<u>-</u>	-		-	-		-
2,597,57		2,537,032	3,031,595	2,437,837		2,270,399	2,185,651		2,158,214
(231,84		(278,332)	(833,140)	(292,394)		(217,680)	(220,665)		(220,205)
2,365,72	<u>5</u>	2,258,700	2,198,455	 2,145,443		2,052,719	 1,964,986		1,938,009
-		-	-	-		(74,628)			
\$ (12,15	3)	\$ (465,417)	\$ (76,653)	\$ 113,654	\$	63,469	\$ 50,677	\$	63,729
0.0	%	0.0%	2.0%	2.3%		3.8%	4.1%		5.5%

CITY OF MILTON-FREEWATER, OREGON Program Revenues by Function/Program Last Ten Fiscal Years

(accrual basis of accounting)

	2021	2020	2019	2018	2017
Function/Program					
Governmental activities					
General government	\$ 722,467	\$ 843,579	\$ 405,508	\$ 387,045	\$ 461,600
Public safety	231,599	214,359	51,421	77,680	50,048
Culture and recreation	354,117	297,409	352,697	319,792	371,771
Highways and streets	1,885,315	542,930	530,276	457,068	576,007
Total governmental activities	3,193,498	1,898,277	1,339,902	1,241,585	1,459,426
Business-type activities					
Electric	8,824,908	8,188,591	8,155,073	8,102,212	7,815,770
Water	2,176,837	1,425,238	1,368,628	1,383,280	1,274,616
Sewer	1,455,343	1,406,911	1,363,068	1,379,321	1,833,384
Solid Waste	1,020,601	1,006,008	1,002,919	1,020,736	956,558
Golf Course	219,722	214,925	150,834	170,569	150,423
Total business-type activities	13,697,411	12,241,673	12,040,522	12,056,118	12,030,751
Total Primary government	\$16,890,909	\$14,139,950	\$13,380,424	\$ 13,297,703	\$13,490,177
Total Primary government	\$16,890,909	\$14,139,950	\$13,380,424	\$ 13,297,703	\$13,490,177

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)

2016	2015		2014	2013	2012
\$ 440,047	\$	359,972	\$ 375,597	\$ 409,228	\$ 583,085
34,700		52,008	42,154	68,892	53,920
337,641		377,762	363,313	340,123	323,519
549,671		668,413	411,241	788,159	2,601,840
1,362,059	1	1,458,155	1,192,305	1,606,402	3,562,364
7,406,129	7	7,201,401	7,202,841	7,150,618	8,132,633
1,250,626	1	1,262,180	1,232,534	1,296,077	1,609,438
3,697,366	1	1,401,166	1,247,183	1,248,951	1,117,060
914,084		902,070	845,996	832,589	837,017
168,655		167,208	196,439	203,373	190,951
13,436,860	10),934,025	 10,724,993	 10,731,608	 11,887,099
\$ 14,798,919	\$ 12	2,392,180	\$ 11,917,298	\$ 12,338,010	\$ 15,449,463

CITY OF MILTON-FREEWATER, OREGON

Tax Revenues by Source, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

Year	Property Taxes	Transient Room Taxes	Utility Taxes		
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		
2020	1,219,231	14,063	162,087		
2021	1,258,358	15,991	183,789		

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 ¹	Total Direct Tax Rate	Measure 5 Real Market Value ²
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
2020	289,466,459	4.29	379,375,989
2021	301,741,347	4.28	396,772,553

¹ Assessed value of property in the City on which the permanent rate is applied to derive *ad valorem* property taxes, excluding any other offsets.

² Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

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

			DIRECT				0,	VERLAPF	PING		
Year	City of M-F General	City of M-F Bond	City of M-F Local Option	URA	Total Direct Tax Rate	Umatilla County	вмсс	School District No. 7	Misc Small Districts	Total Overlap Tax Rate	Total Tax Rate
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	-	4.44	3.04	0.66	5.79	2.22	11.71	16.15
2016	3.75	0.45	0.23	-	4.43	3.04	0.89	5.79	2.18	11.90	16.33
2017	3.75	-	0.23	-	3.98	2.86	0.87	5.92	2.18	11.83	15.81
2018	3.75	-	0.22	-	3.97	2.85	0.87	5.92	2.18	11.82	15.79
2019	3.75	-	0.56	-	4.31	2.85	0.87	5.92	2.18	11.82	16.13
2020	3.75	-	0.54	-	4.29	2.85	0.88	5.89	1.54	11.16	15.45
2021	3.75	-	0.53	-	4.28	2.85	0.87	5.93	3.00	12.65	16.93

CITY OF MILTON-FREEWATER, OREGON Fiscal Year 2021 Representative Levy Rates (Per \$1,000 of Assessed Valuation)

	Billing	Bond	Local Option	Consolidated
General Government	Rate	Levy Rate	Rate	Rate
O'te (Miles France)	0.7400		0.5000	4.0004
City of Milton-Freewater	3.7499	-	0.5302	4.2801
Umatilla County	2.8487	-	-	2.8487
Port of Umatilla	0.1539	-	-	0.1539
Cemetery District 3 Milton-Freewater	0.0566	=	-	0.0566
East Umatilla Chemical Ctrl Dist.	0.0211	-	-	0.0211
Milton-Freewater Water Ctrl Dist.	0.0737	0.6098	-	0.6835
M-F Valley Ambulance District	1.1000	-	-	1.1000
Umatilla Special Library District	0.3682	-	-	0.3682
Total General Government	8.3721	0.6098	0.5302	9.5121
Eductation				
Milton-Freewater School District No. 7	4.7953	1.1317	-	5.9270
Blue Mountain Community College	0.6611	0.2123	-	0.8734
Intermountain E.S.D.	0.6156	-	-	0.6156
Total Education	6.0720	1.3440	-	7.4160
Total Tax Rate	14.4441	1.9538	0.5302	16.9281

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

Government	Debt Outstanding	Percentage Applicable	Applicable to City		
Direct Debt					
City of Milton- Freewater	\$ -	100.00%	\$ -		
Overlapping Debt					
Umatilla County Umatilla County School District 7	9,190,053 20,213,775	4.18% 37.63%	383,721 7,607,394		
Umatilla Morrow & Umatilla Radio District Blue Mountain Community College Intermountain ESD	2,944,570 23,770,000 4,111,500	0.00% 2.25% 1.92%	71 535,277 79,130		
Milton-Freewater Water Control District	1,660,000	64.55%	1,071,465		
Total Overlapping Debt	61,889,898		9,677,058		
Total Direct and Overlapping Debt	\$ 61,889,898		\$ 9,677,058		

The following tables present information regarding the City's tax-supported debt and the estimated portion of the debt of overlapping taxing districts allocated to the City's property owners.

2020-2021	l data;
-----------	---------

RMV Assessed Value Estimated City Population	\$ 400,009,195 301,741,347 7,098
Bonded Debt Ratios	
Direct Debt to RMV	0.00%
Direct and Overlapping Debt to RMV	2.42%
Per Capita RMV	\$ 56,355
Per Capita Direct Debt	\$ -
Per Capita Direct and Overlapping Debt	\$ 1,363
Source: Umatilla County Assessor's Office	

Note:

Overlapping debt is debt of various public organizations whose geographic area overlaps City of Milton-Freewater boundaries. This schedule esitmates 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)

Collected within the Fiscal Year of the Levy

Fiscal Year Ended June 30,	Tax Lo for t	he	Amount		Percentage of Levy		Collections in Subsequent Years		Amount		Percentage of Levy	
2012	\$ 9	19,981	\$	854,410	(92.87%	\$	65,466	\$	919,876		99.99%
2013	93	39,891		883,872	9	94.04%		55,906		939,778		99.99%
2014	96	66,322		906,661	Ç	93.83%		59,514		966,175		99.98%
2015	97	72,018		945,969	ę	7.32%		25,840		971,809		99.98%
2016	1,00	05,676		948,653	ę	94.33%		56,503		1,005,156		99.95%
2017	99	96,387		938,098	ę	94.15%		57,525		995,623		99.92%
2018	1,03	30,827		968,825	ę	3.99%		59,013		1,027,838		99.71%
2019	1,05	59,657		1,001,474	ę	94.51%		50,207		1,051,681		99.25%
2020	1,10	04,404		1,075,076	ę	7.34%		16,518		1,091,594		98.84%
2021	1,29	91,963		1,270,581	ę	98.34%		-		1,270,581		98.34%

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

CITY OF MILTON-FREEWATER, OREGON Principal Taxpayers January 1, 2011 and January 1, 2021

Tax Year 2020-2021

	Re	eal Property		Percentage of Total
Taxpayer	Asse	ssed Valuation	Rank	Assessed Valuation
Earl Brown & Sons	\$	15,131,360	1	5.01%
Charter Communications		4,826,200	2	1.60%
Verizon Wireless VAW LLC		3,138,270	4	1.04%
Milton-Freewater Holdings LLC		3,228,000	3	1.07%
Key Meadowbrook Village LLC		3,092,530	5	1.02%
Legacy Land Development LLC		2,782,330	7	0.92%
Freewater Oregon LLC		2,421,800	6	0.80%
Jenkins Kennith S		2,321,680	8	0.77%
Cub Investors LLC		1,568,500	9	0.52%
Wilkinson Oregon Holdings LLC		1,322,200	10	0.44%
		_		
Subtotal - Ten largest taxpayers		39,832,870		13.20%
All other City taxpayers		261,908,477		86.80%
Total Assessed Valuation	\$	301,741,347		100.00%

Tax year 2010-2011

	R	eal Property		Percentage of Total
Taxpayer	Asse	ssed Valuation	Rank	Assessed Valuation
Blue Mountain Growers, Inc.	\$	7,247,950	1	3.15%
Earl E Brown & Sons		7,073,020	2	3.08%
Sykes Realty Inc		3,776,560	3	1.64%
Charter Communications		2,572,600	4	1.12%
Milton-Freewater Holdings LLC		2,506,680	5	1.09%
Key Meadowbrokk Village LLC		2,479,160	6	1.08%
Freewater Oregon LLC		2,240,370	7	0.97%
Cub Investors LLC		1,669,570	8	0.73%
Qwest Inc.		1,527,600	9	0.66%
Stadelman Fruit, Co.		1,390,940	10	0.60%
Subtotal - Ten largest taxpayers		32,484,450		14.13%
All other City taxpayers		197,484,343		85.87%
Total Assessed Valuation	\$	229,968,793		100.00%

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

	Governmental Activities		В	usiness-ty	pe Activities					
Fiscal Year	General Obligation Bonds	Special Assessment	Loans Payable		evenue Bonds	Loans Payable	Total Primary Government	Percentage of Personal Income		Per Capita
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	-	-		-	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
2020	-	-	520,000		-	1,807,771	2,327,771	N/A		320
2021	-	-	730,550		-	1,427,876	2,158,426	N/A		304

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

Source: Current and prior years' financial Statements, Department of Commerce- Bureau of Economic Analysis, Center for Population Research and Census at Portland State University.

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 Bo	onded ebt Capita
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%		-
2017	7,070	-	274,904	0.00%		-
2018	7,105	-	282,588	0.00%		-
2019	7,145	-	293,817	0.00%		-
2020	7,278	-	289,466	0.00%		-
2021	7,098	-	301,741	0.00%		-

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 Outstanding Long-Term Borrowings as of June 30, 2021

Issue	Issue Date	Final Maturity	Original Amount	Outstanding Amount
GOVERNMENTAL ACTIVITIES				
Full Faith and Credit Obligations				
City Hall Elevator Loan	4/30/2020	6/30/2030	\$ 530,000	\$ 499,975
Aquatic Center Loan	4/15/2021	12/1/1931	230,575	230,575
Subtotal Full Faith and Credit Obligations			760,575	730,550
General Obligation Bonds				
General Obligation Bonds, Series 2021	8/31/2021	6/1/2051	6,695,000	-
Subtotal General Obligations			6,695,000	-
TOTAL GOVERNMENTAL ACTIVITIES			7,455,575	730,550
BUSINESS-TYPE ACTIVITIES				
Full Faith and Credit Obligations				
Full Faith and Credit Refunding Obligations, Series 2021 (Sewer)	2/5/2021	12/1/2035	1,217,916	1,217,916
Subtotal Full Faith and Credit Obligations			1,217,916	1,217,916
Capital Leases				
Bucket Truck	2/26/2021	1/1/2026	190,000	173,416
Dodge Durango Pursuit Police Vehicle	8/17/2020	11/10/2023	50,295	36,544
Subtotal Capital Leases			240,295	209,960
TOTAL BUSINESS-TYPE ACTIVITIES			1,458,211	1,427,876
Total Borrowings			\$8,913,786	\$ 2,158,426

Source: Current and prior years' financial statements

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.

	2021	2020	2019	2018
Real market value	\$ 4,009,195	\$ 379,375,959	\$ 385,153,289	\$ 362,474,475
Debt limit rate	3%	3%	3%	3%
Debt limit	120,276	11,381,279	11,554,599	10,874,234
Less general bonded debt June 30,	 			
Legal debt margin	\$ 120,276	\$ 11,381,279	\$ 11,554,599	\$ 10,874,234
Total net bonded debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: Current and prior years' financial statements; Umatilla County Dept. of Assessment and Taxation

 2017		2016		2015		2014		2013		2012
\$ 351,916,966	\$ 3	11,551,824	\$:	334,986,321	\$ 3	310,240,684	\$ 3	309,694,430	\$:	312,506,993
 3%		3%		3%		3%		3%		3%
10,557,509		9,346,555		10,049,590		9,307,221		9,290,833		9,375,210
 -		-		120,000		240,000		350,000		460,000
\$ 10,557,509	\$	9,346,555	\$	9,929,590	\$	9,067,221	\$	8,940,833	\$	8,915,210
0.000/		0.000/		0.040/		0.000/		0.440/		0.450/
0.00%		0.00%		0.04%		0.08%		0.11%		0.15%

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

Year	Population	School Enrollment	Per Capita Income	Unemployment Rate
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	17,348	4.00%
2019	7,145	1,676	17,547	4.80%
2020	7,278	1,646	17,769	6.60%
2021	7,098	1,609	19,361	6.08%

Unemployment Rate is at the 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%
2020	7,278	1,646	17,769	6.60%

N/A Information at City level not available.

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

*2020-21

Employer	Employees	Rank	%
M-F Unified School District	331	1	35
Horizen Project	200	2	29
Earl Brown and Sons	150	3	15
City of Milton-Freewater	74	4	11
Safeway	71	5	10
-	826		

**2010-11

Employer	Employees	Rank	%
Sykes	390	1	44
M-F Unified School District	240	2	27
Oregon Coalition of Child Develop.	100	3	11
Earl Brown and Sons	85	4	10
City of Milton-Freewater	74	5	8
•	889		

^{*}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	2021	2020	2019	2018
Governmental activities:				
General government	20.40	24.78	24.78	26.25
Public safety and justice	19.23	19.23	19.23	20.78
Community services	1.05	1.05	1.05	0.75
Streets and highways	2.05	2.05	2.05	2.20
Library	3.93	3.93	3.93	3.96
Total governmental activities	46.66	51.04	51.04	53.94
Business-type activities:				
Water	3.06	3.06	3.06	2.63
Wastewater	3.79	3.79	3.79	3.45
Sanitation	4.42	4.15	4.15	3.09
Golf Course	1.21	1.21	1.21	1.69
Electric	11.80	11.70	11.70	10.05
Total business-type activities	24.28	23.91	23.91	20.91
Total primary government budgeted FTE	70.94	74.95	74.95	74.85
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)	70.94	74.95	74.95	74.85
Volunteer employees	21	23	25	27

Source: City of Milton-Freewater budgets and payroll records

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

2017	2016	2015	2014	2013	2012
26.33	26.70	26.38	26.66	27.23	27.21
19.78	19.78	19.81	19.68	19.86	19.86
0.70	0.70	0.70	0.70	0.70	0.70
2.20	2.20	1.80	1.80	1.80	1.80
3.93	3.93	3.5	3.93	3.93	3.93
52.94	53.31	52.19	52.77	53.52	53.5
2.63	2.63	2.63	2.63	2.63	2.63
3.45	3.45	3.45	3.45	3.45	3.45
3.09	3.09	2.84	2.84	2.84	2.84
1.69	1.69	1.94	1.94	1.94	1.94
10.05	10.05	10.15	9.70	9.70	9.70
20.91	20.91	21.01	20.56	20.56	20.56
73.85	74.22	73.20	73.33	74.08	74.06
12.34	12.34	12.34	11.42	11.42	11.42
61	61	61	61	61	61
72 OF	74.22	72.20	72 22	74.00	74.06
73.85	74.22	73.20	73.33	74.08	74.06
27	27	27	30	33	42

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

FUNCTION/PROGRAM	2021	2020	2019	2018
Governmental Activities:	_			
Public Safety and Justice				
Police ¹				
Calls for service	- 5,612	6,028	6,833	7,583
Number of arrests	305	334	380	463
Municipal Court				
Traffic Cases (Non-Criminal)	- 288	312	463	423
Traffic Cases (Criminal)	23	24	35	30
Criminal Cases	48	70	94	72
Other Violations	42	28	15	12
Library				
Number of registered borrowers**	3,378	3,828	4,197	4,100
Total circulation	32,056	42,121	53,121	50,542
Public programs	9	67	141	165
Program attendance	90	1,766	3,586	4,003
Books added	1,219	2,014	2,843	7,316
Computer Use	1,000	4,440	4,545	4,500
Business-type Activities:	_			
Water				
Average active metered connections	2,621	2,375	2,346	2,631
Average daily water consumption**	1,357,305	1,207,623	1,333,908	1,299,279

^{**}All library numbers greatly impacted by Covid 19 closure & restrictions in 2021.

Source: City of Milton-Freewater Departments

^{**}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

2017	2016	2015	2014	2013	2012
6,155	4,068	6,212	5,613	7,712	5,730
367	459	649	661	696	666
480	483	606	535	645	675
57	55	54	32	39	33
58	59	128	198	131	71
63	62	71	62	53	65
4.070	4.0.45	4.070	4.00.4	4.040	4.000
4,276	4,015	4,273	4,604	4,248	4,308
51,667 158	48,036 148	48,616 133	41,467	42,177 94	46,365 116
2,919	2,381	2,637	168 1,199	899	915
8,509	5,432	2,088	4,172	7,573	1,443
4,430	5,400	4,070	7,172	7,575	1,443
4,400	0,400	4,070			
2,668	2,680	2,686	2,732	2,715	2,682
1,227,960	1,363,353	1,415,782	1,138,455	1,387,285	1,224,094

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

FUNCTION/PROGRAM	2021	2020	2019	2018
Governmental Activities				
General Government				
Buildings owned-all structures	36	36	36	37
Vehicles/Equip (i.e. trailers, mowers)	23	23	23	23
Vehicles (i.e. cars & pick ups)-excluding police	17	18	18	18
Vehicles (i.e. dump trucks & bucket trucks)-excluding fire	18	17	17	17
Heavy Equipment (i.e. CAT, grader, etc.)	9	9	9	9
Public Safety and Justice				
Police				
Vehicular patrol units/code enforcment	11	10	10	10
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)	37.5	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	15	15
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

2017	2016	2015	2014	2013	2012
37	37	37	37	37	37
23	23	23	23	23	23
18	18	18	18	18	18
17	17	17	17	17	17
8	8	8	8	8	8
10	9	8	8	7	7
9	9	8	8	8	8
30.20	30.20	30.20	30.20	30.20	30.20
0.00	0.00	0.00	0.00	0.00	0.00
0	0	0	0	0	0
36.87	36.87	36.87	36.87	36.87	36.87
3	3	3	3	3	3
0	0	0	0	0	0
7	7	7	7	7	7
28.23	28.23	28.23	28.23	28.23	28.23
2	2	2	2	2	
3	3	3	3	3	3
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, 2021, and have issued our report thereon dated February 28, 2022.

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, 2021:

33,056_				
645,992_				
1,125,724_				
Vehicle Replacement Fund				
175,741				

As of June 30, 2021, the following funds had deficit fund balances:

Senior Disabled Transportation Fund	\$ (27,812)
Golf Course Fund	\$ (44,893)

- In the resolutions adopting the 2021-2022 budget, 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. The three funds were the Street Improvement fund, the Sewer Plant Improvement fund, and the Warehouse fund.
- In the resolutions adopting the 2021-2022 budgets, amounts reserved for future expenditures were appropriated for the Landfill Closure Reserve fund, when under Oregon Budget Law such an appropriation should not be made since the initial intent is not to spend these funds.

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 and other matters were reported to management in separate letters dated February 28, 2022.

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.

February 28, 2022

THE RBH Group, LLC