

CITY OF MILTON-FREEWATER, OREGON

Annual Comprehensive Financial Report

June 30, 2023

CITY OF MILTON-FREEWATER, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

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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

December 22, 2023

To the Citizens of the City of Milton-Freewater

The annual comprehensive financial report of the City of Milton-Freewater, Oregon, for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City.

Oregon statutes require an annual audit by independent certified public accountants. The accounting firm of Anderson Boylan Ramos, P.C., was selected by the City. The auditors' report is included in the financial section of this report.

City management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management Discussion and Analysis (MD&A). The City's MD&A can be found following the auditors' report.

CITY PROFILE

Milton-Freewater (population 7,044 according to the 2020 U.S. Census) is located in northeast Oregon, at the foot of the Blue Mountains. The city's economy revolves around the area's diverse agricultural activity. Milton-Freewater is situated in the Walla Walla Valley 10 miles from Walla Walla and only 7 miles from the Oregon-Washington state line. Milton-Freewater benefits from warm summers and mild winters allowing orchards, irrigated row crops, and dry land fields to 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, as well as the wine processing and bottling 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 increasing. 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.

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 2023-24 budget is for \$63,678,405, an increase of \$13,103,616 from the prior year's budget total. This budget includes rate increases to electric and sewer of 5%, Solid waste of 10% and water of 25% to offset the significant increase in materials and fuel and prepare for large infrastructure rebuilding for the City's aged systems.

The General Fund's fund balance is \$1,745,175 at June 30, 2023. This is an increase of \$335,729 compared to last year. This was mainly a result of an increase in property tax and utility franchise revenues.

The City's net position at June 30, 2023 is \$46,979,855, an increase of \$6,348,181, mainly due an increase in electrical charges due to a rate increase and a \$3 million grant from the State for construction of the new police station. The City's cash, cash equivalents and investments as of June 30, 2023 were \$20,918,851, an increase of \$209,444.

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. Construction of the building is in progress at June 30, 2023.

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 earnings were positive overall for fiscal year June 30, 2023 due to unrealized gains on investments, and interest income. For the year ended June 30, 2023, 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, Anderson Boylan Ramos, 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 \$6,085,904 in grant funds received this year. The overall City is healthy financially with \$20,918,851 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.

ACKNOWLEDGEMENTS

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 operations of the City.

Sincerely,



Linda Hall, City Manager

CITY OF MILTON-FREEWATER, OREGON

List of Principal Officials

June 30, 2023

ELECTED OFFICIALS

	<u>Term Expires</u>
Mayor:	
Lewis Key	December 31, 2024
Council Members:	
John Lyon	December 31, 2026
Brad Humbert	December 31, 2024
Jose Garcia	December 31, 2024
Damien Reino	December 31, 2024
Steve Irving	December 31, 2026
Wes Koklich	December 31, 2026

APPOINTED OFFICIALS

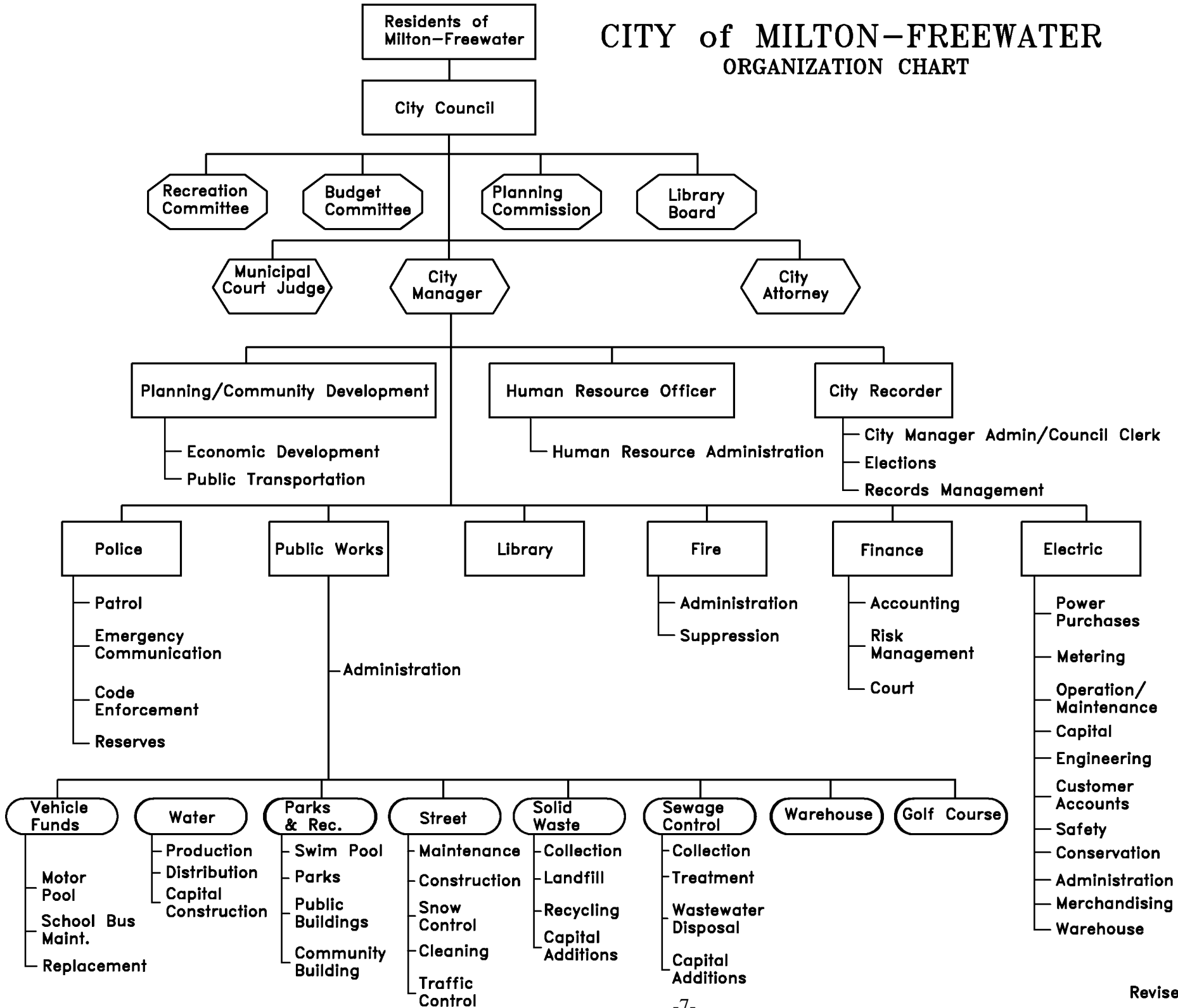
City Manager	Linda Hall
Municipal Judge	Molly Tucker Hasenbank
City Attorney	David Blanc of: The Blanc Firm, LLC

OFFICIAL ADDRESS

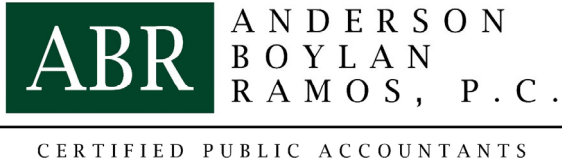
722 South Main Street
Milton-Freewater, OR 97862
Telephone: 541-938-5531

CITY of MILTON-FREEWATER

ORGANIZATION CHART



FINANCIAL SECTION



Cameron W. Anderson, CPA
Mitchell L. Boylan, CPA
Rebecca K. Ramos Bautista, CPA
Crystal R. Chase, CPA

PO Box 999
985 N 1st St.
Hermiston, OR 97838
(541) 564-2200

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Milton-Freewater, Oregon

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the general fund budget-to-actual statement of revenues, expenditures and changes in fund balance of the City of Milton-Freewater, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Milton-Freewater, Oregon, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Milton-Freewater, Oregon, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Milton-Freewater, Oregon's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the schedules and notes on pages 95-102 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milton-Freewater, Oregon’s basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Mayor and City Council
City of Milton-Freewater, Oregon
Page Four

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 22, 2023, on our consideration of the City of Milton-Freewater, Oregon’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Anderson Boylan Ramos, P.C.

By: Rebecca Ramos Bautista
Rebecca K. Ramos Bautista, Shareholder
December 22, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

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, 2023. 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 Anderson Boylan Ramos, P.C. Additional information outside the scope of this analysis can be found in the Letter of Transmittal. This is the twentieth year the City is reporting under the provisions of GASB Statement No. 34, fourteenth year under GASB Statement No. 45, twelfth year under GASB Statement No.54, the eighth year under GASB No.68 and the fifth year under GASB No. 75, the second year under GASB 87 and the first year under GASB 96. We encourage readers to consider the information presented here in conjunction with the information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The City's net position at June 30, 2023 is \$46,979,855. An increase of \$6,348,181 from the prior year, mainly due to an increase in electricity charges for services due to a rate increase and a \$3 million grant for construction of a new police station.
- The General Fund's fund balance is \$1,745,175 at the end of the current fiscal year, an increase of \$335,729 over last year. The increase was mainly due to an increase in property taxes and utility franchise fees. General Fund revenues were \$4,152,444.
- The City's cash, cash equivalents, and investments as of June 30, 2023 are \$20,918,851, an increase of \$209,444 from the prior year
- The City's 2023-24 budget is \$63,678,405, an increase of \$13,103,616 from the prior year's budget. This is higher due to rate increases in water and solid waste rates to keep up with mandates and fund a reservoir replacement in the future. As well as, several new grants to support a wine production facility, recreation facilities in town, and other additional benefits.
- For its business-type activities the City generated \$13.9 million in Charges for Services to fund direct expenses of \$10.8 million resulting in a net revenue of \$3.8 million. After investment income of \$269,965 and transfers out of \$2.2 million, net position from business-type activities increased by 1,942,296.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are divided into three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. Together, they provide a comprehensive overview of the City's financial position. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide financial statements. The government-wide financial statements present information about the financial activities of the City as a whole, in a manner similar to a private sector business.

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

The Statement of Net Position presents financial information on all of the City's assets, liabilities, and deferred inflows and outflows of resources. When assets and deferred outflows of resources are reduced by liabilities and deferred inflows of resources, the difference is net position. Over time, increases or decreases in net position may be useful in determining improvement or deterioration in the financial position of the City.

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
- Golf Course

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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 governmentwide financial statements, governmental fund financials focus on the acquisition and use of current spendable resources, as well as the balances of spendable resources at the end of the fiscal year. The City maintains 10 individual governmental funds with the information presented separately for General, Special Revenue, Capital Project and Debt Service Funds. Please see the Notes to the Basic Financial Statements for further explanation of each individual fund.

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.

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Notes to the Financial Statements. The notes provide additional information necessary to gain a full understanding of the financial statements.

FUND-BASED FINANCIAL STATEMENTS

General Fund

The General Fund ended the year with a fund balance of \$1,745,175. This is an increase of \$335,729 compared to last year. This was mainly a result of property tax increases and utility franchise fee increases. Revenues for fiscal year 2023 were \$4,152,444.

Franchise fees are a consistent revenue source for this fund, rather than just 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	\$ 1,324,368	31.9%
Utility Tax	195,130	4.7%
Other Taxes	31,393	0.8%
Intergovernmental	1,072,600	25.8%
Franchise Fees	1,148,728	27.7%
Fines, Licenses & System Development	112,611	2.7%
Services	101,366	2.4%
Interest and Investment Income (loss)	58,189	1.4%
Miscellaneous	108,059	2.6%
Total	<u>\$ 4,152,444</u>	<u>100.0%</u>

Expenditures for the fiscal year were \$6,137,030.

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

Beginning Fund Balance	\$ 1,409,446
Revenues	4,152,444
Transfers In	<u>3,060,973</u>
	8,622,863
Expenditures	6,137,030
Transfers Out	<u>740,658</u>
	<u>6,877,688</u>
Fund Balance June 30, 2023	<u>\$ 1,745,175</u>

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Expenditures were as follows:

General Government	\$ 1,840,047	30.0%
Public Safety	2,734,634	44.6%
Culture and Recreation	458,719	7.5%
Public Works	735,237	12.0%
Community Development	136,281	2.2%
Engineering	30,154	0.5%
Capital Outlay	154,188	2.5%
Debt Service	47,770	0.8%
Total	<u>\$ 6,137,030</u>	<u>100%</u>

Special Revenue Funds

The City of Milton-Freewater has five Special Revenue Funds. Special Revenue funds are used to account for revenues from earmarked sources, which by law are designated to finance particular functions of the government. A description of these funds follows:

Street Fund. The Street 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 \$955,398, an increase of \$134,241 from last year. This increase is due to less funds being transferred out for capital projects.

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

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

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Drug Enforcement Fund. The Drug Enforcement Fund's revenue source is from revenues received from other agencies for the City's participation in reducing drug crimes. There is currently very little activity in this fund, despite the fact the City's participation in the narcotics taskforce is very successful.

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

Capital Project Funds

Street Improvement Fund. This fund accounts for revenues from street opening permits, Oregon State STP allocations and grants which are used for major street repairs. The Street Improvement Fund ended the year with a fund balance of \$137,449 a decrease of \$159,324 due to spending down grant money received for ongoing projects.

Police Station Construction Fund. This fund, which was established in the year ending June 30, 2022, accounts for construction of a new police station financed by 2022 bond proceeds. The ending fund balance at June 30, 2023 was \$6,317,873, which is a decrease of \$717,187 from the prior year due to continued spending on the police station construction project as well as receiving a \$3 million grant from the state for construction.

Debt Service Fund

The City issued General Obligation Bonds in August 2022 of 7,828,007 including premiums to finance the construction of a new police station. The balance of General Obligation Bonded Debt at June 30, 2023 was \$7,692,950 including premiums. One principal payment of \$10,000 and interest payments totaling \$253,999 were owed and paid in the year ending June 30, 2023.

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.

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Electric Funds financial comparison to last year is as follows:

	2023	2022
Operating Revenues	\$ 9,883,637	\$ 9,382,735
Operating Expenses	7,890,957	7,884,839
Operating Income	1,992,680	1,497,896
Non-operating		
Revenues (expenses)	145,730	(23,000)
Capital contributions	178,063	178,165
Net Operating Transfers	(1,210,135)	(1,151,400)
Net Income	\$ 1,106,338	\$ 501,661

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

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

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

Financial comparison to last year is as follows:

	2023	2022
Operating Revenues	\$ 1,373,789	\$ 1,304,310
Operating Expenses	898,874	736,076
Operating Income	474,915	568,234
Non-operating		
Revenues (expenses)	20,437	(4,246)
Capital contributions	165,699	158,087
Net Operating Transfers	(426,101)	(640,764)
Net Income	\$ 234,950	\$ 81,311

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Sewer Fund. The sewage control system consists of approximately 30 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:

	2023	2022
Operating Revenues	\$ 1,293,621	\$ 1,315,060
Operating Expenses	934,131	727,688
Operating Income	359,490	587,372
Non-operating		
Revenues (expenses)	30,429	(32,590)
Capital contributions	155,821	139,899
Net Operating Transfers	(369,119)	(537,424)
Net Income (Loss)	\$ 176,621	\$ 157,257

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 \$128,334 to use on well projects. The sewer fund received revenues of \$123,196 for payment of the sewer digester loan.

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

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

Financial comparison to last year is as follows:

	2023	2022
Operating Revenues	\$ 1,275,396	\$ 1,131,387
Operating Expenses	912,387	820,559
Operating Income	363,009	310,828
Non-operating		
Revenues (expenses)	17,036	(2,631)
Capital contributions	97,583	139,899
Net Operating Transfers	(368,808)	(352,752)
Net Income (Loss)	\$ 108,820	\$ 95,344

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Landfill Closure Fund. This fund was created to set aside funds from the Landfill Fund to pay for closure costs as required. The fund assets are now \$171,992 an increase of \$8,246.

Golf Course Fund. This is the thirty third 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:

	2023	2022
Operating Revenues	\$ 216,257	\$ 180,705
Operating Expenses	201,228	207,363
Operating Income (Loss)	15,029	(26,658)
Non-operating		
Revenues (expenses)	(1,318)	(1,418)
Net Operating Transfers	129,369	(96)
Net Income (Loss)	\$ 143,080	\$ (28,172)

Internal Service Funds

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

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

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

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

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Sick Leave Liability Fund. Only sick leave earned in the current year is budgeted for. This leaves all the previous year's sick leave balance as a possible unfunded liability. This fund collects money to fund a portion of leave not budgeted for. The fund equity is now \$33,384, an increase of \$7,551, due to transfers from other funds and interest income. Nothing was paid out of this fund in fiscal year 2023.

Risk Management Fund. This fund's revenue source is primarily the reimbursement from City County Insurance that is in excess of funds needed to cover outstanding insurance liabilities. The fund equity is now \$58,459, a decrease of \$15,562, due to several claims being paid out in the fiscal year.

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 \$46,979,855 at the close of FY23.

Net Position at Year-End
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$11,217	\$11,400	\$12,960	\$12,078	\$24,177	\$23,478
Capital assets	23,929	19,766	19,019	18,680	42,949	38,446
Total assets	<u>35,146</u>	<u>31,166</u>	<u>31,980</u>	<u>30,758</u>	<u>67,126</u>	<u>61,924</u>
Deferred outflows:	<u>2,552</u>	<u>2,324</u>	<u>1,735</u>	<u>1,452</u>	<u>4,287</u>	<u>3,777</u>
Liabilities:						
Current liabilities	1,140	957	1,001	1,620	2,141	2,577
Noncurrent liabilities	13,842	12,807	5,129	4,124	18,970	16,930
Total liabilities	<u>14,982</u>	<u>13,764</u>	<u>6,130</u>	<u>5,744</u>	<u>21,112</u>	<u>19,507</u>
Deferred inflows:	<u>1,915</u>	<u>3,332</u>	<u>1,406</u>	<u>2,230</u>	<u>3,321</u>	<u>5,562</u>
Net Position:						
Net investment in capital assets	18,735	18,327	17,820	17,397	36,555	35,724
Restricted	7,467	8,054	1,156	1,324	8,623	9,379
Unrestricted	<u>(5,402)</u>	<u>(9,988)</u>	<u>7,203</u>	<u>5,517</u>	<u>1,801</u>	<u>(4,471)</u>
Total Net Position	<u>\$20,801</u>	<u>\$16,394</u>	<u>\$26,179</u>	<u>\$24,237</u>	<u>\$46,980</u>	<u>\$40,632</u>

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

The largest portion of the City's net position (78%) 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.

An additional portion of the City's net position \$8,623,103 or 20% represents resources that are subject to external restrictions on how they may be used. The remaining net position is unrestricted net position of \$1,801,359.

Analysis of Changes in Net Position:

The following table summarizes revenues and expenses for the current fiscal year and provides a comparison to prior year.

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Governmental and Proprietary Activities
Year Ending June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for service	\$301	\$296	\$13,993	\$13,298	\$14,294	\$13,594
Operating grants and contributions	1,808	1,835	49	60	1,857	1,896
Capital grants and contributions	4,278	1,093	597	572	4,875	1,664
General Revenues						
Taxes	1,655	1,564	-	-	1,655	1,564
Franchise Fees	1,619	1,544	-	-	1,619	1,544
Other	240	(54)	285	(4)	525	(58)
Total Revenues	<u>9,901</u>	<u>6,278</u>	<u>14,925</u>	<u>13,926</u>	<u>24,826</u>	<u>20,204</u>
Expenses						
General government	2,145	1,938	-	-	2,145	1,938
Public safety	2,531	2,636	-	-	2,531	2,636
Cultural and recreation	927	918	-	-	927	918
Public Works	774	742	-	-	774	742
Community Development	125	119	-	-	125	119
Engineering	28	41	-	-	28	41
Highways and streets	963	916	-	-	963	916
Interest on long-term debt	228	328	-	-	228	328
Electricity	-	-	7,875	7,902	7,875	7,902
Water	-	-	898	742	898	742
Sewer	-	-	926	729	926	729
Solid Waste	-	-	860	825	860	825
Golf Course	-	-	196	206	196	206
Total Expenses	<u>7,722</u>	<u>7,638</u>	<u>10,756</u>	<u>10,404</u>	<u>18,478</u>	<u>18,043</u>
Change in net position before transfers:	2,179	(1,360)	4,169	3,522	6,348	2,161
Transfers	2,227	2,729	(2,227)	(2,729)	-	-
Change in net position	<u>4,406</u>	<u>1,369</u>	<u>1,942</u>	<u>793</u>	<u>6,348</u>	<u>2,161</u>
Beginning net position	<u>16,394</u>	<u>15,026</u>	<u>24,237</u>	<u>23,445</u>	<u>40,632</u>	<u>38,471</u>
Ending net position	<u>\$20,801</u>	<u>\$16,394</u>	<u>\$26,179</u>	<u>\$24,238</u>	<u>\$46,980</u>	<u>\$40,632</u>

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Governmental Activities. Property taxes for governmental activities increased approximately \$90,000 due to an increase in taxable property values. Expenses in governmental activities stayed relatively the same as well, only increasing approximately \$80,000.

Business-type Activities. Charges for services for the business-type activities increased approximately \$700,000 due to utility rate increases. Expenses in business-type funds also increased approximately \$350,000 due to a higher cost of materials and supplies due to inflation.

Budgetary Highlight. The general fund actual expenditures were \$1,285,461 less than the budgeted amount mainly due to not expending a majority of capital outlay budgeted due to supply chain delays and the inability to procure the expected items within the fiscal year.

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2023, amounts to \$36,555,393 (net of related debt). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, improvements and infrastructure.

The City had \$42.9 million in capital assets net of depreciation at June 30, 2023 allocated as follows:

Net Capital Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and easements	\$ 428	\$ 428	\$ 753	\$ 753	\$ 1,181	\$ 1,181
Construction in progress	5,692	2,256	265	229	5,957	2,485
Buildings and systems	2,403	2,519	15,956	15,900	18,359	18,419
Machinery, equipment	418	367	2,046	1,797	2,464	2,164
Street system	14,988	14,195	-	-	14,988	14,195
Total capital assets	<u>\$ 23,930</u>	<u>\$ 19,765</u>	<u>\$ 19,019</u>	<u>\$ 18,680</u>	<u>\$ 42,949</u>	<u>\$ 38,444</u>

In the governmental activities, during the year ended June 30, 2023, the City continued construction on the new police station. The \$3,858,297 expended during the year is included in construction-in-progress. The City also capitalized \$960,817 in road improvements as construction-in-progress at year end.

In the business-type activities, the City capitalized \$4,295 of construction-in-progress for continued work on the Braeburn lift replacement. Well #10 design and the manual transfer switch for Well #3 were capitalized as construction-in-progress for work done but not completed on those projects. The golf course pond liner was replaced costing almost \$95,000. Several different vehicles were also purchased for various functions in the City.

Additional information on capital assets can be found in Note III. C. to the financial statements.

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Debt Administration

At year end, the City had \$9.5 million in long term debt outstanding, including financing leases, compared to \$9.7 million last year. The decrease is due to paying down debt and not taking on any new debt in the fiscal year.

The Sewer fund wastewater improvement loan is \$1,075,750 at year end, a decrease of \$71,790 from the prior year. In addition, as of June 30, 2023, there was a \$419,286 balance outstanding on a promissory note incurred for construction of an elevator in City Hall and a \$165,583 balance outstanding on a promissory note for repairs at the Aquatic Center, a decrease in \$58,729 and \$44,031, respectively. As of June 30, 2023, there was a balance of \$123,548 on financing leases, a decrease in \$12,165 from the prior year.

Additional information on debt administration can be found in Note III. E. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's 2023-24 budget is \$63,678,405, an increase of \$13,103,616 from the prior year's budget. This is higher due to increased cost of operating expenditures as well as a large increase in capital outlay to replace old equipment and infrastructure.

Electric: 5 percent rate increase

Water: 25 percent rate increase

Solid Waste: 10 percent rate increase

Sewer: 5 percent rate increase

Request for Information

As stated above, this is the twentieth year the City is reporting under GASB No.34, the fourteenth year of reporting under GASB No.45, the twelfth year reporting under GASB No.54, eight year of GASB No.68, fifth year under GASB No. 75, second under GASB 87 and first under GASB 96. 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, Laurie Bubar at 722 S. Main, Milton-Freewater, Oregon 97862.

BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF NET POSITION

June 30, 2023

<u>ASSETS:</u>	Governmental Activities	Business-Type Activities	Total
Current assets			
Cash and cash equivalents	\$ 8,374,184	\$ 8,509,253	\$ 16,883,437
Investments	1,425,879	2,609,535	4,035,414
Receivables:			
Accounts, net	444,199	1,250,083	1,694,282
Fines and Forfeitures, net	34,082	-	34,082
Property taxes	60,073	-	60,073
Weatherization loans	-	116,224	116,224
Leases	-	42,014	42,014
Internal balances	807,225	(807,225)	-
Inventories	-	1,130,735	1,130,735
Total current assets	<u>11,145,642</u>	<u>12,850,619</u>	<u>23,996,261</u>
Noncurrent assets			
Leases receivable	-	61,220	61,220
Other post employment benefits asset	71,178	48,394	119,572
Capital assets:			
Nondepreciable	6,119,691	1,017,988	7,137,679
Depreciable assets, net of depreciation	17,809,619	18,001,496	35,811,115
Total noncurrent assets	<u>24,000,488</u>	<u>19,129,098</u>	<u>43,129,586</u>
Total assets	<u>35,146,130</u>	<u>31,979,717</u>	<u>67,125,847</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred outflows related to pension and OPEB	2,551,646	1,734,907	4,286,553
Total assets and deferred outflows of resources	<u>\$ 37,697,776</u>	<u>\$ 33,714,624</u>	<u>\$ 71,412,400</u>
<u>LIABILITIES:</u>			
Current liabilities			
Accounts payable	\$ 779,202	\$ 403,067	\$ 1,182,269
Accrued interest payable	20,795	17,483	38,278
Customer Deposits	-	250,545	250,545
Unearned revenue	-	28,938	28,938
Current portion long-term liabilities	340,221	300,846	641,067
Total current liabilities	<u>1,140,218</u>	<u>1,000,879</u>	<u>2,141,097</u>
Noncurrent Liabilities			
Other post employment benefits liability	1,112,105	756,140	1,868,245
Net pension liability	4,298,558	2,922,665	7,221,223
Noncurrent portion of long-term liabilities	8,430,970	1,450,048	9,881,018
Total noncurrent liabilities	<u>13,841,633</u>	<u>5,128,853</u>	<u>18,970,486</u>
Total liabilities	<u>14,981,851</u>	<u>6,129,732</u>	<u>21,111,583</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred inflows - leases	-	103,234	103,234
Deferred inflows related to pension and OPEB	1,915,408	1,302,320	3,217,728
Total deferred inflows of resources	<u>1,915,408</u>	<u>1,405,554</u>	<u>3,320,962</u>
<u>NET POSITION:</u>			
Net investment in capital assets	18,735,208	17,820,185	36,555,393
Restricted for:			
Highway and streets	955,398	-	955,398
Culture and recreation	117,341	-	117,341
System development	76,408	1,155,722	1,232,130
Debt Service	361	-	361
Police station construction	6,317,873	-	6,317,873
Unrestricted	(5,402,072)	7,203,431	1,801,359
Total net position	<u>20,800,517</u>	<u>26,179,338</u>	<u>46,979,855</u>
Total liabilities, deferred inflows, and net position	<u>\$ 37,697,776</u>	<u>\$ 33,714,624</u>	<u>\$ 71,412,400</u>

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,145,389	\$ 131,847	\$ 806,666	\$ 184,474	\$ (1,022,402)	\$ -	\$ (1,022,402)
Public safety	2,531,136	50,285	87,257	3,000,000	606,406	-	606,406
Culture and recreation	927,481	111,943	349,689	51,395	(414,454)	-	(414,454)
Public works	774,096	-	-	-	(774,096)	-	(774,096)
Community development	124,982	-	-	-	(124,982)	-	(124,982)
Engineering	27,883	-	-	-	(27,883)	-	(27,883)
Highways and streets	963,120	7,139	563,963	1,042,460	650,442	-	650,442
Interest on long-term obligations	227,739	-	-	-	(227,739)	-	(227,739)
Total governmental activities	7,721,826	301,214	1,807,575	4,278,329	(1,334,708)	-	(1,334,708)
Business-type activities:							
Electricity	7,875,370	9,883,637	-	178,063	-	2,186,330	2,186,330
Water	898,156	1,373,789	-	165,699	-	641,332	641,332
Sewer	926,361	1,244,144	49,477	155,821	-	523,081	523,081
Solid waste	859,620	1,275,396	-	97,583	-	513,359	513,359
Golf course	196,188	216,257	-	-	-	20,069	20,069
Total business-type activities	10,755,695	13,993,223	49,477	597,166	-	3,884,171	3,884,171
Total government	\$ 18,477,521	\$ 14,294,437	\$ 1,857,052	\$ 4,875,495	(1,334,708)	3,884,171	2,549,463
General revenues:							
Property taxes levied for:							
General purposes					1,389,096	-	1,389,096
Debt service					265,762	-	265,762
Franchise and transient room taxes					1,619,239	-	1,619,239
Interest and investment earnings (losses)					232,883	242,722	475,605
Miscellaneous					6,733	27,243	33,976
Gain on sale of capital assets					165	14,875	15,040
Transfers					2,227,136	(2,227,136)	-
Total general revenues and transfers					5,741,014	(1,942,296)	3,798,718
Change in net position					4,406,306	1,941,875	6,348,181
Net Position, beginning					16,394,211	24,237,463	40,631,674
Net Position, ending					\$ 20,800,517	\$ 26,179,338	\$ 46,979,855

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

CITY OF MILTON-FREEWATER

Fund Financial Statements

June 30, 2023

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.

Police Station Construction Fund

The Police Station Construction Fund accounts for construction of a new police station financed by 2022 bond proceeds.

CITY OF MILTON-FREEWATER, OREGON

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Street Improvement Fund	Police Station Construction Fund	Other Governmental Funds	Total
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 1,325,321	\$ 104,023	6,145,192	\$ 799,648	\$ 8,374,184
Investments	417,728	32,959	721,828	253,364	1,425,879
Receivables (net of allowances)					
Property taxes	49,909	-	-	10,164	60,073
Accounts	142,391	155,757	-	146,051	444,199
Fines and forfeitures, net	34,082	-	-	-	34,082
Due from other funds	53,000	-	-	-	53,000
Total assets	<u>\$ 2,022,431</u>	<u>\$ 292,739</u>	<u>\$ 6,867,020</u>	<u>\$ 1,209,227</u>	<u>\$ 10,391,417</u>
<u>LIABILITIES AND FUND</u>					
<u>BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable and accrued liabilities	\$ 193,291	\$ 32	549,147	\$ 36,732	\$ 779,202
Due to other funds	-	-	-	20,893	20,893
Total liabilities	<u>193,291</u>	<u>32</u>	<u>549,147</u>	<u>57,625</u>	<u>800,095</u>
<u>DEFERRED INFLOWS</u>					
<u>OF RESOURCES:</u>					
Unavailable revenue	83,965	155,258	-	101,545	340,768
Total deferred inflows of resources	<u>83,965</u>	<u>155,258</u>	<u>-</u>	<u>101,545</u>	<u>340,768</u>
<u>FUND BALANCES:</u>					
Restricted	76,408	-	6,317,873	1,073,100	7,467,381
Assigned	-	137,449	-	27,860	165,309
Unassigned	1,668,767	-	-	(50,903)	1,617,864
Total fund balances	<u>1,745,175</u>	<u>137,449</u>	<u>6,317,873</u>	<u>1,050,057</u>	<u>9,250,554</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,022,431</u>	<u>\$ 292,739</u>	<u>\$ 6,867,020</u>	<u>\$ 1,209,227</u>	<u>\$ 10,391,417</u>

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

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

June 30, 2023

Fund balances - total governmental funds	\$ 9,250,554
Amounts reported for governmental activities in the Statement of Net Position are different because:	
PERS net pension liability, deferred outflows of resources arising from contributions paid, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position:	
Net pension liability	(4,298,558)
Deferred outflows related to pension	2,219,113
Deferred inflows related to pensions	(1,687,468)
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 asset	71,178
Other post employment benefits liability	(1,112,105)
Deferred outflows after measurement date	332,533
Deferred inflows from changes of assumptions or inputs	(227,940)
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.	23,929,310
Property taxes and other revenues 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.	340,768
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	131,774
Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(300,730)
PERS accrued transition liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.	(192,642)
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.	(20,795)
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.	(8,277,819)
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.	643,344
Net position of governmental activities	<u>\$ 20,800,517</u>

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund	Street Improvement Fund	Police Station Construction Fund	Other Governmental Funds	Totals
<u>REVENUES:</u>					
Property taxes	\$ 1,324,368	\$ -	\$ -	\$ 320,600	\$ 1,644,968
Utility tax	195,130	-	-	-	195,130
Other taxes	31,393	-	-	-	31,393
Franchise fees	1,148,728	-	-	-	1,148,728
Licenses and fees	21,325	6,974	-	-	28,299
Charges for services	101,366	-	-	2,462	103,828
Intergovernmental	1,072,600	887,202	3,000,000	1,138,801	6,098,603
Fines and forfeitures	60,086	-	-	-	60,086
System development charges	31,200	-	-	-	31,200
Interest on investments	58,189	5,476	141,110	28,108	232,883
Miscellaneous	108,059	-	-	25,534	133,593
Total revenues	<u>4,152,444</u>	<u>899,652</u>	<u>3,141,110</u>	<u>1,515,505</u>	<u>9,708,711</u>
<u>EXPENDITURES:</u>					
Current:					
General government	1,840,047	-	-	353,937	2,193,984
Public safety	2,734,634	-	-	31,300	2,765,934
Culture and recreation	458,719	-	-	430,814	889,533
Public works	735,237	-	-	-	735,237
Community Development	136,281	-	-	-	136,281
Engineering	30,154	-	-	-	30,154
Highways and streets	-	-	-	323,084	323,084
Capital outlay	154,188	1,058,976	3,858,297	824	5,072,285
Debt service	47,770	-	-	330,797	378,567
Total expenditures	<u>6,137,030</u>	<u>1,058,976</u>	<u>3,858,297</u>	<u>1,470,756</u>	<u>12,525,059</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>					
<u>OVER (UNDER) EXPENDITURES</u>	<u>(1,984,586)</u>	<u>(159,324)</u>	<u>(717,187)</u>	<u>44,749</u>	<u>(2,816,348)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Transfers in	3,060,973	-	-	109,589	3,170,562
Transfers out	(740,658)	-	-	(202,768)	(943,426)
	<u>2,320,315</u>	<u>-</u>	<u>-</u>	<u>(93,179)</u>	<u>2,227,136</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>335,729</u>	<u>(159,324)</u>	<u>(717,187)</u>	<u>(48,430)</u>	<u>(589,212)</u>
<u>FUND BALANCE, BEGINNING</u>	<u>1,409,446</u>	<u>296,773</u>	<u>7,035,060</u>	<u>1,098,487</u>	<u>9,839,766</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ 1,745,175</u>	<u>\$ 137,449</u>	<u>\$ 6,317,873</u>	<u>\$ 1,050,057</u>	<u>\$ 9,250,554</u>

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

CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Net change in fund balance - governmental funds		\$ (589,212)
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.		192,285
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.		112,760
Governmental funds report the effect of bond premiums as other financing sources when issued, however, the premiums are deferred and amortized over the life of the bond issue in the statement of activities.		38,044
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		(43,760)
Change in accrued interest payable		24
Change in other postemployment benefits		63,074
Change in PERS transition liability		42,795
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	\$ 5,052,219	
Depreciation expense	<u>(888,771)</u>	4,163,448
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense/income.		359,630
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.		<u>67,218</u>
Change in net position - governmental activities		<u><u>\$ 4,406,306</u></u>

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes	\$ 1,275,500	\$ 1,300,126	\$ 1,324,368	\$ 24,242
Utility tax	165,000	165,000	195,130	30,130
Other taxes	20,000	20,000	31,393	11,393
Franchise fees	1,104,859	1,104,859	1,148,728	43,869
Licenses and fees	19,800	19,800	21,325	1,525
Charges for services	87,000	87,000	101,366	14,366
Intergovernmental	1,385,370	1,385,370	1,072,600	(312,770)
Fines and forfeitures	104,550	104,550	60,086	(44,464)
System development charges	3,000	3,000	31,200	28,200
Interest on investments	700	700	58,189	57,489
Miscellaneous	95,800	95,800	108,059	12,259
Total revenues	<u>4,261,579</u>	<u>4,286,205</u>	<u>4,152,444</u>	<u>(133,761)</u>
<u>EXPENDITURES:</u>				
Current:				
General government	1,911,623	1,853,903	1,840,047	13,856
Public safety	3,137,119	3,137,119	2,734,634	402,485
Culture and recreation	511,158	511,158	458,719	52,439
Public works	746,499	784,669	735,237	49,432
Community Development	128,255	151,016	136,281	14,735
Engineering	48,759	48,759	30,154	18,605
Capital outlay	755,851	755,851	154,188	601,663
Debt service	45,905	47,770	47,770	-
Contingency	132,246	132,246	-	132,246
Total expenditures	<u>7,417,415</u>	<u>7,422,491</u>	<u>6,137,030</u>	<u>1,285,461</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(3,155,836)</u>	<u>(3,136,286)</u>	<u>(1,984,586)</u>	<u>1,151,700</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	3,060,973	3,060,973	3,060,973	-
Transfers out	<u>(1,126,189)</u>	<u>(1,145,739)</u>	<u>(740,658)</u>	<u>405,081</u>
	<u>1,934,784</u>	<u>1,915,234</u>	<u>2,320,315</u>	<u>405,081</u>
<u>NET CHANGE IN FUND BALANCE</u>				
	<u>(1,221,052)</u>	<u>(1,221,052)</u>	<u>335,729</u>	<u>1,556,781</u>
<u>FUND BALANCE, BEGINNING</u>				
	<u>1,221,052</u>	<u>1,221,052</u>	<u>1,409,446</u>	<u>188,394</u>
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,745,175</u>	<u>\$ 1,745,175</u>

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

CITY OF MILTON-FREEWATER

FUND FINANCIAL STATEMENTS

June 30, 2023

Proprietary Funds

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

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

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

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

All Electric Funds

- Electric
- Electric Capital Replacement Reserve
- Electric Operating and Maintenance Reserve

All Sewer Funds

- Sewer
- Sewer Improvement

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis. The Internal Service Funds are eliminated for the Government-Wide Financial Statements and any residual assets and income and expenses from outside sources are combined with the Governmental and Business – Type Activities. The City’s Internal Service Funds are as follows:

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

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

June 30, 2023

	Business - Type Activities - Enterprise Funds					Business-Type
	All Electric		All Sewer	Other		Activities-
	Funds	Water Fund	Funds	Enterprise	Total	Internal Service
						Funds
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 4,384,266	\$ 506,307	\$ 1,087,480	\$ 519,154	\$ 6,497,207	\$ 909,673
Investments	1,153,936	160,618	345,105	164,491	1,824,150	288,225
Restricted cash and cash equivalents	271,819	-	-	-	271,819	-
Receivables:						
Accounts, net	731,192	189,784	159,118	166,934	1,247,028	3,055
Leases	-	-	36,210	5,804	42,014	-
Inventories	1,059,411	61,223	2,971	-	1,123,605	7,130
Total current assets	<u>7,600,624</u>	<u>917,932</u>	<u>1,630,884</u>	<u>856,383</u>	<u>11,005,823</u>	<u>1,208,083</u>
Noncurrent assets:						
Restricted cash and cash equivalents	-	186,850	513,095	130,609	830,554	-
Restricted investments	234,742	59,005	162,030	41,383	497,160	-
Weatherization loans	116,224	-	-	-	116,224	-
Leases receivable	-	-	54,660	6,560	61,220	-
Other post employment benefits asset	28,253	4,343	5,428	6,407	44,431	3,963
Capital assets:						-
Land	112,628	16,313	512,442	111,686	753,069	-
Construction in progress	-	27,057	233,451	-	260,508	4,411
Depreciable assets, net of depreciation	6,505,655	4,678,275	5,166,442	298,210	16,648,582	1,352,914
Total noncurrent assets	<u>6,997,502</u>	<u>4,971,843</u>	<u>6,647,548</u>	<u>594,855</u>	<u>19,211,748</u>	<u>1,361,288</u>
Total assets	<u>14,598,126</u>	<u>5,889,775</u>	<u>8,278,432</u>	<u>1,451,238</u>	<u>30,217,571</u>	<u>2,569,371</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred outflows related to pension and OPEB	1,012,824	155,705	194,587	229,711	1,592,827	142,080
LIABILITIES:						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 360,837	\$ 4,940	\$ 9,415	\$ 7,985	\$ 383,177	\$ 19,890
Accrued interest payable	-	-	12,375	2,526	14,901	2,582
Unearned revenue	28,938	-	-	-	28,938	-
Due to other funds	-	-	-	32,107	32,107	-
Current portion long-term liabilities	116,655	21,387	95,563	8,525	242,130	58,716
Deposits	250,545	-	-	-	250,545	-
Total current liabilities	<u>756,975</u>	<u>26,327</u>	<u>117,353</u>	<u>51,143</u>	<u>951,798</u>	<u>81,188</u>
Noncurrent liabilities:						
Advances from other funds	-	-	-	131,774	131,774	-
Long-term debt, net of current portion:						
Due to Bonneville Power Administration	37,211	-	-	-	37,211	-
Landfill closure liability	-	-	-	189,927	189,927	-
Leases Payable	-	-	-	-	-	77,922
Notes and contracts payable	-	-	1,002,517	-	1,002,517	-
Net pension liability	1,706,227	262,303	327,807	386,975	2,683,312	239,353
Transition liability	51,433	9,826	14,964	9,480	85,703	11,272
Compensated absences payable	29,164	5,347	5,582	2,131	42,224	3,272
Other postemployment benefits	441,429	67,862	84,809	100,116	694,216	61,924
Total liabilities	<u>3,022,439</u>	<u>371,665</u>	<u>1,553,032</u>	<u>871,546</u>	<u>5,818,682</u>	<u>474,931</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows - leases	-	-	90,870	12,364	103,234	-
Deferred inflows related to pension and OPEB	760,285	116,880	146,070	172,432	1,195,667	106,653
Total deferred inflows of resources	<u>760,285</u>	<u>116,880</u>	<u>236,940</u>	<u>184,796</u>	<u>1,298,901</u>	<u>106,653</u>
NET POSITION:						
Net investment in capital assets	6,618,283	4,721,645	4,836,585	409,896	16,586,409	1,229,365
Restricted for system development	234,742	245,855	675,125	-	1,155,722	-
Restricted for landfill closure	-	-	-	-	-	-
Unrestricted	4,975,201	589,435	1,171,337	214,711	6,950,684	900,502
Total net position	<u>11,828,226</u>	<u>5,556,935</u>	<u>6,683,047</u>	<u>624,607</u>	<u>24,692,815</u>	<u>2,129,867</u>
Total liabilities, deferred inflows, and net position	<u>\$ 15,610,950</u>	<u>\$ 6,045,480</u>	<u>\$ 8,473,019</u>	<u>\$ 1,680,949</u>	<u>\$ 31,810,398</u>	<u>\$ 2,711,451</u>

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

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

June 30, 2023

Net position - total enterprise funds \$ 24,692,815

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	\$	909,673	
Investments		288,225	
Accounts receivable, net		3,055	
Inventories		7,130	
Internal balances		(643,344)	
Capital assets, net		1,352,914	
Deferred outflows-contributions to PERS		142,080	
Account payable and accrued expenses		(19,890)	
Accrues interest payable		(2,582)	
Long-term debt, including capital leases		(123,549)	
Compensated absences		(16,361)	
Deferred inflows-pension differences		(106,653)	
Net pension liability		(239,353)	
PERS transition liability		(11,272)	
Other postemployment benefits		(57,961)	
		1,482,112	1,482,112

Net position of business-type activities **\$ 26,174,927**

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CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business - Type Activities - Enterprise Funds				Totals	Business-Type Activities- Internal Service Funds
	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds		
<u>OPERATING REVENUES:</u>						
Charges for services	\$ 9,647,869	\$ 1,353,289	\$ 1,243,240	\$ 1,483,281	\$ 13,727,679	\$ 1,046,791
Farm income	-	-	49,477	-	49,477	-
Miscellaneous	235,768	20,500	904	8,372	265,544	15,929
Total operating revenues	9,883,637	1,373,789	1,293,621	1,491,653	14,042,700	\$ 1,062,720
<u>OPERATING EXPENSES:</u>						
Personal services	2,089,337	348,607	451,081	479,002	3,368,027	274,222
Materials and services	5,545,413	385,174	325,220	624,040	6,879,847	409,422
Depreciation	256,207	165,093	157,830	21,023	600,153	188,792
Total operating expenses	7,890,957	898,874	934,131	1,124,065	10,848,027	872,436
<u>OPERATING INCOME</u>	1,992,680	474,915	359,490	367,588	3,194,673	190,284
<u>NON-OPERATING INCOME (EXPENSES):</u>						
Gain(loss) on disposal of capital assets	-	-	-	-	-	14,875
Interest on investments	145,730	20,437	52,350	21,282	239,799	26,162
Interest expense	-	-	(21,921)	(1,318)	(23,239)	(3,491)
Total non-operating income	145,730	20,437	30,429	19,964	216,560	37,546
<u>NET INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</u>	2,138,410	495,352	389,919	387,552	3,411,233	227,830
<u>TRANSFERS:</u>						
Transfers in	-	300,000	615,000	135,469	1,050,469	279,514
Transfers out	(1,210,135)	(726,101)	(984,119)	(370,908)	(3,291,263)	(265,856)
<u>CAPITAL CONTRIBUTIONS:</u>						
Intergovernmental	-	-	-	-	-	-
System development charges	178,063	165,699	155,821	97,583	597,166	-
<u>CHANGE IN NET POSITION</u>	1,106,338	234,950	176,621	249,696	1,767,605	241,488
<u>NET POSITION, BEGINNING</u>	10,721,888	5,321,985	6,506,426	374,911	22,925,210	1,888,379
<u>NET POSITION, ENDING</u>	\$ 11,828,226	\$ 5,556,935	\$ 6,683,047	\$ 624,607	\$ 24,692,815	\$ 2,129,867

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, EXPENSES, AND CHANGES IN
NET POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
June 30, 2023

Change in net position - total enterprise funds \$ 1,767,605

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.

174,270

Change in net position of business-type activities \$ 1,941,875

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business - Type Activities - Enterprise Funds				Total	Business-Type Activities- Internal Service Funds
	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds		
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>						
Receipts from customers and users	\$ 9,431,210	\$ 1,303,784	\$ 1,303,066	\$ 1,489,682	\$ 13,527,742	\$ 51,978
Receipts from interfund services provided	-	-	-	-	-	1,010,530
Payments to suppliers and others	(4,978,094)	(248,504)	(161,744)	(219,356)	(5,607,698)	(422,156)
Payments to employees and others	(2,068,424)	(340,208)	(446,159)	(508,194)	(3,362,985)	(287,673)
Payments for interfund services used	(960,133)	(159,562)	(172,933)	(424,141)	(1,716,769)	-
Net cash provided by operating activities	<u>1,424,559</u>	<u>555,510</u>	<u>522,230</u>	<u>337,991</u>	<u>2,840,290</u>	<u>352,679</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>						
Transfers in	-	300,000	615,000	135,469	1,050,469	279,514
Transfers out	(1,210,135)	(726,101)	(984,119)	(370,908)	(3,291,263)	(265,856)
Net cash provided by (used in) non-capital financing activities	<u>(1,210,135)</u>	<u>(426,101)</u>	<u>(369,119)</u>	<u>(254,641)</u>	<u>(2,259,996)</u>	<u>13,658</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>						
Weatherization program	(4,614)	-	-	-	(4,614)	-
System development	(83,037)	165,699	155,821	97,583	336,066	-
Proceeds from sale of capital assets	-	-	-	-	-	13,150
Acquisition of capital assets	(439,163)	(219,827)	(9,124)	(128,625)	(796,739)	(331,764)
Principal paid on long-term obligations	-	-	(71,790)	-	(71,790)	(12,165)
Interest	-	-	(11,418)	-	(11,418)	(1,586)
Net cash provided by (used in) capital and related financing activities	<u>(526,814)</u>	<u>(54,128)</u>	<u>63,489</u>	<u>(31,042)</u>	<u>(548,495)</u>	<u>(332,365)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>						
Net sales (purchases) of investments	149,585	(36,958)	(96,056)	(31,037)	(14,466)	(33,863)
Interest on investments	145,730	20,437	52,350	21,282	239,799	26,163
Net cash provided by (used in) investing activities	<u>295,315</u>	<u>(16,521)</u>	<u>(43,706)</u>	<u>(9,755)</u>	<u>225,333</u>	<u>(7,700)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(17,075)</u>	<u>58,760</u>	<u>172,894</u>	<u>42,553</u>	<u>257,132</u>	<u>26,272</u>
<u>CASH AND CASH EQUIVALENTS, BEGINNING</u>	<u>4,673,160</u>	<u>634,397</u>	<u>1,427,681</u>	<u>607,210</u>	<u>7,342,448</u>	<u>883,401</u>
<u>CASH AND CASH EQUIVALENTS, ENDING</u>	<u>\$ 4,656,085</u>	<u>\$ 693,157</u>	<u>\$ 1,600,575</u>	<u>\$ 649,763</u>	<u>\$ 7,599,580</u>	<u>\$ 909,673</u>
<u>COMPRISED AS FOLLOWS:</u>						
Cash and cash equivalents	\$ 4,384,266	\$ 506,307	\$ 1,087,480	\$ 519,154	\$ 6,497,207	\$ 909,673
Restricted cash and cash equivalents - current	271,819	-	-	-	271,819	-
Restricted cash and cash equivalents - noncurrent	-	186,850	513,095	130,609	830,554	-
	<u>\$ 4,656,085</u>	<u>\$ 693,157</u>	<u>\$ 1,600,575</u>	<u>\$ 649,763</u>	<u>\$ 7,599,580</u>	<u>\$ 909,673</u>

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business - Type Activities - Enterprise Funds				Business-Type Activities- Internal Service Funds	
	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Operations		Totals
<u>Reconciliation of operating income to net cash provided by operating activities:</u>						
Operating income	\$ 1,992,680	\$ 474,915	\$ 359,490	\$ 367,588	\$ 3,194,673	\$ 190,284
Adjustments to reconcile operating income to net cash						
Depreciation	256,207	165,093	157,830	21,023	600,153	188,792
(Increase) decrease in assets:						
Receivables	(78,584)	(70,005)	9,445	(1,972)	(141,116)	(212)
Deferred outflows related to pension and OPEB	(614,952)	(93,656)	(118,915)	(145,736)	(973,259)	(89,324)
Inventories	(195,483)	6,535	(308)	-	(189,256)	1,267
Increase (decrease) in liabilities						
Deposits	31,537	-	-	-	31,537	-
Accounts payable and accrued expenses	(197,331)	(29,427)	(9,150)	(19,456)	(255,364)	(14,001)
Unearned revenues	(405,380)	-	-	-	(405,380)	-
Compensated absences payable	13,654	2,791	7,437	1,004	24,886	1,077
PERS net pension and transition liability	552,355	87,687	103,708	105,629	849,379	74,796
Other postemployment benefits	69,856	11,577	12,693	9,911	104,037	-
Net cash provided by operating activities	<u>\$ 1,424,559</u>	<u>\$ 555,510</u>	<u>\$ 522,230</u>	<u>\$ 337,991</u>	<u>\$ 2,840,290</u>	<u>\$ 352,679</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City's annual comprehensive financial report includes the accounts of all City operations. The financial statements of the City of Milton-Freewater, Oregon have been prepared in conformity with generally accepted accounting policies as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 governmentwide 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued):

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 made.

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

D. Fund Types and Major Funds:

Governmental Funds

Governmental funds are generally used to account for activities supported by taxes and general City revenues. 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.

General Fund:

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

Capital Projects Funds - These funds account for the acquisition and construction of capital facilities. The City has the following two capital project funds that are both reported as major funds:

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.

Police Station Construction Fund:

The Police Station Construction Fund accounts for construction of a new police station financed by 2022 bond proceeds. This fund was established in the fiscal year ended June 30, 2022.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

D. Fund Types and Major Funds (continued):

Proprietary Funds

Proprietary funds account for operations which are financed and operated with the intent that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing goods and services in connection with the fund's principal purpose. The City reports the following major proprietary funds:

Electric Funds

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

Water Fund

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

Sewer Funds

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.

E. 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

F. 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.

G. 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

H. 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:

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

I. Long-Term Obligations:

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements and the fund financial statements of the proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bond. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are reported as expenses of the period incurred in the fund financial statements of the governmental funds.

J. 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

J. Compensated Absences (continued):

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

K. 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 statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has two items that qualify for reporting in this category. The deferred amount relating to pensions and other post-employment benefits (OPEB) is recognized as an outflow of resources in the period when the City recognizes expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

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 represents an acquisition of net assets that applies to future periods 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. Unavailable revenue from property taxes, municipal court and other general revenues in the General Fund, and grants in special revenue funds reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions and OPEB, as well as leases receivables, in the government-wide Statement of Net Position and/or in the proprietary funds Statement of Net Position. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Property Taxes:

Umatilla County assesses, collects, and distributes property taxes for all local governments within the County. Property taxes are billed in October of each year. Unpaid personal and real property taxes become liens against the property on January 1 and July 1, respectively. Property taxes are payable in three installments due November 15, February 15, and May 15. A 3% discount is allowed for full payment by November 15. Interest at 16% annually is charged for late payments.

M. Income Taxes:

The City is a municipal corporation exempt from federal and state income taxes.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

N. 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 OPERS' and additions to/deductions from OPERS' 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 as fair value by OPERS. Pension contributions of governmental activities are generally liquidated by the general, street improvement, street, library and senior/disabled transportation funds.

O. Credit Risk:

The City grants credit to utility customers, substantially all of whom are local residents.

P. Fund Equity:

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

P. Fund Equity (continued):

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.

Q. Net Position:

In the government-wide financial statements and proprietary funds financial statements, net positions are reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and by enabling legislation. The classification of borrowing as capital-related is made separately for each column reported on the government-wide statement of net position. The City's other restricted net position is temporarily restricted (ultimately expendable) assets. All other net position is considered unrestricted.

R. Leases:

Leases are recognized in accordance with GASB Statement No. 87, Leases. Which was implemented by the City in the fiscal year ended Jun 30, 2022.

A lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease receivable is recognized at the net present value of the leased asset at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, and is reduced by the principal payments received. The deferred inflow of resources is recognized in an amount equal to the sum of the lease receivable and any payments relating to a future period which were received prior to the lease commencement. These deferred inflow of resources are amortized equal to the amount of the annual payments.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

R. Leases (continued):

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments included fixed payments, variable payments based on index or rate, reasonably certain residual guarantees. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement, and is subsequently amortized over the life of the lease.

In the government-wide and proprietary fund financial statements, deferred inflows related to leases and any respective right-to-use assets are reported in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources. Under modified accrual accounting, lease payments are considered capital outlay and proceeds of lease contracts, and thereafter are recorded as principal and interest payments.

The City has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under GASB 87, the City will report inflows of cash for lessor leases and outflows of cash for lessee leases.

S. 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.

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

A. Budgetary Information (Continued):

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, 2023, 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	
Municipal Court	\$ 2,620
	<u> </u>
Senior/Disabled Transportation	
Debt service	\$ 23
	<u> </u>
Golf Course Fund	
Materials and services	\$ 724
	<u> </u>
Vehicle Maintenance Fund	
Materials and services	\$ 718
	<u> </u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

C. Deficit Fund Balances:

Funds having a deficit fund balance at June 30, 2023 are as follows:

Golf Course Fund	<u>\$ (33,311)</u>
Senior/Disabled Transportation Fund	<u>\$ (50,338)</u>
General Obligation Bond Debt Fund	<u><u>\$ (565)</u></u>

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, 2023. 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, 2023, the carrying amount of the City deposits, including certificates of deposit (in the amount of \$248,016) and money market accounts, was \$962,138 and the bank balance was \$1,563,229. All deposits are held in the name of the City. Of the bank balance, \$724,229 was covered by federal depository insurance and \$839,000 was collateralized under ORS 295. In addition, the City had petty cash in the amount of \$1,440.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

A. Deposits and Investments (Continued):

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

A. Deposits and Investments (Continued):

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

A. Deposits and Investments (Continued):

The City has the following recurring fair value measurements as of June 30, 2023:

Investments measured at Fair Value	Fair Value Measurements Using				Cost Measurement Using
	Totals as of 06/30/2023	Quoted Prices in Active Markets for Identical Assets Level One	Significant Other Observable Inputs Level Two	Significant Unobservable Inputs Level Three	Not Measured at Fair Value
US Government Agency Obligations	\$ 1,050,320	\$ -	\$ -	\$ -	\$ 1,050,320
Municipal Bonds	625,908	-	625,908	-	-
Corporate Bonds	2,111,170	-	2,111,170	-	-
Time/Interest Bearing Deposits	396,343	-	-	-	396,343
Local Government Investment Pool	16,039,419	-	-	-	16,039,419
Total Investments	\$ 20,223,160	\$ -	\$ 2,737,078	\$ -	\$ 17,486,082

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

A. Deposits and Investments (Continued):

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, 2023, and their remaining time to maturity, are as follows:

Investment Type	Weighted Average Maturity	Fair Value
Local Government Investment Pool	0.42	\$ 16,039,419
Money Market Investments	-	120,584
US Government Agency Obligations (100% AA+)	0.09	1,050,320
Corporate Bonds (15% BBB+, 32% A-, 25% A+, 13% AA-, 15% AA+)	0.16	2,111,170
Municipal Bonds (52% AA, 42% AA+, 6% AAA)	0.06	625,908
Accrued interest	-	27,743
	0.73	19,975,144
Less amounts classified as cash equivalents	(0.42)	(16,187,746)
Total subject to investment risk	0.31	3,787,398
Time Certificates of Deposit		248,016
Total investments for financial reporting purposes		\$ 4,035,414

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	\$ 695,691
Local Government Investment Pool	16,039,419
Money Market Investments	120,584
Accrued interest	27,743
	\$ 16,883,437
Total cash and cash equivalents	\$ 16,883,437

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

A. Deposits and Investments (Continued):

Restricted cash and investments at June 30, 2023 consist of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental Activities:			
Highways and streets	\$ 687,553	\$ 217,848	\$ 905,401
Culture and recreation	90,493	28,672	119,165
System development	-	76,408	76,408
Debt service	274	87	361
Police Construction	6,145,192	721,828	6,867,020
Total governmental activities	<u>6,923,512</u>	<u>1,044,843</u>	<u>7,968,355</u>
Business-type activities:			
Customer deposits	250,575	-	250,575
System development	699,945	455,777	1,155,722
Landfill closure costs	130,609	41,383	171,992
Total business-type activities	<u>1,081,129</u>	<u>497,160</u>	<u>1,578,289</u>
Total restricted cash and investments	<u>\$ 8,004,641</u>	<u>\$ 1,542,003</u>	<u>\$ 9,546,644</u>

B. Receivables

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Property Taxes	\$ 49,909	\$ 10,164	\$ 60,073
Accounts	142,391	301,808	444,199
Fines and forfeitures	113,610	-	113,610
Allowance for doubtful accounts	(79,528)	-	(79,528)
Total receivables	<u>\$ 226,382</u>	<u>\$ 311,972</u>	<u>\$ 538,354</u>

An allowance for uncollectible court receivables has been established of \$79,528. 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 412,540	\$ -	\$ -	\$ 412,540
Easements	15,000	-	-	15,000
Construction in progress	2,256,478	4,886,529	(1,450,856)	5,692,151
Total capital assets, non-depreciable	2,684,018	4,886,529	(1,450,856)	6,119,691
Capital assets, depreciable:				
Machinery and equipment	1,020,898	135,429	(11,200)	1,145,127
Buildings and improvements	6,418,563	10,082	-	6,428,645
Infrastructure	26,471,675	1,471,035	-	27,942,710
Total capital assets, depreciable	33,911,136	1,616,546	(11,200)	35,516,482
Less accumulated depreciation for:				
Machinery and equipment	(653,681)	(84,483)	11,200	(726,964)
Buildings and improvements	(3,899,367)	(126,152)	-	(4,025,519)
Infrastructure	(12,276,244)	(678,136)	-	(12,954,380)
Total accumulated depreciation	(16,829,292)	(888,771)	11,200	(17,706,863)
Net depreciable capital assets	17,081,844	727,775	-	17,809,619
Net Governmental activities capital assets, net	\$ 19,765,862	\$ 5,614,304	\$ (1,450,856)	\$ 23,929,310

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

Governmental activities:	
General government	\$ 24,876
Public safety	21,645
Culture and recreation	88,418
Public Works	89,810
Highways and streets	664,022
Total depreciation expense - governmental activities	\$ 888,771

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

C. Capital Assets (continued)

Capital asset activity for the business-type activities for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 753,069	\$ -	\$ -	\$ 753,069
Construction in progress	229,057	35,864	-	264,921
Total capital assets, non-depreciable	982,126	35,864	-	1,017,990
Capital assets, depreciable:				
Machinery and equipment	6,755,726	496,978	(187,867)	7,064,837
Buildings and improvements	34,437,506	595,662	(137,147)	34,896,021
Total capital assets, depreciable	41,193,232	1,092,640	(325,014)	41,960,858
Less accumulated depreciation for:				
Machinery and equipment	(4,958,387)	(261,620)	187,867	(5,032,140)
Buildings and improvements	(18,537,046)	(527,323)	137,147	(18,927,222)
Total accumulated depreciation	(23,495,433)	(788,943)	325,014	(23,959,362)
Net depreciable capital assets	17,697,799	303,697	-	18,001,496
Net business-type activities capital assets, net	\$ 18,679,925	\$ 339,561	\$ -	\$ 19,019,486

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

C. Capital Assets (continued)

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

Business-type activities:

Electric	\$ 256,206
Water	165,092
Sewer	157,829
Solid Waste	13,924
Golf Course	7,099
Warehouse	1,938
Vehicle Maintenance	1,297
Vehicle Replacement	<u>185,558</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 788,943</u></u>

Net investment in capital assets is made up of the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Capital assets	\$ 23,929,310	\$ 19,019,483	\$ 42,948,793
Capital debt:			
Bonds payable (expended amount)	(4,609,233)	-	(4,609,233)
Notes payable	(584,869)	(1,075,750)	(1,660,619)
Financing leases	-	(123,548)	(123,548)
Total net investment in capital assets	<u><u>\$ 18,735,208</u></u>	<u><u>\$ 17,820,185</u></u>	<u><u>\$ 36,555,393</u></u>

D. Deferred Outflows/Inflows of Resources

The governmental funds report unavailable revenues from the following sources:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Property taxes	\$ 44,523	\$ 9,031	\$ 53,554
Accounts	11,035	244,192	255,227
Fines and forfeitures	28,407	-	28,407
Assessments/Accounts	-	3,580	3,580
	<u><u>\$ 83,965</u></u>	<u><u>\$ 256,803</u></u>	<u><u>\$ 340,768</u></u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements
June 30, 2023

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. Final principal payment is due December 1, 2035.

Future maturities are as follows:

Year Ending June 30,	Business-type	
	Principal	Interest
2024	\$ 73,233	\$ 20,679
2025	74,705	19,207
2026	76,207	17,705
2027	77,738	16,173
2028	79,301	14,611
2029-2033	421,066	48,494
2034-2038	273,500	8,237
	<u>\$ 1,075,750</u>	<u>\$ 145,106</u>

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%. Final principal payments is due December 31, 2029.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

2. Direct Borrowings – Governmental Activities (continued)

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 300/360 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. Final principal payment is due December 31, 2031.

Future maturities for promissory notes are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 79,637	\$ 11,453
2025	80,069	10,602
2026	80,486	9,764
2027	80,911	8,920
2028	81,327	8,085
2029-2033	182,439	13,968
	<u>\$ 584,869</u>	<u>\$ 62,792</u>

3. General Obligation Bonds - Governmental Activities

In August 2021, the City issued \$6,695,000 of general obligation bonds, series 2021, to finance the construction of a new police station. The bond premium of \$1,133,007 is reported in the accompanying financial statements as adjustments to bonds payable, and amortized over the life of the bonds using the effective-interest method. Interest ranges from 3% to 4%. First payment was due June 2022. Final payment is due June 2051. However, the bonds have an optional redemption date of June 1, 2031.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

3. General Obligation Bonds - Governmental Activities (continued)

Future maturities for the general obligation bond issues are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 20,000	\$ 253,700	\$ 273,700
2025	30,000	253,100	283,100
2026	40,000	252,200	292,200
2027	50,000	251,000	301,000
2028	60,000	249,500	309,500
2029-2033	485,000	1,213,450	1,698,450
2034-2038	855,000	1,117,400	1,972,400
2039-2043	1,370,000	918,200	2,288,200
2044-2048	2,065,000	591,800	2,656,800
2049-2053	1,655,000	135,400	1,790,400
	<u>\$ 6,630,000</u>	<u>\$ 5,235,750</u>	<u>\$ 11,865,750</u>

4. Interfund Note Payable

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

Interfund notes payable transactions for the year are as follows:

	Original Amount	Outstanding June 30, 2022	Decrease	Outstanding June 30, 2023
Golf course irrigation system note, interest at 1%, principal and interest due annually on August 1, due 2023	\$ 195,846	\$ 131,774	\$ -	\$ 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	Total
2024	\$ 131,774	\$ 2,526	\$ 134,300
	<u>\$ 131,774</u>	<u>\$ 2,526</u>	<u>\$ 134,300</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

5. Financing Leases – Business-Type Activities

On February 26, 2021, the City entered into a financing 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 financing 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,	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 45,439	\$ 2,518	\$ 47,957
2025	33,032	1,480	34,512
2026	33,086	979	34,065
2027	11,991	136	12,127
	<u>\$ 123,548</u>	<u>\$ 5,113</u>	<u>\$ 128,661</u>

6. 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 \$582,311 had been expended under this program, of which \$37,211 was outstanding as of June 30, 2023.

7. 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 \$189,9277 reported as landfill closure liability in the landfill closure fund at June 30, 2023, represents the cumulative amount reported-to-date based on the use of the estimated capacity of the landfill.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

7. Landfill Closure and Post-Closure Care Cost (continued)

The City will recognize the remaining estimated cost of closure and post-closure care of \$248,558 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 43.31% and the City expects to close the landfill in the year 2075, which means a remaining estimated life of 52 years.

8. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2023, is as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 6,640,000	\$ -	\$ (10,000)	\$ 6,630,000	\$ 20,000
Adjustment to bonds - bond premium	1,100,994	-	(38,044)	1,062,950	38,149
Total bonds net adjustment	<u>7,740,994</u>	-	<u>(48,044)</u>	<u>7,692,950</u>	<u>58,149</u>
Notes from direct borrowings	687,629	-	(102,760)	584,869	79,637
Other postemployment benefits	1,019,781	92,324	-	1,112,105	-
Net pension liability	3,162,687	1,135,871	-	4,298,558	-
PERS transition liability	235,438	-	(42,795)	192,643	-
Compensated absences	256,972	314,256	(270,499)	300,729	-
Total governmental activity long-term obligations	<u>\$ 13,103,501</u>	<u>\$ 1,542,451</u>	<u>\$ (464,098)</u>	<u>\$ 14,181,854</u>	<u>\$ 137,786</u>
Business-type activities:					
Notes from direct borrowings	\$ 1,147,540	\$ -	\$ (71,790)	\$ 1,075,750	\$ 20,695
Weatherization Program-due to BPA	40,200	-	(2,989)	37,211	-
Landfill closure liability	179,477	10,450	-	189,927	-
Total debt	<u>1,367,217</u>	<u>10,450</u>	<u>(74,779)</u>	<u>1,302,888</u>	<u>20,695</u>
Financing leases payable	135,713	-	(12,165)	123,548	45,439
Other postemployment benefits	596,806	159,334	-	756,140	-
Net pension liability (asset)	1,976,293	946,372	-	2,922,665	-
PERS transition liability	126,075	-	(29,098)	96,977	-
Compensated absences	201,520	226,346	(200,384)	227,482	-
Total business-type activity long-term obligations	<u>\$ 4,403,624</u>	<u>\$ 1,342,502</u>	<u>\$ (316,426)</u>	<u>\$ 5,429,700</u>	<u>\$ 66,134</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

F. Leases

The City is involved in various leasing arrangements for land, buildings, and equipment. With the implementation of GASB Statement No. 87 Leases, effective the fiscal year ended June 30, 2022, all existing and newly acquired leases were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions. With this implementation, a respective receivable or payable was recognized.

1. Lessor lease receivables:

On March 11, 2020, the City entered into a 5 year lease as lessor for the use of agricultural land and the use of reclaimed water from the waste water treatment facility. The lessee is required to make quarterly fixed payments of \$8,100, for a total of \$32,400 per year. The value of the lease receivable and the deferred inflow of resources on June 30, 2023 was \$90,870. The lease will end on December 31, 2025.

On March 11, 2020, the City entered into a 5 year lease as lessor for the use of agricultural land and the use of reclaimed water from the waste water treatment facility. The lessee is required to make annual payments of \$3,800. The value of the lease receivable and the deferred inflow of resources on June 30, 2023 was \$11,166. The lease will end on December 31, 2025.

On June 24, 2015, the City entered into a 5 year lease as lessor for the use of Municipal Golf Course Restaurant and Lounge facilities. The lessee is required to make monthly fixed payments of \$500. The value of the lease receivable and the deferred inflow of resources as of June 30, 2023 was \$12,364. The lease will end on July 31, 2025.

Lease receivables for the year ended June 30, 2023 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Business-Type activities</u>				
Agricultural land and water	\$ 125,738	\$ -	\$ (34,868)	\$ 90,870
Restaurant facility	18,207	-	(5,843)	12,364
Total business-type activities	<u>\$ 143,945</u>	<u>\$ -</u>	<u>\$ (40,711)</u>	<u>\$ 103,234</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

1. Lessor lease receivables (continued)

Future annual lease receivable as of June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Business-Type	
	Principal	Interest
2024	\$ 41,182	\$ 1,028
2025	41,659	551
2026	20,393	116
	<u>\$ 103,234</u>	<u>\$ 1,695</u>

2. Lessor lease inflows

Lessee inflows of resources for the year ended June 30, 2023 are as follows:

	Business-Type	
	Activities	Total
Lease revenue	\$ 40,710	\$ 40,710
Lease interest income	1,500	1,500
	<u>\$ 42,210</u>	<u>\$ 42,210</u>

3. Lessee lease payables

The City has no material lease payable obligations that require disclosure in these financial statements.

G. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Course	\$ 131,774

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Golf Course	32,107
General	Senior/Disabled Transportation Fund	19,437
General	General Obligation Bond Debt Fund	<u>1,456</u>
	Total	<u>\$ 184,774</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

G. Interfund Receivables, Payables, and Transfers (continued)

As described in note E.4, 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.

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 \$2,227,136.

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental activities:</u>		
General	\$ 3,060,973	\$ 740,658
Other governmental funds	109,589	202,768
<u>Business-type activities:</u>		
Electric	-	1,210,135
Water	300,000	726,101
Sewer	615,000	984,119
Other enterprise funds	135,469	370,908
Internal service funds	279,514	265,856
	<u>\$ 4,500,545</u>	<u>\$ 4,500,545</u>

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

H. Subscription payables

The City adopted GASB Statement No. 96 in the fiscal year ending June 30, 2023. With the adoption of this statement, the City will recognize qualified subscription-based information technology arrangements (SBITAs) for technology software as subscription payables. However, at the year ending June 30, 2023, the City does not have any subscriptions meeting this definition, therefore, has no subscription payables to recognize.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements
June 30, 2023

I. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2023 were as follows:

	<u>General Fund</u>	<u>Street Improvement</u>	<u>Police Station Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance					
Restricted for:					
Streets and parks	\$ -	\$ -	\$ -	\$ 955,398	\$ 955,398
Library	-	-	-	117,341	117,341
Urban renewal	-	-	-	-	-
Debt service	-	-	-	361	361
System development	76,408	-	-	-	76,408
Police station construction	-	-	6,317,873	-	6,317,873
Assigned to:					
Streets	-	137,449	-	-	137,449
Transportation programs	-	-	-	-	-
911 service	-	-	-	27,851	27,851
Drug enforcement	-	-	-	9	9
Appropriate FB carryover	1,456,508	-	-	-	1,456,508
Unassigned	212,259	-	-	(50,903)	161,356
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>\$ 1,745,175</u>	<u>\$ 137,449</u>	<u>\$ 6,317,873</u>	<u>\$ 1,050,057</u>	<u>\$ 9,250,554</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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 \$228,241 for the year ended June 30, 2023.

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

C. Energy Northwest Project 2 (continued)

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 6.90%). 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 two separate plans. The City 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 two separate plans and additions to/deductions from the City's two 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 two 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

E. Other Postemployment Benefits (continued)

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. Retired employees receive 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. For employees retiring after July 1, 1991, the City pays 50% of the employee only premium for a specified medical benefit plan. For employees retiring before July 1, 1991, the City does not pay any portion of the retirees' healthcare insurance premiums. 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, 64 active members and 1 spouses of ineligible members in its plan on July 1, 2022, the date of its actuarial valuation.

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 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.

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

Financial Statement Presentation

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

	Health Insurance Continuation	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 119,573	\$ 119,573
Deferred outflows of resources			
Change in assumptions	362,215	936	363,151
Contributions after MD	166,400	586	166,986
Net difference between expected and actual experience	28,491	-	28,491
Change in proportionate share	-	-	-
Total OPEB liability	-	-	-
Deferred inflows of resources			
Difference in expected and actual experience	(22,180)	(3,240)	(25,420)
Difference in earnings	-	(9,119)	(9,119)
Change in assumptions	(331,225)	(3,986)	(335,211)
Change in proportionate share	-	(13,170)	(13,170)
OPEB Expense/(Income)*	(31,047)	(19,905)	(50,952)

*Included in program expenses on Statement of Activities

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

	Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Income) Expense
Health insurance continuation	\$ 1,868,245	\$ 557,106	\$ (353,405)	\$ (31,047)
Retirement health insurance account (RHIA)	(119,573)	1,522	(29,515)	(19,905)
Aggregate amounts related to OPEB	<u>\$ 1,748,672</u>	<u>\$ 558,628</u>	<u>\$ (382,920)</u>	<u>\$ (50,952)</u>

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 \$1,868,245 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

For the fiscal year ended June 30, 2023, the City recognized OPEB income from this plan of \$31,047. At June 30, 2023, 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	\$ 362,215	\$ 22,180
Changes of assumptions	28,491	331,225
Total (prior to post-MD contributions)	390,706	353,405
Contributions subsequent to the MD	166,400	-
	<u>\$ 557,106</u>	<u>\$ 353,405</u>
Net deferred outflow/ (inflow) of resources		<u>\$ 203,701</u>

Deferred outflows of resources related to OPEB of \$166,400 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Year ended June 30,</u>	<u>Amount</u>
	2024	\$ (21,471)
	2025	(21,471)
	2026	(19,197)
	2027	(5,378)
	2028	36,599
	Thereafter	68,219
		<u>\$ 37,301</u>
Benefit payments		166,400
Net deferred outflow/ (inflow) of resources		<u>\$ 203,701</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 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, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

Actuarial Assumptions and Other Inputs (continued)

Actuarial Assumptions:	
Inflation Rate	2.40 percent
Discount rate	3.54
Project Salary Increases	3.40 percent per year
Retiree Healthcare Participation	35% of eligible employees 60% of male members and 35% of female members will elect spouse
Mortality	Healthy 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: 6.75 percent per year decreasing to 3.75 percent. Dental: 4.00 percent per year decreasing to 3.75.

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 2.16% to 3.54%.

	Total OPEB Liability
Balance as of June 30, 2022	\$ 1,657,019
Changes for the year	
Service cost	119,887
Interest on total OPEB Liability	36,937
Effect of economic/demographic gains or	330,145
Effect of assumptions changes or inputs	(141,290)
Benefit payments	<u>(134,453)</u>
Balance as of June 30, 2023	<u>\$ 1,868,245</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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 (2.54 percent) or 1- percentage-point higher (4.54 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB Liability	<u>\$ 2,014,562</u>	<u>\$ 1,868,245</u>	<u>\$ 1,732,690</u>

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 1,679,699</u>	<u>\$ 1,868,245</u>	<u>\$ 2,091,502</u>

Postemployment Health Care Plan - PERS Retirement Health Insurance Account (RHIA)

Plan Description

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

Contributions

PERS employers contributed 0.05 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

Contributions

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 Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.05% of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2023, 2022 and 2021 were \$579, \$829 and \$819, respectively, which equaled the required contributions each year.

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

At June 30, 2023, the City reported an asset of \$119,573 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the City's proportionate share was 0.03365067%, which is an increase from its proportion of 0.03061596% as of June 30, 2021.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

For the year ended June 30, 2023, the City recognized OPEB income from this plan of \$19,905. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,240
Changes of assumptions	936	3,986
Net difference between projected and actual earnings on investments	-	9,119
Changes in proportionate share	-	13,170
Total (prior to post-MD contributions)	<u>936</u>	<u>29,515</u>
Contributions subsequent to the MD	586	-
	<u>\$ 1,522</u>	<u>\$ 29,515</u>
Net deferred outflow/ (inflow) of resources		<u>\$ (27,993)</u>

Deferred outflows of resources related to OPEB of \$586 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Year ended June 30,</u>	<u>Amount</u>
	2024	\$ (18,653)
	2025	(7,091)
	2026	(5,755)
	2027	2,920
	2028	-
		<u>\$ (28,579)</u>
Contributions subsequent to the measurement date		586
Net deferred outflow/ (inflow) of resources		<u>\$ (27,993)</u>

Actuarial Methods and Assumptions

The total OPEB asset in the December 31, 2020 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed in note F – Pension Plan Actuarial Assumptions.

Long-Term Expected Rate of Return

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90% 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.

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

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 6.90%, 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 (5.90%) or 1- percentage-point higher (7.90%) than the current rate:

<u>Discount Rate:</u>	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Total OPEB (asset) liability	<u>\$ (107,769)</u>	<u>\$ (119,573)</u>	<u>\$ (129,691)</u>

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, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2022 and will be indexed with inflation in later years.

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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.

Under Senate Bill 149, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2022 and will be indexed with inflation in later years.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

Pension Benefits (continued)

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 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2023 were \$1,323,803, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 were 27.57 percent for Tier One/Tier Two, 22.46 percent for OPSRP Pension Program General Service Members, 26.82 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.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$3,333 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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

At June 30, 2023, the City reported a liability of \$7,221,223 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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. As of June 30, 2022, the City's proportion was 0.04716053%, which was a decrease from its proportion of 0.04294479% measured as of June 30, 2021.

For the year ended June 30, 2023, the City's recognized pension income of \$377,026. At June 30, 2023, 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	\$ 350,532	\$ 45,033
Changes of assumptions	1,133,049	10,352
Net difference between projected and actual earnings on investments	-	1,291,015
Changes in proportionate share	824,505	825,234
Differences between employer contributions and proportionate share of contributions	96,038	663,173
Total (prior to post-MD contributions)	<u>2,404,124</u>	<u>2,834,807</u>
Contributions subsequent to the MD	<u>1,323,803</u>	<u>-</u>
	<u>\$ 3,727,927</u>	<u>\$ 2,834,807</u>
Net deferred outflow / (inflow) of resources		<u>\$ 893,120</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements
June 30, 2023

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

City's contributions subsequent to the measurement date of \$1,323,803 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, 2024. 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,	Amount
	2024	\$ (78,301)
	2025	(222,080)
	2026	(688,158)
	2027	544,495
	2028	13,361
		<hr/>
		(430,683)
Contributions subsequent to the measurement date		1,323,803
Net deferred outflow / (inflow) of resources		<hr/> <hr/> \$ 893,120

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

Actuarial Assumptions (continued)

Mortality	Healthy retirees and beneficiaries: Pub- 2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	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 Disabled 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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Private Equity	15.0%	27.5%	20.0%
Real Estate	7.5%	17.5%	12.5%
Risk Parity	-	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			<u>100.0%</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

Long-term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.74%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Mater Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation - Mean		2.40%

Depletion Date Projection

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

Depletion Date Projection (continued)

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 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 6.90 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Employers' Net Pension Liability Defined Benefit	\$ 2,546,843	\$ 7,221,223	\$ 12,806,215

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2022 measurement period that require disclosure.

G. Commitments and Contingencies

The City is committed under various construction and purchase contracts at June 30, 2023. Major projects in progress at June 30, 2023 are as follows:

The City continued work on pedestrian and road improvements funded through House Bill 2017. In the year ending June 30, 2022 the City entered into a contract with Anderson Perry & Associates for design engineering of the next part of this project. This agreement allowed for a total not-to-exceed in the amount of \$125,000 and was amended in February 2023 for an additional not-to-exceed amount of \$40,000. There was an unspent obligation to Anderson Perry & Associates of \$17,936 at June 30, 2023. The City also entered into a contract with Eastern Oregon Contracting in the amount of \$927,214 in May 2022 for the road improvements. At June 30, 2023 there was an unspent obligation to the contract of \$13,241. The project was extended through August 2024.

In June 2022, the City approved an agreement with Bateson Enterprises, LLC for replacement and improvements of the Braeburn Lift Station for \$403,104. The project was expected to be completed during the current fiscal year, however, due to procurement issues, it was not. At June 30, 2023, \$201,606 was unspent on the agreement.

In December 2022 the City entered into a contract with Blue Mountain Telecommunication Services, Inc. in the amount of \$77,524.68. As of June 30, 2023 the outstanding commitment for this project was \$25,440.00.

In September 2022, the City contracted with FFA Architectures, S & K Mountain Construction and Wenaha Group, Inc. for the police station build financed by bond proceeds sold in the prior fiscal year. Total contract amounts and amounts left on the contracts at June 30, 2023 are as follows:

	<u>Total contract awarded</u>	<u>Remaining at June 30, 2023</u>
FFA Architectures	\$ 757,301	\$ 100,856
S & K Mountain Construction	\$ 8,240,000	\$ 5,212,141
Wenaha Group, Inc.	\$ 206,244	\$ 83,814

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2023

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, 2023.

I. Related Parties

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 \$2,526 in accrued interest on the loan.

An owner of Humbert Asphalt is related to a board member. The total amount paid to Humbert Asphalt for services and materials in the year ending June 30, 2023 was \$9,770.

An owner of Eastern Oregon Contracting, LLC is related to a board member. The total amount paid to Eastern Oregon Contracting, LLC for services and materials in the year ending June 30, 2023 was \$931,552.

An owner of Blue Mountain Telecommunication Services, Inc. is related to a board member. The total amount paid to Blue Mountain Telecommunication Services, Inc for services and materials in the year ending June 30, 2023 was \$52,085.

J. Subsequent Events

The City continues construction of a new Police Station. Multiple project delays in procurement have put it behind schedule, but it is expected to be completed in spring of 2024.

Management evaluated all activity of the City through the issue date of the Financial Statements and concluded that no other subsequent events have occurred that would require recognition in the Financial Statements nor disclosure in the Notes to the Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS TO PENSION PLAN
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
For The Last Ten Fiscal Years

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percentage of covered payroll
2023	\$ 1,323,803	\$ 1,323,803	-	\$ 5,350,907	24.74%
2022	1,285,719	1,285,719	-	5,266,712	24.41%
2021	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%

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
For The Last Ten Fiscal Years

Measurement ² Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.04716053%	\$ 7,221,223	\$ 5,266,712	137.11%	84.5%
2021	0.04294479%	5,138,980	4,761,367	107.93%	87.6%
2020	0.04990697%	10,891,417	4,504,607	241.78%	75.8%
2019	0.04597714%	7,952,944	4,531,545	175.50%	80.2%
2018	0.04816572%	7,296,472	3,942,528	185.07%	82.1%
2017	0.05152128%	6,945,088	4,309,636	161.15%	83.1%
2016	0.05304484%	7,963,262	4,048,202	196.71%	80.5%
2015	0.05877367%	3,374,468	3,987,926	84.62%	91.9%
2014	0.06234782%	(1,413,247)	3,857,755	-36.63%	103.6%
2013	0.06234782%	3,181,701	3,939,495	80.76%	92.0%

² Measurement date is one year in arrears

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
For The Last Seven Fiscal Years ¹

Measurement ² Date June 30,	(a) City's proportion of the net OPEB pension liability (asset)	(b) City's proportionate share of the net OPEB pension liability (asset)	(c) City's covered- employee payroll	(b/c) City's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.03365067%	\$ (119,573)	\$ 5,266,712	-2.27%	194.6%
2021	0.03061596%	(105,135)	4,761,367	-2.21%	183.9%
2020	0.01368528%	(27,885)	4,504,607	-0.62%	150.1%
2019	0.04257546%	(82,271)	4,531,545	-1.82%	144.4%
2018	0.03965970%	(44,221)	3,942,528	-1.12%	124.0%
2017	0.04242036%	(17,704)	4,309,636	-0.41%	108.9%
2016	0.04258291%	11,564	4,048,202	0.29%	94.2%

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

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

² Measurement date is one year in arrears

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
For The Last Eight Fiscal Years ¹

Year Ended June 30,	(a) Contractually required contributions	(b) City's contributions in relation to the contractually required contribution	(a+b) City's contribution deficiency (excess)	(c) City's covered payroll	(-b/c) City's contribution as a percentage of covered employee payroll
2023	\$ 579	\$ (579)	\$ -	\$ 5,350,907	0.01%
2022	829	(829)	-	5,266,712	0.02%
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

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
Health Insurance Continuation Plan
For The Six Fiscal Years ¹

Year Ended June 30,	Beginning Balance	Service cost	Interest on total OPEB liability	Effect of changes to benefit terms	Effect of economic /demographic gains or losses	Effect of assumptions changes or inputs	Benefit payments	Balance as of June 30	Covered payroll	Total OPEB liability, as a percentage of covered payroll
2023	\$ 1,657,019	\$ 119,887	\$ 36,937	\$ -	\$ 330,145	\$ (141,290)	\$ (134,453)	\$ 1,868,245	\$ 5,350,907	34.91%
2022	1,625,597	116,390	37,087	-	-	6,353	(128,408)	1,657,019	5,266,712	31.46%
2021	1,493,672	98,313	53,836	-	106,949	(18,638)	(108,535)	1,625,597	4,761,367	34.14%
2020	1,403,105	87,331	55,848	-	-	42,954	(95,566)	1,493,672	4,504,607	33.16%
2019	1,774,824	106,736	65,163	-	(50,615)	(369,202)	(123,801)	1,403,105	4,531,545	30.96%
2018	1,815,193	114,786	53,469	-	-	(100,146)	(108,478)	1,774,824	3,942,528	45.02%

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Changes in Benefit Terms

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2022, annual salary in excess of \$210,582 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the “Effect of plan changes” during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System’s funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

CITY OF MILTON-FREEWATER, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Changes of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from, 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

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, 2022 reporting date is 2.16% and the discount rate for the June 30, 2023 reporting date is 3.54%.

Changes of Assumptions

There were no significant changes in benefit terms in the current period related to the other postemployment benefit.

SUPPLEMENTAL INFORMATION

CITY OF MILTON-FREEWATER, OREGON
Combining Statements
Non-Major Governmental Funds
June 30, 2023

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.
- **General obligation bond** – Accounts for revenue from residents for the general obligation bond debt the City has incurred to finance the construction of a new police station.

CITY OF MILTON-FREEWATER, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023

	<u>Special Revenue</u>					<u>Debt Service</u>		<u>Totals</u>
	<u>Street</u>	<u>Library</u>	<u>Senior/ Disabled Transport.</u>	<u>Drug Enforce- ment</u>	<u>911</u>	<u>Special Assessments</u>	<u>General Obligation Bond</u>	
<u>ASSETS:</u>								
Cash and cash equivalents	\$ 687,553	\$ 90,493	\$ -	\$ 7	\$ 21,321	\$ 274	\$ -	\$ 799,648
Investments	217,848	28,672	-	2	6,755	87	-	253,364
Receivables:								
Property taxes	-	-	2,274	-	-	-	7,890	10,164
Accounts	55,256	1,861	71,638	-	17,296	-	-	146,051
Total assets	<u>\$ 960,657</u>	<u>\$ 121,026</u>	<u>\$ 73,912</u>	<u>\$ 9</u>	<u>\$ 45,372</u>	<u>\$ 361</u>	<u>\$ 7,890</u>	<u>\$ 1,209,227</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable and accrued liabilities	\$ 1,679	\$ 3,685	\$ 31,143	\$ -	\$ 225	\$ -	\$ -	\$ 36,732
Due to other funds	-	-	19,437	-	-	-	1,456	20,893
Total liabilities	<u>1,679</u>	<u>3,685</u>	<u>50,580</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>1,456</u>	<u>57,625</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>								
Unavailable revenue	3,580	-	73,670	-	17,296	-	6,999	101,545
Total deferred inflows of resources	<u>3,580</u>	<u>-</u>	<u>73,670</u>	<u>-</u>	<u>17,296</u>	<u>-</u>	<u>6,999</u>	<u>101,545</u>
<u>FUND BALANCES:</u>								
Restricted	955,398	117,341	-	-	-	361	-	1,073,100
Assigned	-	-	-	9	27,851	-	-	27,860
Unassigned	-	-	(50,338)	-	-	-	(565)	(50,903)
Total fund balances	<u>955,398</u>	<u>117,341</u>	<u>(50,338)</u>	<u>9</u>	<u>27,851</u>	<u>361</u>	<u>(565)</u>	<u>1,050,057</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 960,657</u>	<u>\$ 121,026</u>	<u>\$ 73,912</u>	<u>\$ 9</u>	<u>\$ 45,372</u>	<u>\$ 361</u>	<u>\$ 7,890</u>	<u>\$ 1,209,227</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	Special Revenue					Debt Service		Totals
	Street	Library	Senior/ Disabled Transport.	Drug Enforce- ment	911	Special Assessments	General Obligation Bond	
<u>REVENUES:</u>								
Property taxes	\$ -	\$ -	\$ 57,945	\$ -	\$ -	\$ -	\$ 262,655	\$ 320,600
Charges for services	-	-	2,462	-	-	-	-	2,462
Intergovernmental	563,963	341,796	184,474	-	48,568	-	-	1,138,801
Fines and forfeitures	-	-	-	-	-	-	-	-
Interest on investments	21,726	4,664	664	-	1,054	-	-	28,108
Miscellaneous	7,064	18,470	-	-	-	-	-	25,534
Total revenues	<u>592,753</u>	<u>364,930</u>	<u>245,545</u>	<u>-</u>	<u>49,622</u>	<u>-</u>	<u>262,655</u>	<u>1,515,505</u>
<u>EXPENDITURES:</u>								
Current:								
General government	-	-	353,937	-	-	-	-	353,937
Public safety	-	-	-	-	31,300	-	-	31,300
Culture and recreation	-	430,814	-	-	-	-	-	430,814
Highways and Streets	323,084	-	-	-	-	-	-	323,084
Capital outlay	-	824	-	-	-	-	-	824
Debt Service	-	-	66,798	-	-	-	263,999	330,797
Total expenditures	<u>323,084</u>	<u>431,638</u>	<u>420,735</u>	<u>-</u>	<u>31,300</u>	<u>-</u>	<u>263,999</u>	<u>1,470,756</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>								
<u>OVER (UNDER) EXPENDITURES</u>	<u>269,669</u>	<u>(66,708)</u>	<u>(175,190)</u>	<u>-</u>	<u>18,322</u>	<u>-</u>	<u>(1,344)</u>	<u>44,749</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Issuance of debt	-	-	-	-	-	-	-	-
Transfers in	-	42,814	66,775	-	-	-	-	109,589
Transfers out	(135,428)	(240)	-	-	(67,100)	-	-	(202,768)
Total other financing sources (uses)	<u>(135,428)</u>	<u>42,574</u>	<u>66,775</u>	<u>-</u>	<u>(67,100)</u>	<u>-</u>	<u>-</u>	<u>(93,179)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>134,241</u>	<u>(24,134)</u>	<u>(108,415)</u>	<u>-</u>	<u>(48,778)</u>	<u>-</u>	<u>(1,344)</u>	<u>(48,430)</u>
<u>FUND BALANCES, BEGINNING</u>	<u>821,157</u>	<u>141,475</u>	<u>58,077</u>	<u>9</u>	<u>76,629</u>	<u>361</u>	<u>779</u>	<u>1,098,487</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 955,398</u>	<u>\$ 117,341</u>	<u>\$ (50,338)</u>	<u>\$ 9</u>	<u>\$ 27,851</u>	<u>\$ 361</u>	<u>\$ (565)</u>	<u>\$ 1,050,057</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON

Combining Statements

Non-Major Enterprise Funds

June 30, 2023

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
For the Fiscal Year Ended June 30, 2023

	Solid Waste	Landfill Closure	Golf Course	Totals
<u>ASSETS:</u>				
Current assets:				
Cash and cash equivalents	\$ 519,154	\$ -	\$ -	\$ 519,154
Investments	164,491	-	-	164,491
Receivables:				
Accounts	166,434	-	500	166,934
Leases	-	-	5,804	5,804
Total current assets:	<u>850,079</u>	<u>-</u>	<u>6,304</u>	<u>856,383</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	130,609	-	130,609
Restricted investments	-	41,383	-	41,383
Leases receivable	-	-	6,560	6,560
Capital assets:				
Land	50,000	-	61,686	111,686
Depreciable assets, net of depreciation	146,158	-	152,052	298,210
Total noncurrent assets:	<u>196,158</u>	<u>171,992</u>	<u>220,298</u>	<u>588,448</u>
Total assets:	<u>1,046,237</u>	<u>171,992</u>	<u>226,602</u>	<u>1,444,831</u>
<u>DEFERRED OUTFLOW OF RESOURCES:</u>				
Deferred outflows related to pension and OPEB	197,145	-	32,566	229,711
<u>LIABILITIES:</u>				
Current liabilities:				
Accounts payable and accrued liabilities	6,281	-	1,704	7,985
Accrued interest payable	-	-	2,526	2,526
Due to other funds	-	-	32,107	32,107
Current portion of long-term debt	8,525	-	-	8,525
Total current liabilities	<u>14,806</u>	<u>-</u>	<u>36,337</u>	<u>51,143</u>
Advances from other funds	-	-	131,774	131,774
Long-term debt, net of current portion:				
Landfill closure liability	-	189,927	-	189,927
Net pension liability	332,114	-	54,861	386,975
Transition liability	5,921	-	3,559	9,480
Compensated absences payable	2,131	-	-	2,131
Other postemployment benefits	80,424	-	13,285	93,709
Total noncurrent liabilities	<u>420,590</u>	<u>189,927</u>	<u>203,479</u>	<u>813,996</u>
Total liabilities	<u>435,396</u>	<u>189,927</u>	<u>239,816</u>	<u>865,139</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Deferred inflows - leases	-	-	12,364	12,364
Deferred inflows related to pension and OPEB	147,987	-	24,445	172,432
Total deferred inflows of resources	<u>147,987</u>	<u>-</u>	<u>36,809</u>	<u>184,796</u>
<u>NET POSITION:</u>				
Net investment in capital assets	196,158	-	213,738	409,896
Restricted for landfill closure	-	-	-	-
Unrestricted	463,841	(17,935)	(231,195)	214,711
Total net position	<u>\$ 659,999</u>	<u>\$ (17,935)</u>	<u>\$ (17,457)</u>	<u>\$ 624,607</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2023

	<u>Solid Waste</u>	<u>Landfill Closure</u>	<u>Golf Course</u>	<u>Totals</u>
<u>OPERATING REVENUES:</u>				
Charges for services	\$ 1,267,024	\$ -	\$ 216,257	\$ 1,483,281
Miscellaneous	8,372	-	-	8,372
Total operating revenues	<u>1,275,396</u>	<u>-</u>	<u>216,257</u>	<u>1,491,653</u>
<u>OPERATING EXPENSES:</u>				
Personal services	417,071	-	61,931	479,002
Materials and services	481,392	10,450	132,198	624,040
Depreciation	13,924	-	7,099	21,023
Total operating expenses	<u>912,387</u>	<u>10,450</u>	<u>201,228</u>	<u>1,124,065</u>
<u>OPERATING INCOME (LOSS):</u>	<u>363,009</u>	<u>(10,450)</u>	<u>15,029</u>	<u>367,588</u>
<u>NON-OPERATING INCOME (EXPENSES):</u>				
Interest on investments	17,036	4,246	-	21,282
Interest expense	-	-	(1,318)	(1,318)
Total non-operating income (expenses)	<u>17,036</u>	<u>4,246</u>	<u>(1,318)</u>	<u>19,964</u>
<u>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</u>	380,045	(6,204)	13,711	387,552
<u>CAPITAL CONTRIBUTIONS:</u>				
System development charges	97,583	-	-	97,583
<u>TRANSFERS:</u>				
Transfers in	2,000	4,000	129,469	135,469
Transfers out	(370,808)	-	(100)	(370,908)
<u>CHANGE IN NET POSITION</u>	108,820	(2,204)	143,080	249,696
<u>NET POSITION, Beginning</u>	<u>551,179</u>	<u>(15,731)</u>	<u>(160,537)</u>	<u>374,911</u>
<u>NET POSITION, Ending</u>	<u>659,999</u>	<u>(17,935)</u>	<u>(17,457)</u>	<u>624,607</u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING CASH FLOW
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2023

	Solid Waste	Landfill Closure	Golf Course	Totals
<u>OPERATING REVENUES:</u>				
Receipts from customers and users	\$ 1,273,425	\$ -	\$ 216,257	\$ 1,489,682
Payments to suppliers	(102,234)	-	(117,122)	(219,356)
Payments to employees	(436,612)	-	(71,582)	(508,194)
Payments for interfund services used	(400,890)	-	(23,251)	(424,141)
Net cash provided from operating activities	<u>333,689</u>	<u>-</u>	<u>4,302</u>	<u>337,991</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Payments from internal loans	-	-	(19,202)	(19,202)
Transfers in	2,000	4,000	129,469	135,469
Transfers out	(370,808)	-	(100)	(370,908)
Net cash provided from (used by) non-capital financing activities	<u>(368,808)</u>	<u>4,000</u>	<u>110,167</u>	<u>(254,641)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
System development charges received	97,583	-	-	97,583
Acquisition of capital assets	(14,156)	-	(114,469)	(128,625)
Net cash provided from (used by) capital and related financing activities	<u>83,427</u>	<u>-</u>	<u>(114,469)</u>	<u>(31,042)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Net sales (purchases) of investments	(26,262)	(4,775)	-	(31,037)
Interest on investments	17,036	4,246	-	21,282
Net cash used by investing activities	<u>(9,226)</u>	<u>(529)</u>	<u>-</u>	<u>(9,755)</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>				
	39,082	3,471	-	42,553
<u>CASH AND CASH EQUIVALENTS, Beginning</u>				
	480,072	127,138	-	607,210
<u>CASH AND CASH EQUIVALENTS, Ending</u>				
	<u>\$ 519,154</u>	<u>\$ 130,609</u>	<u>\$ -</u>	<u>\$ 649,763</u>
<u>COMPRISED AS FOLLOWS:</u>				
Cash and cash equivalents	\$ 519,154	\$ -	\$ -	\$ 519,154
Restricted cash and cash equivalents	-	130,609	-	130,609
	<u>\$ 519,154</u>	<u>\$ 130,609</u>	<u>\$ -</u>	<u>\$ 649,763</u>
<u>Reconciliation of operating income (loss) to net cash provided:</u>				
Operating income (loss)	\$ 363,009	\$ (10,450)	\$ 15,029	\$ 367,588
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:				
Depreciation	13,924	-	7,099	21,023
(Increase) decrease in assets:				
Receivables	(1,972)	-	-	(1,972)
Deferred outflows related to pension and OPEB Increase (decrease) in liabilities	(24,558)	-	(1,219)	(25,777)
Increase (decrease) in assets:				
Accounts payable and accrued expenses	(21,731)	10,450	(8,175)	(19,456)
Compensated absences payable	1,004	-	-	1,004
PERS net pension and transition liability	93,967	-	11,662	105,629
Other postemployment benefits	9,506	-	405	9,911
Deferred inflows related to pension and OPEB Increase (decrease) in liabilities:	(99,460)	-	(20,499)	(119,959)
Net cash provided from operating activities	<u>\$ 333,689</u>	<u>\$ -</u>	<u>\$ 4,302</u>	<u>\$ 337,991</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON

Combining Statements

Internal Service Funds

June 30, 2023

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, 2023

	<u>Warehouse</u>	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>Sick Leave Liability</u>	<u>Risk Management</u>	<u>Totals</u>
<u>ASSETS:</u>						
Current assets:						
Cash and cash equivalents	\$ 32,907	\$ 106,422	\$ 700,599	\$ 25,352	\$ 44,393	\$ 909,673
Investments	10,427	33,719	221,981	8,032	14,066	288,225
Receivables:						
Accounts	-	1,330	1,725	-	-	3,055
Inventories	-	7,130	-	-	-	7,130
Total current assets	<u>43,334</u>	<u>148,601</u>	<u>924,305</u>	<u>33,384</u>	<u>58,459</u>	<u>1,208,083</u>
Noncurrent assets:						
Capital assets:						
Nondepreciable	4,411	-	-	-	-	4,411
Depreciable assets, net of depreciation	<u>6,782</u>	<u>9,836</u>	<u>1,336,296</u>	<u>-</u>	<u>-</u>	<u>1,352,914</u>
Total noncurrent assets	<u>11,193</u>	<u>9,836</u>	<u>1,336,296</u>	<u>-</u>	<u>-</u>	<u>1,357,325</u>
Total assets	<u>54,527</u>	<u>158,437</u>	<u>2,260,601</u>	<u>33,384</u>	<u>58,459</u>	<u>2,565,408</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Deferred outflows related to pension and OPEB	<u>-</u>	<u>142,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,080</u>
<u>LIABILITIES:</u>						
Current liabilities:						
Accounts payable and accrued liabilities	35	19,855	-	-	-	19,890
Accrued interest payable	-	-	2,582	-	-	2,582
Current portion long-term liabilities	<u>-</u>	<u>13,089</u>	<u>45,627</u>	<u>-</u>	<u>-</u>	<u>58,716</u>
Total current liabilities	<u>35</u>	<u>32,944</u>	<u>48,209</u>	<u>-</u>	<u>-</u>	<u>81,188</u>
Noncurrent liabilities:						
Long-term debt, net of current portion:						
Leases Payable	-	-	77,922	-	-	77,922
Net pension liability	-	239,353	-	-	-	239,353
Transition liability	-	11,272	-	-	-	11,272
Compensated absences payable	-	3,272	-	-	-	3,272
Other post employment benefits liability	<u>-</u>	<u>57,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,961</u>
Total liabilities	<u>35</u>	<u>344,802</u>	<u>126,131</u>	<u>-</u>	<u>-</u>	<u>470,968</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Deferred inflows related to pension and OPEB	<u>-</u>	<u>106,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,653</u>
<u>NET POSITION:</u>						
Net investment in capital assets	6,782	9,836	1,212,747	-	-	1,229,365
Unrestricted	<u>47,710</u>	<u>(160,774)</u>	<u>921,723</u>	<u>33,384</u>	<u>58,459</u>	<u>900,502</u>
Total net position	<u>\$ 54,492</u>	<u>\$ (150,938)</u>	<u>\$ 2,134,470</u>	<u>\$ 33,384</u>	<u>\$ 58,459</u>	<u>\$ 2,129,867</u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023

	<u>Warehouse</u>	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>Sick Leave Liability</u>	<u>Risk Management</u>	<u>Totals</u>
<u>OPERATING REVENUES:</u>						
Charges for services	\$ -	607,872	\$ 438,919	\$ -	\$ -	\$1,046,791
Miscellaneous	-	-	-	-	15,929	15,929
Total operating revenues	-	607,872	438,919	-	15,929	\$1,062,720
<u>OPERATING EXPENSES:</u>						
Personal services	-	274,222	-	-	-	274,222
Materials and services	34,941	338,082	3,367	-	33,032	409,422
Depreciation	1,938	1,297	185,557	-	-	188,792
Total operating expenses	36,879	613,601	188,924	-	33,032	872,436
<u>OPERATING INCOME (LOSS)</u>	(36,879)	(5,729)	249,995	-	(17,103)	190,284
<u>NON-OPERATING INCOME (EXPENSES):</u>						
Gain on disposal of capital assets	-	-	14,875	-	-	14,875
Interest on investments	1,120	2,780	19,946	775	1,541	26,162
Interest expense	-	-	(3,491)	-	-	(3,491)
Total non-operating income (expenses)	1,120	2,780	31,330	775	1,541	37,546
<u>NET INCOME (LOSS)</u>						
<u>BEFORE TRANSFERS</u>	(35,759)	(2,949)	281,325	775	(15,562)	227,830
<u>TRANSFERS:</u>						
Transfers in	63,738	157,000	52,000	6,776	-	279,514
Transfers out	(23,993)	(84,863)	(157,000)	-	-	(265,856)
<u>CHANGE IN NET POSITION</u>	3,986	69,188	176,325	7,551	(15,562)	241,488
<u>NET POSITION, BEGINNING</u>	50,506	(220,126)	1,958,145	25,833	74,021	1,888,379
<u>NET POSITION, ENDING</u>	\$ 54,492	\$ (150,938)	\$ 2,134,470	\$ 33,384	\$ 58,459	\$2,129,867

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2023

	Warehouse	Vehicle Maintenance	Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>						
Receipts from customers and users	\$ -	\$ 36,049	\$ -	\$ -	\$ 15,929	\$ 51,978
Receipts from interfund services provided	-	571,611	438,919	-	-	1,010,530
Payments to suppliers and others	(35,056)	(348,765)	(3,367)	-	(34,968)	(422,156)
Payments to employees and others for	-	(287,673)	-	-	-	(287,673)
Net cash provided by (used in) operating activities	<u>(35,056)</u>	<u>(28,778)</u>	<u>435,552</u>	<u>-</u>	<u>(19,039)</u>	<u>352,679</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>						
Transfers in	63,738	157,000	52,000	6,776	-	279,514
Transfers out	(23,993)	(84,863)	(157,000)	-	-	(265,856)
Net cash provided from (used by) non-capital financing activities	<u>39,745</u>	<u>72,137</u>	<u>(105,000)</u>	<u>6,776</u>	<u>-</u>	<u>13,658</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>						
Proceeds from sale of capital assets	-	-	13,150	-	-	13,150
Acquisition of capital assets	(4,412)	-	(327,352)	-	-	(331,764)
Principal paid on long-term obligations	-	-	(12,165)	-	-	(12,165)
Interest	-	-	(1,586)	-	-	(1,586)
Net cash provided from (used by) capital and related financing activities	<u>(4,412)</u>	<u>-</u>	<u>(327,953)</u>	<u>-</u>	<u>-</u>	<u>(332,365)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>						
Net sales (purchases) of investments	(1,051)	(12,704)	(20,766)	(2,257)	2,915	(33,863)
Interest on investments	1,120	2,780	19,947	775	1,541	26,163
Net cash provided by investing activities	<u>69</u>	<u>(9,924)</u>	<u>(819)</u>	<u>(1,482)</u>	<u>4,456</u>	<u>(7,700)</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	<u>346</u>	<u>33,435</u>	<u>1,780</u>	<u>5,294</u>	<u>(14,583)</u>	<u>26,272</u>
<u>CASH AND CASH EQUIVALENTS, BEGINNING</u>	<u>32,561</u>	<u>72,987</u>	<u>698,819</u>	<u>20,058</u>	<u>58,976</u>	<u>883,401</u>
<u>CASH AND CASH EQUIVALENTS, ENDING</u>	<u>\$ 32,907</u>	<u>\$ 106,422</u>	<u>\$ 700,599</u>	<u>\$ 25,352</u>	<u>\$ 44,393</u>	<u>\$ 909,673</u>

Reconciliation of operating income (loss) to net cash provided from (used by) operating activities:

Operating income (loss)	\$ (36,879)	\$ (5,729)	\$ 249,995	\$ -	\$ (17,103)	\$ 190,284
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:						
Depreciation	1,938	1,297	185,557	-	-	188,792
(Increase) decrease in assets:						
Receivables	-	(212)	-	-	-	(212)
Deferred outflows related to pension and OPEB	-	(17,824)	-	-	-	(17,824)
Inventories	-	1,267	-	-	-	1,267
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(115)	(11,950)	-	-	(1,936)	(14,001)
Compensated absences payable	-	1,077	-	-	-	1,077
PERS net pension and transition liability	-	74,796	-	-	-	74,796
Deferred inflows related to pension and OPEB	-	(71,500)	-	-	-	(71,500)
Net cash provided by (used in) operating activities	<u>\$ (35,056)</u>	<u>\$ (28,778)</u>	<u>\$ 435,552</u>	<u>\$ -</u>	<u>\$ (19,039)</u>	<u>\$ 352,679</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
BUDGETARY COMPARISON SCHEDULES
June 30, 2023

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 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.

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL, BY DEPARTMENT
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES:</u>				
City Council	\$ 27,741	\$ 27,741	\$ 26,581	\$ 1,160
City Manager	551,587	551,587	514,413	37,174
City Attorney	15,000	15,000	4,872	10,128
Municipal Court	110,200	110,200	112,820	(2,620)
Finance Department	1,041,681	1,041,681	983,988	57,693
Planning	128,755	151,516	136,281	15,235
Police Department	2,851,857	2,851,857	2,369,546	482,311
Fire Department	443,062	443,062	385,454	57,608
Public Works	1,664,699	1,704,734	1,353,292	351,442
City Hall	399,828	342,108	241,101	101,007
Civil Engineering	50,759	50,759	31,584	19,175
Transfers Out	1,126,189	1,145,739	740,658	405,081
Contingency	132,246	132,246	-	132,246
	<u>\$ 8,543,604</u>	<u>\$ 8,568,230</u>	<u>\$ 6,900,590</u>	<u>\$ 1,667,640</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
June 30, 2023

Governmental Budgetary Comparison schedules included the following:

- **Special Revenue Funds**
 - Street
 - Library
 - Senior Disabled Transportation
 - Drug Enforcement
 - 911

- **Capital Project Funds**
 - Street Improvement
 - Police station construction

- **Debt Service Fund**
 - Special Assessment
 - General Obligation Bond

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STREET FUND**

For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Intergovernmental	\$ 470,000	\$ 470,000	\$ 563,963	\$ 93,963
Interest and investment earnings	500	500	21,726	21,226
Miscellaneous	2,750	2,750	7,064	4,314
Total Revenues	473,250	473,250	592,753	119,503
<u>EXPENDITURES:</u>				
Current:				
Highways and streets:				
Personal services	247,316	247,316	207,393	39,923
Materials and services	132,512	132,512	115,691	16,821
Contingency	615,731	615,731	-	615,731
Total expenditures	995,559	995,559	323,084	672,475
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(522,309)	(522,309)	269,669	791,978
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(135,428)	(135,428)	(135,428)	-
<u>NET CHANGE IN FUND BALANCES</u>	(657,737)	(657,737)	134,241	791,978
<u>FUND BALANCE, BEGINNING</u>	657,737	657,737	821,157	163,420
<u>FUND BALANCE, ENDING</u>	\$ -	\$ -	\$ 955,398	\$ 955,398

CITY OF MILTON-FREEWATER, OREGON

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

LIBRARY FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Intergovernmental	\$ 339,740	\$ 339,740	\$ 341,796	\$ 2,056
Fines and forfeitures	3,000	3,000	-	(3,000)
Interest and investment earnings	500	500	4,664	4,164
Miscellaneous	13,980	13,980	18,470	4,490
Total revenues	357,220	357,220	364,930	7,710
<u>EXPENDITURES:</u>				
Current:				
Culture and recreation:				
Personal Services	392,702	392,702	376,804	15,898
Materials and services	56,990	62,990	54,010	8,980
Capital outlay	21,000	15,000	824	14,176
Contingency	25,000	25,000	-	25,000
Total expenditures	495,692	495,692	431,638	64,054
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(138,472)	(138,472)	(66,708)	71,764
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	42,814	42,814	42,814	-
Transfers out	(240)	(240)	(240)	-
Total other financing sources (uses)	42,574	42,574	42,574	-
<u>NET CHANGE IN FUND BALANCES</u>	(95,898)	(95,898)	(24,134)	71,764
<u>FUND BALANCE, BEGINNING</u>	95,898	95,898	141,475	45,577
<u>FUND BALANCE, ENDING</u>	\$ -	\$ -	\$ 117,341	\$ 117,341

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

SENIOR DISABLED TRANSPORTATION FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUES:</u>				
Property taxes	\$ 59,000	\$ 59,000	\$ 57,945	\$ (1,055)
Charges for services	2,000	2,000	2,462	462
Intergovernmental	562,027	562,027	184,474	(377,553)
Interest and investment earnings	1,000	1,000	664	(336)
	624,027	624,027	245,545	(378,482)
<u>EXPENDITURES:</u>				
Current:				
General government:				
Personal services	152,611	152,611	143,126	9,485
Materials and services	304,580	304,580	210,811	93,769
Capital outlay	75,000	75,000	-	75,000
Debt service	66,775	66,775	66,798	(23)
Contingency	168,404	168,404	-	168,404
	767,370	767,370	420,735	346,635
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	(143,343)	(143,343)	(175,190)	(31,847)
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	66,775	66,775	66,775	-
<u>NET CHANGE IN FUND</u>				
<u>BALANCES</u>				
	(76,568)	(76,568)	(108,415)	(31,847)
<u>FUND BALANCE, BEGINNING</u>				
	76,568	76,568	58,077	(18,491)
<u>FUND BALANCE, ENDING</u>				
	\$ -	\$ -	\$ (50,338)	\$ (50,338)

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DRUG ENFORCEMENT FUND
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>NET CHANGE IN FUND BALANCE</u>	\$ -	\$ -	\$ -	\$ -
<u>FUND BALANCE, BEGINNING</u>	-	-	9	9
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</u>

CITY OF MILTON-FREEWATER, OREGON

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

911 FUND

For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 48,568	\$ (16,432)
Interest and investment earnings	50	50	1,054	1,004
Total revenues	<u>65,050</u>	<u>65,050</u>	<u>49,622</u>	<u>(15,428)</u>
<u>EXPENDITURES:</u>				
Current:				
Public safety:				
Materials and services	44,750	44,750	31,300	13,450
Capital outlay	21,200	21,200	-	21,200
Total expenditures	<u>65,950</u>	<u>65,950</u>	<u>31,300</u>	<u>34,650</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(900)	(900)	18,322	19,222
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(67,100)	(67,100)	(67,100)	-
Total other financing uses	<u>(67,100)</u>	<u>(67,100)</u>	<u>(67,100)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(68,000)	(68,000)	(48,778)	19,222
<u>FUND BALANCE, BEGINNING</u>				
	<u>68,000</u>	<u>68,000</u>	<u>76,629</u>	<u>8,629</u>
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,851</u>	<u>\$ 27,851</u>

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL STREET IMPROVEMENT FUND

For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Licenses and fees	\$ 2,523	\$ 2,523	\$ 6,974	\$ 4,451
Intergovernmental	1,301,822	1,301,822	887,202	(414,620)
Interest and investment earnings	500	500	5,476	4,976
Total revenues	<u>1,304,845</u>	<u>1,304,845</u>	<u>899,652</u>	<u>(405,193)</u>
<u>EXPENDITURES:</u>				
Capital outlay	1,387,922	1,387,922	1,058,976	328,946
Contingency	211,342	211,342	-	211,342
Total expenditures	<u>1,599,264</u>	<u>1,599,264</u>	<u>1,058,976</u>	<u>540,288</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	(294,419)	(294,419)	(159,324)	135,095
<u>FUND BALANCE, BEGINNING</u>	294,419	294,419	296,773	2,354
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,449</u>	<u>\$ 137,449</u>

See auditors' report.

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE STATION CONSTRUCTION
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Intergovernmental revenue	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -
Interest on investments	-		141,110	141,110
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,141,110</u>	<u>141,110</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>10,189,931</u>	<u>10,189,931</u>	<u>3,858,297</u>	<u>6,331,634</u>
Total expenditures	<u>10,189,931</u>	<u>10,189,931</u>	<u>3,858,297</u>	<u>6,331,634</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(7,189,931)	(7,189,931)	(717,187)	6,472,744
<u>FUND BALANCE, BEGINNING</u>	<u>7,189,931</u>	<u>7,189,931</u>	<u>7,035,060</u>	<u>(154,871)</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,317,873</u>	<u>\$ 6,317,873</u>

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL ASSESSMENT FUND
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>NET CHANGE IN FUND BALANCE</u>	\$ -	\$ -	\$ -	\$ -
<u>FUND BALANCE, BEGINNING</u>	-	-	361	361
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361</u>	<u>\$ 361</u>

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

- BUDGET AND ACTUAL

GENERAL OBLIGATION BOND FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Property taxes	\$ 265,200	\$ 265,200	\$ 262,655	\$ (2,545)
Total revenues	<u>265,200</u>	<u>265,200</u>	<u>262,655</u>	<u>(2,545)</u>
<u>EXPENDITURES:</u>				
Debt service - principal	10,100	10,100	10,000	100
Debt service - interest	<u>254,100</u>	<u>254,100</u>	<u>253,999</u>	<u>101</u>
Total expenditures	<u>264,200</u>	<u>264,200</u>	<u>263,999</u>	<u>201</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	1,000	1,000	(1,344)	(2,344)
<u>FUND BALANCE, BEGINNING</u>				
	-	-	779	779
<u>FUND BALANCE, ENDING</u>				
	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ (565)</u>	<u>\$ (1,565)</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
PROPRIETARY FUNDS
June 30, 2023

- **Enterprise Funds**
 - All Electric Funds
 - Electric
 - Electric Capital Replacement Reserve
 - Electric Operating and Maintenance Reserve
 - Water Fund
 - All Sewer Funds
 - Sewer
 - Sewer Improvement
 - Solid Waste
 - Landfill Closure
 - Golf Course
- **Internal Service Fund**
 - Warehouse
 - Vehicle Maintenance
 - Vehicle Replacement
 - Sick Leave Liability
 - Risk Management

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

ELECTRIC FUND

For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Surplus power sales	\$ 222,374	\$ 222,374	\$ 228,241	\$ 5,867
Charges for services	9,111,739	9,111,739	9,419,628	307,889
System development charges	173,499	173,499	178,063	4,564
Weatherization loan repayments	41,000	41,000	34,556	(6,444)
Interest and investment earnings	4,000	4,000	28,731	24,731
Miscellaneous	150,000	150,000	235,768	85,768
Total revenues	<u>9,702,612</u>	<u>9,702,612</u>	<u>10,124,987</u>	<u>422,375</u>
<u>EXPENDITURES:</u>				
Current:				
Personal services	2,150,880	2,150,880	2,068,425	82,455
Materials and services	5,775,541	5,775,541	5,632,757	142,784
Capital outlay	791,000	791,000	391,090	399,910
Contingency	1,484,523	1,484,523	-	1,484,523
Total expenditures	<u>10,201,944</u>	<u>10,201,944</u>	<u>8,092,272</u>	<u>2,109,672</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(499,332)</u>	<u>(499,332)</u>	<u>2,032,715</u>	<u>2,532,047</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	300,000	300,000	-	(300,000)
Transfers out	(1,210,135)	(1,210,135)	(1,210,135)	-
Total other financing sources (uses)	<u>(910,135)</u>	<u>(910,135)</u>	<u>(1,210,135)</u>	<u>(300,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>(1,409,467)</u>	<u>(1,409,467)</u>	<u>822,580</u>	<u>2,232,047</u>
<u>FUND BALANCE, BEGINNING</u>				
	<u>1,409,467</u>	<u>1,409,467</u>	<u>1,670,174</u>	<u>260,707</u>
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,492,754</u>	<u>\$ 2,492,754</u>

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRICAL CAPITAL REPLACEMENT RESERVE FUND
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest and investment earnings	\$ 750	\$ 750	\$ 44,825	\$ 44,075
Total revenues	750	750	44,825	44,075
<u>EXPENDITURES:</u>				
Capital outlay	1,765,691	1,765,691	-	1,765,691
Total expenditures	1,765,691	1,765,691	-	1,765,691
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(1,764,941)	(1,764,941)	44,825	1,809,766
<u>FUND BALANCE, BEGINNING</u>	1,764,941	1,764,941	1,756,742	(8,199)
<u>FUND BALANCE, ENDING</u>	\$ -	\$ -	\$ 1,801,567	\$ 1,801,567

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRICAL OPERATING AND MAINTENANCE RESERVE FUND
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest and investment earnings	\$ 1,000	\$ 1,000	\$ 72,174	\$ 71,174
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>72,174</u>	<u>71,174</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>2,842,751</u>	<u>2,842,751</u>	<u>-</u>	<u>2,842,751</u>
Total expenditures	<u>2,842,751</u>	<u>2,842,751</u>	<u>-</u>	<u>2,842,751</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(2,841,751)	(2,841,751)	72,174	2,913,925
<u>FUND BALANCE, BEGINNING</u>	<u>2,841,751</u>	<u>2,841,751</u>	<u>2,828,550</u>	<u>(13,201)</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,900,724</u>	<u>\$ 2,900,724</u>

CITY OF MILTON-FREEWATER, OREGON

RECONCILIATION TO GENERALLY ACCEPTED

ACCOUNTING PRINCIPLES

ALL ELECTRIC FUNDS

For the Fiscal Year Ended June 30, 2023

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Electric	\$ 2,492,754
Electric Capital Replacement Reserve	1,801,567
Electric Operating Maintenance Reserve	<u>2,900,724</u>

7,195,045

Adjustments:

Capital assets, net of depreciation	6,618,283
Weatherization loans receivable	116,224
Compensated absences	(145,819)
PERS transition liability	(51,433)
Net pension liability	(1,706,227)
Deferred outflows related to pension OPEB	1,012,824
Deferred inflow related to pension and OPEB	(760,285)
Due to Bonneville Power Administration	(37,211)
Other Postemployment benefits	<u>(413,175)</u>

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

\$ 11,828,226

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

WATER FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Charges for services	\$ 1,289,951	\$ 1,289,951	\$ 1,353,289	\$ 63,338
System development charges	157,838	157,838	165,699	7,861
Interest and investment earnings	2,500	2,500	20,437	17,937
Miscellaneous	5,500	5,500	20,500	15,000
Total revenues	<u>1,455,789</u>	<u>1,455,789</u>	<u>1,559,925</u>	<u>104,136</u>
<u>EXPENDITURES:</u>				
Current:				
Personnel services	354,884	354,884	340,208	14,676
Materials and services	437,160	437,160	353,332	83,828
Capital outlay	579,000	579,000	251,669	327,331
Contingency	524,692	472,692	-	472,692
Total expenditures	<u>1,895,736</u>	<u>1,843,736</u>	<u>945,209</u>	<u>898,527</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(439,947)	(387,947)	614,716	1,002,663
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(674,101)	(726,101)	(726,101)	-
Transfers in	300,000	300,000	300,000	-
Total other financing sources (uses)	<u>(374,101)</u>	<u>(426,101)</u>	<u>(426,101)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(814,048)	(814,048)	188,615	1,002,663
<u>FUND BALANCE, BEGINNING</u>				
	<u>814,048</u>	<u>814,048</u>	<u>970,232</u>	<u>156,184</u>
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,158,847</u>	<u>\$ 1,158,847</u>

CITY OF MILTON-FREEWATER, OREGON

**RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
WATER FUND**

For the Fiscal Year Ended June 30, 2023

<u>BUDGETARY BASIS FUND BALANCE (NON-GAAP)</u>	\$ 1,158,847
Adjustments:	
Capital assets, net of depreciation	4,721,645
Compensated absences	(26,734)
PERS transition liability	(9,826)
Net pension liability	(262,303)
Deferred outflows related to pension OPEB	155,705
Deferred inflow related to pension and OPEB	(116,880)
Other Postemployment benefits	(63,519)
	<hr/>
<u>GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS (GAAP) NET POSITION</u>	<u>\$ 5,556,935</u>

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

SEWER FUND

For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Charges for services	\$ 1,151,062	\$ 1,151,062	\$ 1,243,240	\$ 92,178
System development charges	115,000	115,000	123,196	8,196
Interest and investment earnings	600	600	25,972	25,372
Miscellaneous	57,810	57,810	50,381	(7,429)
Total revenues	<u>1,324,472</u>	<u>1,324,472</u>	<u>1,442,789</u>	<u>118,317</u>
<u>EXPENDITURES:</u>				
Current:				
Personal services	469,366	469,366	446,160	23,206
Materials and services	341,330	341,330	322,550	18,780
Contingency	1,090,113	790,113	-	790,113
Total expenditures	<u>1,900,809</u>	<u>1,600,809</u>	<u>768,710</u>	<u>832,099</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(576,337)	(276,337)	674,079	950,416
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(984,119)	(984,119)	(984,119)	-
Transfers in	300,000	-	-	-
Total other financing sources (uses)	<u>(684,119)</u>	<u>(984,119)</u>	<u>(984,119)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(1,260,456)	(1,260,456)	(310,040)	950,416
<u>FUND BALANCE, BEGINNING</u>				
	<u>1,260,456</u>	<u>1,260,456</u>	<u>1,422,501</u>	<u>162,045</u>
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,112,461</u>	<u>\$ 1,112,461</u>

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

SEWER PLANT IMPROVEMENT FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
System development charges	\$ 20,000	\$ 20,000	\$ 32,625	\$ 12,625
Interest and investment earnings	500	500	26,378	25,878
Total revenues	20,500	20,500	59,003	38,503
<u>EXPENDITURES:</u>				
Capital outlay	525,329	825,329	11,794	813,535
Debt service	93,912	93,912	83,208	10,704
Contingency	575,525	575,525	-	575,525
Total expenditures	1,194,766	1,494,766	95,002	1,399,764
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(1,174,266)	(1,474,266)	(35,999)	1,438,267
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	415,000	715,000	615,000	(100,000)
<u>NET CHANGE IN FUND BALANCES</u>				
	(759,266)	(759,266)	579,001	1,338,267
<u>FUND BALANCE, BEGINNING</u>				
	759,266	759,266	568,922	(190,344)
<u>FUND BALANCE, ENDING</u>				
	\$ -	\$ -	\$ 1,147,923	\$ 1,147,923

CITY OF MILTON-FREEWATER, OREGON

**RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES**

**ALL SEWER FUNDS
For the Fiscal Year Ended June 30, 2023**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,112,461
Sewer Plant Improvement	<u>1,147,923</u>
	2,260,384
Adjustments:	
Capital assets, net of depreciation	5,912,335
Compensated absences	(27,912)
PERS transition liability	(14,964)
Accrued interest payable	(12,375)
Net pension liability	(327,807)
Deferred outflows related to pension OPEB	194,587
Deferred inflow related to pension and OPEB	(146,070)
Long-term debt	(1,075,750)
Other Postemployment benefits	<u>(79,381)</u>

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

\$ 6,683,047

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

SOLID WASTE FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Charges for service	\$ 1,054,600	\$ 1,087,600	\$ 1,275,396	\$ 187,796
System development charges	93,500	93,500	97,583	4,083
Interest and investment earnings	5,000	5,000	17,036	12,036
Miscellaneous	500	500	-	(500)
Total revenues	1,153,600	1,186,600	1,390,015	203,415
<u>EXPENDITURES:</u>				
Current:				
Personal services	477,308	477,308	436,613	40,695
Materials and services	461,597	494,597	478,721	15,876
Capital outlay	43,000	43,000	16,827	26,173
Contingency	403,224	403,224	-	403,224
Total expenditures	1,385,129	1,418,129	932,161	485,968
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(231,529)	(231,529)	457,854	689,383
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	2,000	2,000	2,000	-
Transfers out	(370,808)	(370,808)	(370,808)	-
Total other financing sources (uses)	(368,808)	(368,808)	(368,808)	-
<u>NET CHANGE IN FUND BALANCE</u>				
	(600,337)	(600,337)	89,046	689,383
<u>FUND BALANCE, BEGINNING</u>				
	600,337	600,337	754,752	154,415
<u>FUND BALANCE, ENDING</u>				
	\$ -	\$ -	\$ 843,798	\$ 843,798
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			196,158	
Compensated absences			(10,656)	
PERS transition liability			(5,921)	
Net pension liability			(332,114)	
Deferred outflows related to pension OPEB			197,145	
Deferred inflow related to pension and OPEB			(147,987)	
Other Postemployment benefits			(80,424)	
<u>NET POSITION, ENDING</u>			<u>\$ 659,999</u>	

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LANDFILL CLOSURE FUND
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Interest and investment earnings	\$ 200	\$ 200	\$ 4,246	\$ 4,046
<u>EXCESS OF REVENUES</u>				
<u>OVER EXPENDITURES</u>	200	200	4,246	4,046
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	4,000	4,000	4,000	-
<u>NET CHANGE IN FUND</u>				
<u>BALANCES</u>	4,200	4,200	8,246	4,046
<u>FUND BALANCE, BEGINNING</u>	164,927	164,927	163,746	(1,181)
<u>FUND BALANCE, ENDING</u>	\$ 169,127	\$ 169,127	\$ 171,992	\$ 2,865
<u>RECONCILIATION TO GENERALLY</u>				
<u>ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Landfill closure liability			(189,927)	
<u>NET POSITION, ENDING</u>			\$ (17,935)	

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GOLF COURSE FUND
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Charges for services	\$ 195,650	\$ 195,650	\$ 216,257	\$ 20,607
Total revenues	<u>195,650</u>	<u>195,650</u>	<u>216,257</u>	<u>20,607</u>
<u>EXPENDITURES:</u>				
Current:				
Personal services	76,986	76,986	71,582	5,404
Materials and services	131,474	131,474	132,198	(724)
Capital outlay	100,000	119,550	114,469	5,081
Debt service	1,418	1,418	-	1,418
Contingency	672	672	-	672
Total expenditures	<u>310,550</u>	<u>330,100</u>	<u>318,249</u>	<u>11,851</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>(114,900)</u>	<u>(134,450)</u>	<u>(101,992)</u>	<u>32,458</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(100)	(100)	(100)	-
Transfers in	115,000	134,550	129,469	
Total other financing sources	<u>114,900</u>	<u>134,450</u>	<u>129,369</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	-	-	27,377	27,377
<u>FUND BALANCE, BEGINNING</u>	-	-	(60,688)	(60,688)
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,311)</u>	<u>\$ (33,311)</u>
<u>RECONCILIATION TO GENERALLY</u>				
<u>ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			213,738	
PERS transition liability			(3,559)	
Accrued interest payable			(2,526)	
Net pension liability			(54,861)	
Deferred outflows related to pension OPEB			32,566	
Deferred inflow related to pension and OPEB			(24,445)	
Advances from other funds			(131,774)	
Other Postemployment benefits			(13,285)	
<u>NET POSITION, ENDING</u>			<u>\$ (17,457)</u>	

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

WAREHOUSE FUND

For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest and investment earnings	\$ 50	\$ 50	\$ 1,120	\$ 1,070
Total revenues	50	50	1,120	1,070
<u>EXPENDITURES:</u>				
Current:				
Materials and services	44,450	44,450	28,314	16,136
Capital outlay	12,000	12,000	11,039	961
Contingency	7,760	7,760	-	7,760
Total expenditures	64,210	64,210	39,353	24,857
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(64,160)	(64,160)	(38,233)	25,927
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	63,738	63,738	63,738	-
Transfers out	(23,993)	(23,993)	(23,993)	-
Total other financing sources (uses)	39,745	39,745	39,745	-
<u>NET CHANGE IN FUND BALANCES</u>				
	(24,415)	(24,415)	1,512	25,927
<u>FUND BALANCE, BEGINNING</u>				
	24,415	24,415	41,787	17,372
<u>FUND BALANCE, ENDING</u>				
	\$ -	\$ -	\$ 43,299	\$ 43,299
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			11,193	
<u>NET POSITION, ENDING</u>				
			\$ 54,492	

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

**VEHICLE MAINTENANCE FUND
For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUES:</u>				
Charges for services	\$ 637,757	\$ 637,757	\$ 607,872	\$ (29,885)
Interest and investment earnings	500	500	2,780	2,280
Total revenues	638,257	638,257	610,652	(27,605)
<u>EXPENDITURES:</u>				
Current:				
Personal services	292,769	292,769	287,672	5,097
Materials and services	312,364	337,364	338,082	(718)
Contingency	210,721	185,721	-	185,721
Total expenditures	815,854	815,854	625,754	190,100
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(177,597)	(177,597)	(15,102)	162,495
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	157,000	157,000	157,000	-
Transfers out	(84,863)	(84,863)	(84,863)	-
Total other financing sources (uses)	72,137	72,137	72,137	-
<u>NET CHANGE IN FUND BALANCES</u>				
	(105,460)	(105,460)	57,035	162,495
<u>FUND BALANCE, BEGINNING</u>				
	105,460	105,460	71,713	(33,747)
<u>FUND BALANCE, ENDING</u>				
	\$ -	\$ -	\$ 128,748	\$ 128,748
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			9,836	
Compensated absences			(16,361)	
PERS transition liability			(11,272)	
Net pension liability			(239,354)	
Deferred outflows related to pension OPEB			142,080	
Deferred inflow related to pension and OPEB			(106,653)	
Other Postemployment benefits			(57,962)	
<u>NET POSITION, ENDING</u>				
			\$ (150,938)	

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VEHICLE REPLACEMENT FUND
For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Charges for services	\$ 456,934	\$ 456,934	\$ 438,919	\$ (18,015)
Interest and investment earnings	500	500	19,946	19,446
Miscellaneous	5,000	5,000	14,875	9,875
Total revenues	<u>462,434</u>	<u>462,434</u>	<u>473,740</u>	<u>11,306</u>
<u>EXPENDITURES:</u>				
Materials and services	-	-	-	-
Capital outlay	291,664	343,664	330,717	12,947
Debt service	52,472	52,472	13,752	38,720
Total expenditures	<u>344,136</u>	<u>396,136</u>	<u>344,469</u>	<u>51,667</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>118,298</u>	<u>66,298</u>	<u>129,271</u>	<u>62,973</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	-	52,000	52,000	-
Transfers out	(157,000)	(157,000)	(157,000)	-
Total other financing sources (uses)	<u>(157,000)</u>	<u>(105,000)</u>	<u>(105,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(38,702)</u>	<u>(38,702)</u>	<u>24,271</u>	<u>62,973</u>
<u>FUND BALANCE, BEGINNING</u>	<u>972,225</u>	<u>972,225</u>	<u>900,034</u>	<u>(72,191)</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ 933,523</u>	<u>\$ 933,523</u>	<u>\$ 924,305</u>	<u>\$ (9,218)</u>
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			1,336,296	
Accrued interest payable			(2,582)	
Capital leases payable			(123,549)	
<u>NET POSITION, ENDING</u>			<u>\$ 2,134,470</u>	

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

SICK LEAVE LIABILITY FUND
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest and investment earnings	\$ 50	\$ 50	\$ 775	\$ 725
Total revenues	50	50	775	725
<u>EXPENDITURES:</u>				
Current:				
Personal services	32,426	32,426	-	32,426
Total expenditures	32,426	32,426	-	32,426
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(32,376)	(32,376)	775	33,151
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	6,776	6,776	6,776	-
<u>NET CHANGE IN FUND BALANCES</u>				
	(25,600)	(25,600)	7,551	33,151
<u>FUND BALANCE, BEGINNING</u>				
	25,600	25,600	25,833	233
<u>FUND BALANCE, ENDING</u>				
	\$ -	\$ -	\$ 33,384	\$ 33,384

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

RISK MANAGEMENT FUND

For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest and investment earnings	\$ 35	\$ 35	\$ 1,541	\$ 1,506
Miscellaneous	10,000	10,000	15,929	5,929
Total revenues	10,035	10,035	17,470	7,435
<u>EXPENDITURES:</u>				
Current:				
Materials and services	87,680	87,680	33,032	54,648
Total expenditures	87,680	87,680	33,032	54,648
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(77,645)	(77,645)	(15,562)	62,083
<u>FUND BALANCE, BEGINNING</u>	77,645	77,645	74,021	(3,624)
<u>FUND BALANCE, ENDING</u>	\$ -	\$ -	\$ 58,459	\$ 58,459

STATISTICAL SECTION

CITY OF MILTON-FREEWATER, OREGON

STATISTICAL SECTION

June 30, 2023

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.
- **Demographic and Economic 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.

FINANCIAL TRENDS

CITY OF MILTON-FREEWATER, OREGON
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 14,235,561	\$ 13,946,180	\$ 13,520,875	\$ 19,735,512	\$ 19,091,342	\$ 18,575,664	\$ 18,043,070	\$ 18,508,129	\$ 18,327,297	\$ 18,735,208
Restricted	914,197	903,887	701,706	677,401	689,825	852,892	976,784	1,003,576	8,054,462	7,467,381
Unrestricted	724,553	(150,999)	(1,680,809)	(2,477,191)	(3,760,547)	(3,946,223)	(4,200,353)	(4,485,654)	(9,987,548)	(5,402,072)
Total governmental activities net position	15,874,311	14,699,068	12,541,772	17,935,722	16,020,620	15,482,333	14,819,501	15,026,051	16,394,211	20,800,517
Business-type activities										
Net investment in capital assets	16,365,814	16,027,794	17,885,072	17,697,139	17,820,977	17,656,619	17,195,784	17,375,667	17,396,673	17,820,185
Restricted	486,665	776,629	1,019,402	1,194,673	1,200,133	1,318,514	1,223,240	1,288,282	1,324,253	1,155,722
Unrestricted	7,877,222	7,057,538	5,984,371	5,713,568	5,360,561	5,141,696	4,905,769	4,780,621	5,516,537	7,203,431
Total business-type activities net position	24,729,701	23,861,961	24,888,845	24,605,380	24,381,671	24,116,829	23,324,793	23,444,570	24,237,463	26,179,338
Primary government										
Net investment in capital assets	30,601,375	29,973,974	31,405,947	37,432,651	36,912,319	36,232,283	35,238,854	35,883,796	35,723,970	36,555,393
Restricted	1,400,862	1,680,516	1,721,108	1,872,074	1,889,958	2,171,406	2,200,024	2,291,858	9,378,715	8,623,103
Unrestricted	8,601,775	6,906,539	4,303,562	3,236,377	1,600,014	1,195,473	705,416	294,967	(4,471,011)	1,801,359
Total primary government net position	\$ 40,604,012	\$ 38,561,029	\$ 37,430,617	\$ 42,541,102	\$ 40,402,291	\$ 39,599,162	\$ 38,144,294	\$ 38,470,621	\$ 40,631,674	\$ 46,979,855

CITY OF MILTON-FREEWATER, OREGON
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government	\$ 1,563,908	\$ 1,380,640	\$ 2,261,372	\$ 1,959,138	\$ 1,984,828	\$ 1,930,495	\$ 2,496,674	\$ 2,383,689	\$ 1,937,843	\$ 2,145,389
Public safety	2,011,173	1,585,311	2,948,737	2,445,720	2,628,204	2,573,873	2,722,041	2,948,602	2,635,784	2,531,136
Culture and recreation	865,910	733,273	1,038,372	866,425	878,063	895,815	855,695	852,030	917,625	927,481
Public Works	459,647	368,411	621,400	582,470	532,213	601,316	627,569	798,540	742,459	774,096
Community development	636,052	209,378	432,463	381,356	287,197	100,139	46,475	121,359	118,619	124,982
Engineering	90,451	51,771	107,548	83,747	93,101	37,739	46,884	47,412	41,404	27,883
Highways and streets	932,701	714,161	849,877	1,259,648	924,605	936,537	975,475	1,163,093	916,107	963,120
Interest in long term obligations	14,971	3,000	375	-	-	-	-	10,398	328,445	227,739
Total governmental activities expenses	6,574,813	5,045,945	8,260,144	7,578,504	7,328,211	7,075,914	7,770,813	8,325,123	7,638,286	7,721,826
Business-type activities:										
Electric	6,936,488	6,442,798	7,512,041	7,341,831	7,044,097	7,733,563	7,903,614	8,296,331	7,902,169	7,875,370
Water	850,276	805,035	951,888	785,710	817,925	729,528	947,684	728,492	741,755	898,156
Sewer	803,378	732,318	935,950	825,032	876,624	876,624	1,023,046	998,123	729,194	926,361
Solid Waste	555,565	485,325	704,310	659,340	711,289	734,545	702,396	814,065	824,928	859,620
Golf Course	179,148	180,344	202,147	151,473	179,228	167,555	171,856	193,845	206,316	196,188
Total business-type activities expenses	9,324,855	8,645,820	10,306,336	9,763,386	9,590,111	10,241,815	10,748,596	11,030,856	10,404,362	10,755,695
Total primary government expenses	15,899,668	13,691,765	18,566,480	17,341,890	16,918,322	17,317,729	18,519,409	19,355,979	18,042,648	18,477,521
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	224,243	244,325	268,279	204,744	222,300	274,593	29,239	75,215	120,689	131,847
Public Safety	-	-	-	-	-	-	166,452	123,303	72,342	50,285
Cultural and recreation	145,584	172,193	144,155	131,438	103,563	121,440	29,718	38,584	91,039	111,943
Highways and streets	1,081	1,953	780	720	1,116	2,419	8,091	5,338	11,472	7,139
Operating grants and contributions	767,451	754,369	816,892	879,631	878,399	919,730	1,303,042	1,304,031	1,835,305	1,807,575
Capital grants and contributions	53,946	285,315	131,953	242,893	26,207	21,720	361,735	1,647,027	1,092,802	4,278,329
Total governmental activities program revenues	1,192,305	1,458,155	1,362,059	1,459,426	1,231,585	1,339,902	1,898,277	3,193,498	3,223,649	6,387,118
Business-type activities:										
Charges for services:										
Electric	7,018,128	7,033,057	7,281,450	7,691,691	7,976,810	8,030,639	8,061,674	8,666,444	9,382,735	9,883,637
Water	1,181,796	1,237,185	1,205,216	1,229,766	1,298,240	1,267,685	1,288,681	1,403,151	1,304,310	1,373,789
Sewer	1,060,795	1,175,433	1,208,592	1,201,125	1,225,428	1,211,961	1,238,611	1,263,633	1,254,804	1,244,144
Solid Waste	845,996	902,070	914,084	956,558	1,020,736	1,002,919	1,006,008	1,019,539	1,175,781	1,275,396
Golf Course	177,350	167,208	168,655	150,423	170,569	150,834	214,925	219,722	180,705	216,257
Operating grants	50,008	50,768	50,457	49,387	52,497	48,740	57,009	56,817	60,256	49,477
Capital grants	390,920	368,304	2,608,406	751,801	311,838	327,744	374,765	1,068,105	571,656	597,166
Total business-type activities program revenues	10,724,993	10,934,025	13,436,860	12,030,751	12,056,118	12,040,522	12,241,673	13,697,411	13,930,247	14,639,866
Total primary government program revenues	11,917,298	12,392,180	14,798,919	13,490,177	13,287,703	13,380,424	14,139,950	16,890,909	17,153,896	21,026,984
Net (expense)/revenue:										
Governmental activities	(5,382,508)	(3,587,790)	(6,898,085)	(6,119,078)	(6,096,626)	(5,736,012)	(5,872,536)	(5,131,625)	(4,414,637)	(1,334,708)
Business-type activities	1,400,138	2,288,205	3,130,524	2,267,365	2,466,007	1,798,707	1,493,077	2,666,555	3,525,885	3,884,171
Total primary government net expense	\$ (3,982,370)	\$ (1,299,585)	\$ (3,767,561)	\$ (3,851,713)	\$ (3,630,619)	\$ (3,937,305)	\$ (4,379,459)	\$ (2,465,070)	\$ (888,752)	\$ 2,549,463

Continued on following page

CITY OF MILTON-FREEWATER, OREGON
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Continued from previous page

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>General Revenues and Other Changes in Net Position:</u>										
General revenues:										
Property taxes levied for:										
General purposes	\$ 1,366,983	\$ 1,006,765	\$ 1,068,778	\$ 1,032,358	\$ 1,059,669	\$ 1,233,582	\$ 1,236,146	\$ 1,186,141	\$ 1,311,487	\$ 1,389,096
Debt service	111,200	115,182	107,849	-	-	-	-	-	252,118	265,762
Franchise and public service taxes	1,207,173	1,225,903	1,355,646	1,349,354	1,339,582	1,396,681	1,381,913	1,465,612	1,544,332	1,619,239
Interest and investment earnings	11,403	24,230	7,729	14,111	14,507	26,605	25,825	11,345	(54,092)	232,883
Miscellaneous	-	-	1,432	921	5,384	(66,823)	-	-	-	6,898
Refund of property taxes to county	(74,628)	-	-	-	-	-	-	-	-	-
Transfers	2,052,719	2,145,443	2,198,455	2,258,700	2,365,725	2,419,964	2,565,820	2,675,077	2,728,952	2,227,136
Total governmental activities	4,674,850	4,517,523	4,739,889	4,655,444	4,784,867	5,010,009	5,209,704	5,338,175	5,782,797	5,741,014
Business-type activities:										
Interest on investment earnings	56,716	48,664	43,146	68,824	125,664	236,659	199,702	70,659	(70,015)	242,722
Miscellaneous	101,797	108,784	76,076	77,403	122,736	92,116	81,005	57,640	65,975	42,118
Transfers	(2,052,719)	(2,145,443)	(2,198,455)	(2,258,700)	(2,365,725)	(2,419,964)	(2,565,820)	(2,675,077)	(2,728,952)	(2,227,136)
Total business-type activities	(1,894,206)	(1,987,995)	(2,079,233)	(2,112,473)	(2,117,325)	(2,091,189)	(2,285,113)	(2,546,778)	(2,732,992)	(1,942,296)
Total primary government	2,780,644	2,529,528	2,660,656	2,542,971	2,667,542	2,918,820	2,924,591	2,791,397	3,049,805	3,798,718
<u>Change in Net Position:</u>										
Governmental activities	(707,658)	929,733	(2,158,196)	(1,463,634)	(1,311,759)	(726,003)	(662,832)	206,550	1,368,160	4,406,306
Business-type activities	(494,068)	300,210	1,051,291	154,892	348,682	(292,482)	(792,036)	119,777	792,893	1,941,875
Total primary government	(1,201,726)	1,229,943	(1,106,905)	(1,308,742)	(963,077)	(1,018,485)	(1,454,868)	326,327	2,161,053	6,348,181
<u>Net Position Beginning:</u>										
Governmental activities (previously reported)	16,581,969	15,874,311	14,699,068	12,541,772	17,935,721	16,020,620	15,482,333	14,819,501	15,026,051	16,394,211
Business-type activities (previously reported)	25,223,769	24,729,701	23,861,961	24,888,845	24,605,382	24,381,671	24,116,829	23,324,793	23,444,570	24,237,463
Total primary government - beginning	41,805,738	40,604,012	38,561,029	37,430,617	42,541,103	40,402,291	39,599,162	38,144,294	38,470,621	40,631,674
Governmental activities change from GASB	-	(2,104,976)	-	-	(603,342)	215,356	-	-	-	-
Business-type activities change from GASB	-	(1,167,950)	-	-	(572,393)	-	-	-	-	-
Prior-period adjustment	-	-	(24,407)	6,419,223	-	-	-	-	-	-
<u>Net Position Ending:</u>										
Governmental activities	15,874,311	14,699,068	12,541,772	11,078,138	16,020,620	15,509,973	14,819,501	15,026,051	16,394,211	20,800,517
Business-type activities	24,729,701	23,861,961	24,913,252	25,043,737	24,381,671	24,089,189	23,324,793	23,444,570	24,237,463	26,179,338
<u>Total Primary Government Net Position</u>	\$ 40,604,012	\$ 35,288,103	\$ 37,430,617	\$ 42,541,098	\$ 39,226,556	\$ 39,814,518	\$ 38,144,294	\$ 38,470,621	\$ 40,631,674	\$ 46,979,855

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 30,645	\$ -	\$ 141,774	\$ -	\$ 141,774	\$ 141,774	\$ 141,774	\$ -	\$ -	\$ -
Committed	157	158	-	-	-	-	-	-	-	-
Restricted			357,807	326,370	91,641	76,219	62,478	62,367	55,631	76,408
Assigned	203,207	243,818	149,651	113,750	-	-	-	-	-	-
Unassigned	-	65,921	-	-	(55,626)	(3,214)	68,650	393,638	1,353,815	1,668,767
Total general fund	<u>234,009</u>	<u>309,897</u>	<u>649,232</u>	<u>440,120</u>	<u>177,789</u>	<u>214,779</u>	<u>272,902</u>	<u>456,005</u>	<u>1,409,446</u>	<u>1,745,175</u>
All other governmental funds										
Nonspendable	628,846	410,595	-	-	-	-	-	-	-	-
Restricted	359,499	493,363	343,899	351,031	456,410	634,899	772,532	809,435	7,998,832	7,390,973
Assigned	369,572	387,174	528,995	265,558	410,358	142,556	120,094	270,838	431,488	165,309
Unassigned	(106,801)	(2,250)	-	-	-	-	-	(27,812)	-	(50,903)
Total all other governmental funds	<u>1,251,116</u>	<u>1,288,882</u>	<u>872,894</u>	<u>616,589</u>	<u>866,768</u>	<u>777,455</u>	<u>892,626</u>	<u>1,052,461</u>	<u>8,430,320</u>	<u>7,505,379</u>
Total all funds	<u>\$ 1,485,125</u>	<u>\$ 1,598,779</u>	<u>\$ 1,522,126</u>	<u>\$ 1,056,709</u>	<u>\$ 1,044,557</u>	<u>\$ 992,234</u>	<u>\$ 1,165,528</u>	<u>\$ 1,508,466</u>	<u>\$ 9,839,766</u>	<u>\$ 9,250,554</u>

CITY OF MILTON-FREEWATER, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes/special assessments	\$ 1,680,489	\$ 1,294,425	\$ 1,323,645	\$ 1,207,424	\$ 1,242,558	\$ 1,376,022	\$ 1,395,381	\$ 1,458,138	\$ 1,795,098	\$ 1,902,691
Intergovernmental	989,589	1,221,539	1,216,031	1,130,895	1,256,433	1,125,235	1,859,546	3,005,739	3,127,175	6,098,603
Franchise fees	873,574	896,789	915,063	950,319	959,915	978,809	983,253	1,049,485	1,111,342	1,148,728
Licenses & fines	137,197	126,866	139,165	135,602	116,901	150,551	137,861	155,629	112,181	88,385
Charges for services	158,916	183,176	149,274	128,201	104,231	96,019	36,385	48,160	80,924	103,828
Interest on investments	11,404	24,230	7,729	14,111	14,508	26,605	25,825	11,344	(55,641)	232,883
Miscellaneous revenues	112,623	101,775	100,179	113,621	118,187	141,925	133,615	197,967	119,729	133,593
Total revenues	3,963,792	3,848,800	3,851,086	3,680,173	3,812,733	3,895,166	4,571,866	5,926,462	6,290,808	9,708,711
Expenditures:										
Current:										
General government	1,484,678	1,619,098	1,713,108	1,817,704	1,769,316	1,855,317	2,312,042	2,198,049	2,006,234	2,193,984
Public safety	1,994,110	2,067,077	2,235,366	2,280,176	2,376,861	2,524,336	2,521,590	2,616,318	2,701,394	2,765,934
Culture and recreation	724,460	718,644	755,307	753,482	772,917	777,425	698,896	700,805	841,491	889,533
Public Works	454,070	471,760	475,004	540,436	518,627	593,875	626,654	632,614	671,160	735,237
Community development	424,740	269,043	340,998	279,864	259,166	104,057	104,536	107,044	122,809	136,281
Engineering	88,313	72,291	75,767	77,839	87,145	39,784	34,210	41,676	42,806	30,154
Highways and streets	232,899	238,770	268,721	284,137	278,656	278,068	287,169	277,707	277,106	323,084
Capital outlay	261,327	297,156	139,673	370,652	127,923	289,064	899,295	1,751,779	1,415,327	5,072,285
Debt service (Principle)	199,117	120,000	120,000	-	-	-	-	20,025	97,921	112,760
Debt service (Interest)	14,700	6,750	2,250	-	-	-	-	11,385	340,218	265,807
Total expenditures	5,878,414	5,880,589	6,126,194	6,404,290	6,190,611	6,461,926	7,484,392	8,357,402	8,516,466	12,525,059
Excess (deficiency) of revenues over (under) expenditures	(1,914,622)	(2,031,789)	(2,275,108)	(2,724,117)	(2,377,878)	(2,566,760)	(2,912,526)	(2,430,940)	(2,225,658)	(2,816,348)
Other financing sources (uses):										
Issuance of debt	-	-	-	-	-	-	520,000	240,575	7,828,007	-
Sales of assets	-	-	-	-	-	94,473	-	-	-	-
Transfers in	2,270,399	2,437,837	3,031,595	2,537,032	2,597,574	2,650,412	2,813,913	3,150,674	2,986,283	3,170,562
Transfers out	(217,680)	(292,394)	(833,140)	(278,332)	(231,849)	(230,448)	(248,093)	(475,597)	(257,332)	(943,426)
Total other financing sources (uses)	2,052,719	2,145,443	2,198,455	2,258,700	2,365,725	2,514,437	3,085,820	2,915,652	10,556,958	2,227,136
Refund of property taxes received	(74,628)	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 63,469	\$ 113,654	\$ (76,653)	\$ (465,417)	\$ (12,153)	\$ (52,323)	\$ 173,294	\$ 484,712	\$ 8,331,300	\$ (589,212)
Debt service as a percentage of non-capital expenditures (debt/Other Exp) - Capital Additions)	3.8%	2.3%	2.0%	0.0%	0.0%	0.0%	0.0%	0.5%	6.2%	5.1%

REVENUE CAPACITY

CITY OF MILTON-FREEWATER, OREGON
PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program:	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
General government	\$ 375,597	\$ 359,972	\$ 440,047	\$ 461,600	\$ 387,045	\$ 405,508	\$ 843,579	\$ 722,467	\$ 1,344,750	\$ 1,122,987
Public safety	42,154	52,008	34,700	50,048	77,680	51,421	214,359	231,599	132,765	3,137,542
Culture and recreation	363,313	377,762	337,641	371,771	319,792	352,697	297,409	354,117	383,033	513,027
Highways and streets	411,241	668,413	549,671	576,007	457,068	530,276	542,930	1,885,315	1,363,101	1,613,562
Total governmental activities	1,192,305	1,458,155	1,362,059	1,459,426	1,241,585	1,339,902	1,898,277	3,193,498	3,223,649	6,387,118
Business-type activities:										
Electric	7,202,841	7,201,401	7,406,129	7,815,770	8,102,212	8,155,073	8,188,591	8,824,908	9,560,900	10,061,700
Water	1,232,534	1,262,180	1,250,626	1,274,616	1,383,280	1,368,628	1,425,238	2,176,837	1,462,397	1,539,488
Sewer	1,247,183	1,401,166	3,697,366	1,833,384	1,379,321	1,363,068	1,406,911	1,455,343	1,454,959	1,449,442
Solid Waste	845,996	902,070	914,084	956,558	1,020,736	1,002,919	1,006,008	1,020,601	1,271,286	1,372,979
Golf Course	196,439	167,208	168,655	150,423	170,569	150,834	214,925	219,722	180,705	216,257
Total business-type activities	10,724,993	10,934,025	13,436,860	12,030,751	12,056,118	12,040,522	12,241,673	13,697,411	13,930,247	14,639,866
Total primary government	\$ 11,917,298	\$ 12,392,180	\$ 14,798,919	\$ 13,490,177	\$ 13,297,703	\$ 13,380,424	\$ 14,139,950	\$ 16,890,909	\$ 17,153,896	\$ 21,026,984

Source: Current and prior years' financial statements

CITY OF MILTON-FREEWATER, OREGON
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Property Taxes	Transient Room Taxes	Utility Taxes
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
2022	1,560,995	29,244	190,459
2023	1,644,968	31,393	195,130

Source: Current and prior years' financial statements

CITY OF MILTON-FREEWATER, OREGON
MARKET AND ASSESSED VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Taxable Assessed Value ¹	Total Direct Tax Rate	Measure 5 Real Market Value ²
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
2022	316,047,618	5.08	424,695,837
2023	342,534,967	5.03	505,617,010

Source: Umatilla County Assessment and Taxation

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 DEBT SCHEDULE
(per \$1,000 of assessed valuation)
June 30, 2023

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Direct rates:</u>										
City of Milton-Freewater - general	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.16
City of Milton-Freewater - bond	0.81	0.83	-	-	-	-	-	0.45	0.46	0.44
City of Milton-Freewater - Local Option	0.47	0.51	0.53	0.54	0.56	0.22	0.23	0.23	0.23	0.24
Milton-Freewater Urban Renewal District	-	-	-	-	-	-	-	-	-	2.32
Total direct rates	<u>5.03</u>	<u>5.08</u>	<u>4.28</u>	<u>4.29</u>	<u>4.31</u>	<u>3.97</u>	<u>3.98</u>	<u>4.43</u>	<u>4.44</u>	<u>6.16</u>
<u>Overlapping rates:</u>										
Umatilla County	2.85	2.85	2.85	2.85	2.85	2.85	2.86	3.04	3.04	2.57
Blue Mountain Community College	0.85	0.86	0.87	0.88	0.87	0.87	0.87	0.89	0.66	0.81
Milton-Freewater School District #7	5.84	5.86	5.93	5.89	5.92	5.92	5.92	5.79	5.79	5.04
Miscellaneous Small Districts	3.03	3.01	3.00	1.54	2.18	2.18	2.18	2.18	2.22	1.91
Total overlapping rates	<u>12.57</u>	<u>12.58</u>	<u>12.65</u>	<u>11.16</u>	<u>11.82</u>	<u>11.82</u>	<u>11.83</u>	<u>11.90</u>	<u>11.71</u>	<u>10.33</u>
Total Rates	<u><u>17.59</u></u>	<u><u>17.67</u></u>	<u><u>16.93</u></u>	<u><u>15.45</u></u>	<u><u>16.13</u></u>	<u><u>15.79</u></u>	<u><u>15.81</u></u>	<u><u>16.33</u></u>	<u><u>16.15</u></u>	<u><u>16.49</u></u>

Source: Umatilla County Department of Assessment and Taxation

CITY OF MILTON-FREEWATER, OREGON
REPRESENTATIVE
FISCAL YEAR 2023 LEVY RATES
(per \$1,000 of assessed valuation)

<u>General Government</u>	<u>Billing Rate</u>	<u>Bond Levy Rate</u>	<u>Local Option Rate</u>	<u>Consolidated Rate</u>
City of Milton-Freewater	3.7499	0.8054	0.4686	5.0239
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 District	0.0211	-	-	0.0211
Milton-Freewater Ctrl District	0.0737	0.6410	-	0.7147
Milton-Freewater Valley Ambulance District	1.1000	-	-	1.1000
Umatilla Special Library District	0.3682	-	-	0.3682
Total General Government	8.3721	1.4464	0.4686	10.2871
<u>Education</u>				
Milton-Freewater School District No. 7	4.7953	1.0423	-	5.8376
Blue Mountain Community College	0.6611	0.1886	-	0.8497
Intermountain E.S.D.	0.6156	-	-	0.6156
Total Education	6.0720	1.2309	-	7.3029
Total Tax Rate	14.4441	2.6773	0.4686	17.5900

CITY OF MILTON-FREEWATER, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
June 30, 2023

General Government	Debt Outstanding	Percentage Applicable	Applicable to City
<u>Direct Debt</u>			
City of Milton-Freewater	\$ 8,277,819	100.00%	\$ 8,277,819
<u>Overlapping Debt</u>			
Umatilla County	6,762,683	4.27%	288,767
Umatilla County School District 7	26,081,630	40.28%	10,505,681
Blue Mountain Community College	19,535,000	2.34%	457,119
Intermountain E.S.D.	17,750,780	1.98%	351,465
Milton-Freewater Water Control District	1,161,311	63.73%	740,104
Total Overlapping Debt	<u>71,291,404</u>		<u>12,343,135</u>
Total Direct and Overlapping Debt	<u>\$ 79,569,223</u>		<u>\$ 20,620,954</u>

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.

2022-2023 data;

RMV	\$ 511,550,979
Assessed Value	\$ 341,413,240
Estimated City Population	7,092

Bonded Debt Ratios

Direct Debt to RMV	1.62%
Direct and Overlapping Debt to RMV	4.03%
Per Capita RMV	\$ 72,131
Per Capita Direct Debt	\$ 1,167
Per Capita Direct and Overlapping Debt	\$ 2,908

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

CITY OF MILTON-FREEWATER, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS TO DATE
Last Ten Fiscal Years
(modified accrual basis of accounting)

Tax Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in subsequent years	Percentage	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 966,322	\$ 906,661	93.83%	\$ 59,533	\$ 966,194	99.99%
2015	972,018	945,969	97.32%	25,840	971,809	99.98%
2016	1,005,676	948,653	94.33%	56,909	1,005,562	99.99%
2017	996,387	938,098	94.15%	57,937	996,035	99.96%
2018	1,030,827	968,825	93.99%	61,225	1,030,050	99.92%
2019	1,059,657	1,001,474	94.51%	54,987	1,056,461	99.70%
2020	1,104,404	1,075,076	97.34%	22,476	1,097,552	99.38%
2021	1,291,963	1,270,581	98.34%	20,213	1,290,794	99.91%
2022	1,601,000	1,510,706	94.36%	14,489	1,525,195	95.27%
2023	1,717,442	1,652,987	96.25%	-	1,652,987	96.25%

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

CITY OF MILTON-FREEWATER, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Last Ten Fiscal Years

	<u>2022-2023</u>			<u>2013-2014</u>		
	<u>Real Property Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Real Property Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Taxpayer						
Brown Earl E & Sons Inc	\$ 11,545,110	1	3.42%			
Earl Brown & Sons Inc	5,521,500	2	1.64%	\$ 10,018,790	1	3.87%
Charter Communications	5,176,000	3	1.54%	3,612,900	4	1.39%
Rocks Wine & Cider Studio LLC	4,247,850	4	1.26%			
Earl E Brown & Sons Inc	3,780,260	5	1.12%			
Milton-Freewater Holdings LLC	3,374,260	6	1.00%	2,739,000	6	1.06%
Verizon Communications Inc.	3,539,000	7	1.05%			
Key Meadowbrook Village LLC	3,276,470	8	0.97%	2,418,090	8	0.93%
Legacy Land Development LLC	2,722,925	9	0.81%			
Jenkins Kenneth S	2,920,010	10	0.87%			
Cold Mountain Storage LLC				6,448,470	2	2.49%
Freewater Oregon LLC				2,419,490	7	0.93%
Sykes Realty Inc.				4,126,700	3	1.59%
Cub Investors LLC				1,824,360	10	0.70%
Stadelman Fruit, Co.				2,981,680	5	1.15%
Verizon Wireless VAW LLC				2,234,000	9	0.86%
Subtotal - Ten largest taxpayers	\$ 46,103,385		13.68%	\$ 38,823,480		14.98%
All other city taxpayers	\$ 291,021,897		86.32%	\$ 220,379,478		85.02%
Total Assessed Valuation	\$ 337,125,282		100.00%	\$ 259,202,958		100.00%

Source: Umatilla County Department of Assessment and Taxation

DEBT CAPACITY

CITY OF MILTON-FREEWATER, OREGON
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business - Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment	Loans Payable	Revenue Bonds	Loans Payable			
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
2022	7,740,994	-	687,629	-	1,283,223	9,711,846	N/A	1,359
2023	7,692,950	-	584,869	-	1,199,298	9,477,117	N/A	1,336

Notes:

- 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

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>	<u>Population</u>	<u>Total Taxable Assessed Value (000)'s</u>
2014	\$ 240,000	0.13%	34	7,060	\$ 252,318
2015	120,000	0.05%	17	7,060	259,211
2016	-	0.00%	-	7,070	268,188
2017	-	0.00%	-	7,070	274,904
2018	-	0.00%	-	7,105	282,588
2019	-	0.00%	-	7,145	293,817
2020	-	0.00%	-	7,278	289,466
2021	-	0.00%	-	7,098	301,741
2022	7,740,994	2.45%	1,084	7,144	316,048
2023	7,692,950	2.25%	1,085	7,092	342,535

Sources: 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, 2023

Issue	Issue Date	Final Maturity	Original Amount	Outstanding Amount
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>Full Faith and Credit Obligations</u>				
City Hall Elevator Loan	4/30/2020	6/30/2030	\$ 530,000	\$ 419,286
Aquatic Center Loan	4/15/2021	12/1/2031	230,575	165,583
Subtotal Full Faith and Credit Obligations			<u>760,575</u>	<u>584,869</u>
<u>General Obligation Bonds</u>				
General Obligation Bonds Series 2021	8/31/2021	6/1/2051	6,695,000	6,630,000
Subtotal General Obligations			<u>6,695,000</u>	<u>6,630,000</u>
Total Government Activities			<u>7,455,575</u>	<u>7,214,869</u>
<u>BUSINESS- TYPE ACTIVITIES</u>				
<u>Full Faith and Credit Refunding Obligations</u>				
Refunding obligations, series 2021 (sewer)	2/5/2021	12/1/2035	1,217,916	1,075,750
Subtotal Full Faith and Credit Obligations			<u>1,217,916</u>	<u>1,075,750</u>
<u>Financing Leases</u>				
Bucket Truck	2/26/2021	1/1/2026	190,000	111,089
Dodge Durango Pursuit Police Vehicle	8/17/2020	11/10/2023	50,295	12,459
Subtotal Capital Leases			<u>240,295</u>	<u>123,548</u>
Total Business-type activities			<u>1,458,211</u>	<u>1,199,298</u>
Total Borrowings			<u>\$ 8,913,786</u>	<u>\$ 8,414,167</u>

CITY OF MILTON-FREEWATER, OREGON
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(unaudited)

True Cash Value (1)	\$ 511,550,979
	x 3%
General Obligation Debt Limit	15,346,529
Gross bonded debt subject to limitation	7,692,950
Legal debt margin available for future indebtedness	\$ 7,653,579
Total net debt applicable to the limit as a percentage of debt limit	50.13%

Fiscal Year	Real Market Value	Debt Limit Rate	Debt Limit	Less General Bonded Debt June 30,	Legal Debt Margin	Total net debt applicable to the limit as a percentage of the debt limit
2014	\$ 310,240,684	3%	\$ 9,307,221	\$ 240,000	\$ 9,067,221	2.58%
2015	334,986,321	3%	10,049,590	120,000	9,929,590	1.19%
2016	311,551,824	3%	9,346,555	-	9,346,555	0.00%
2017	351,916,966	3%	10,557,509	-	10,557,509	0.00%
2018	362,474,475	3%	10,874,234	-	10,874,234	0.00%
2019	385,153,289	3%	11,554,599	-	11,554,599	0.00%
2020	379,375,959	3%	11,381,279	-	11,381,279	0.00%
2021	399,252,005	3%	11,977,560	-	11,977,560	0.00%
2022	429,310,249	3%	12,879,307	7,740,994	5,138,313	60.10%

Sources:

(1) From Umatilla County Assessment and Taxation

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF MILTON-FREEWATER, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years and Last Six Decades

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate * (2)</u>
2014	7,060	\$ 16,752	2,002	7.30%
2015	7,060	16,814	1,910	6.00%
2016	7,070	17,161	1,881	5.30%
2017	7,070	17,299	1,724	5.00%
2018	7,105	17,348	1,763	4.00%
2019	7,145	17,547	1,676	4.80%
2020	7,278	17,769	1,646	6.60%
2021	7,098	19,361	1,609	6.08%
2022	7,197	20,198	1,609	3.80%
2023	7,092	21,282	1,513	3.80%

Notes:

* - Unemployment Rate is at the County level.

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate * (2)</u>
1970	4,150	\$ 2,806	1,332	12.90%
1980	5,086	5,653	1,214	13.70%
1990	5,533	9,130	1,309	9.70%
2000	6,495	14,280	1,939	6.20%
2010	6,545	14,712	2,002	9.60%
2020	7,278	17,769	1,646	6.60%

Sources:

- (1) US Census
- (2) Oregon Employment Department
- (3) ODE

CITY OF MILTON-FREEWATER, OREGON
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2022-23			2013-14		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sykes				464	1	35.00%
M-F Unified School District	400	1	5.78%	200	3	22.00%
Horizen Project	180	2	2.60%			
Earl Brown and Sons	141	3	2.04%	221	2	16.00%
City of Milton-Freewater	91	4	1.31%	80	5	6.00%
Safeway	84	5	1.21%			
OR Coalition of Child Develop.	52	6		104	4	8.00%
	<u>948</u>		<u>12.94%</u>	<u>1,069</u>		<u>87.00%</u>

Source:

Oregon Department of Economic Community Development

CITY OF MILTON-FREEWATER, OREGON
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Full-time Equivalent Employees as of December 31,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/Program										
Governmental activities:										
General Government	26.66	26.66	26.70	26.33	26.25	24.78	24.78	20.40	19.67	19.54
Public Safety and Justice	19.68	19.68	19.78	19.78	20.78	19.23	19.23	19.23	19.23	19.23
Community Services	0.70	0.70	0.70	0.70	0.75	1.05	1.05	1.05	1.05	1.05
Highways and streets	1.80	1.80	2.20	2.20	2.20	2.05	2.05	2.05	2.05	2.05
Library	3.93	3.93	3.93	3.93	3.96	3.93	3.93	3.93	3.93	3.93
Total Governmental activities	<u>52.77</u>	<u>52.77</u>	<u>53.31</u>	<u>52.94</u>	<u>53.94</u>	<u>51.04</u>	<u>51.04</u>	<u>46.66</u>	<u>45.93</u>	<u>45.80</u>
Business-type activities										
Water	2.63	2.63	2.63	2.63	2.63	3.06	3.06	3.06	3.06	3.06
Wastewater	3.45	3.45	3.45	3.45	3.45	3.79	3.79	3.79	3.79	3.79
Sanitation	2.84	2.84	3.09	3.09	3.09	4.15	4.15	4.42	4.50	4.50
Gold Course	1.94	1.94	1.69	1.69	1.69	1.21	1.21	1.21	1.09	1.09
Electric	9.70	10.15	10.05	10.05	10.05	11.70	11.70	11.80	11.80	11.80
Total business-type activities	<u>20.56</u>	<u>21.01</u>	<u>20.91</u>	<u>20.91</u>	<u>20.91</u>	<u>23.91</u>	<u>23.91</u>	<u>24.28</u>	<u>24.24</u>	<u>24.24</u>
Total primary government budgeted	<u>73.33</u>	<u>73.78</u>	<u>74.22</u>	<u>73.85</u>	<u>74.85</u>	<u>74.95</u>	<u>74.95</u>	<u>70.94</u>	<u>70.17</u>	<u>70.04</u>
City of Milton-Freewater Employees Management and exempt	<u>11.42</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>9</u>	<u>9</u>
Temporary employees	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>1</u>	<u>1</u>
Total Employees in Six Bargaining Units (Clerical, Teamsters, Police, Linemen, Dept Heads, Supervisory/Tech)	<u>73.33</u>	<u>73.78</u>	<u>74.22</u>	<u>73.85</u>	<u>74.85</u>	<u>74.95</u>	<u>74.95</u>	<u>70.94</u>	<u>70.17</u>	<u>70.04</u>
Volunteer employees	<u>33</u>	<u>30</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>25</u>	<u>23</u>	<u>21</u>	<u>0</u>

Source: City Administration Department

OPERATING INFORMATION

CITY OF MILTON-FREEWATER, OREGON
OPERATING INDICATORS
BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Public Safety and Justice										
Police ¹										
Calls for police services	5,613	6,212	4,068	6,155	7,583	6,833	6,028	5,612	7,010	5,424
Number of arrests	661	649	459	367	463	380	334	305	347	326
Municipal Court										
Traffic Cases (Non-Criminal)	535	606	483	480	423	463	312	288	200	260
Traffic Cases (Criminal)	32	54	55	57	30	35	24	23	20	20
Criminal Cases	198	128	59	58	72	94	70	48	45	64
Other Violations	62	71	62	63	12	15	28	42	13	9
Library										
Number of registered borrowers **	4,604	4,273	4,015	4,276	4,100	4,197	3,828	3,378	3,150	2,884
Total circulation	41,467	48,616	48,036	51,667	50,542	53,121	42,121	32,056	34,272	34,207
PUBLIC PROGRAMS	168	133	148	158	165	141	67	9	120	100
Program attendance	1,199	2,637	2,381	2,919	4,003	3,586	1,766	90	3,000	2,152
Books added	4,172	2,088	5,432	8,509	7,316	2,843	2,014	1,219	1,655	1,800
Computer Use		4,070	5,400	4,430	4,500	4,545	4,440	1,000	2,750	1,500
Business-type activities										
Water										
Average Active Metered Connections	2,732	2,686	2,680	2,668	2,631	2,346	2,375	2,621	2,402	2,437
Average Daily Water Consumption **	1,138,455	1,415,782	1,363,353	1,227,960	1,299,279	1,333,908	1,207,623	1,357,305	1,267,942	1,270,655

Notes:

- **All library numbers greatly impacted by Covid 19 closure & restrictions in 2021
- **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

Source: City Departments

CITY OF MILTON-FREEWATER, OREGON
CAPITAL ASSET AND INFRASTRUCTURE
STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
General government										
Administrative buildings	37	37	37	37	37	36	36	36	36	36
Vehicles/Equipment	23	23	23	23	23	23	23	23	33	34
Vehicles - excluding police	18	18	18	18	18	18	18	18	22	23
Vehicles - excluding fire	17	17	17	17	17	17	17	17	18	19
Heavy equipment	9	9	9	9	9	9	9	9	9	9
Public Safety and Justice										
Police										
Vehicular patrol units	8	8	9	10	10	10	10	11	7	7
Fire										
Vehicular apparatus units	8	8	9	9	9	9	9	9	6	6
Highways and streets										
Paved - Streets (miles)	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90
Unpaved - Streets (miles)	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66
Bridges and underpasses	0	0	0	0	0	0	0	0	0	0
Business-type activities										
Water										
Miles of city water line (estim.)	36.87	36.87	36.87	36.87	36.87	36.87	36.87	37.50	39.50	39.50
Reservoirs	3	3	3	3	3	3	3	3	3	3
Water treatment plant	0	0	0	0	0	0	0	0	0	0
Wells	7	7	7	7	7	7	7	7	7	7
Wastewater										
Miles of sewer lines (estim.)	28.23	28.23	28.23	28.23	28.23	28.23	28.23	28.23	29.66	29.66
Lift stations	2	2	2	2	2	2	2	2	2	2
Electric										
Substations	3	3	3	3	3	3	3	3	3	3
Miles of underground line	15	15	15	14	14	14	14	14	15	15
Miles of overhead line	80	80	80	80	80	80	80	80	80	80

Source: City of Milton-Freewater Departments

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS



A N D E R S O N
B O Y L A N
R A M O S , P . C .

CERTIFIED PUBLIC ACCOUNTANTS

Cameron W. Anderson, CPA
Mitchell L. Boylan, CPA
Rebecca K. Ramos Bautista, CPA
Crystal R. Chase, CPA

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INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Mayor and City Council
City of Milton-Freewater, Oregon

We have audited the basic financial statements of the City of Milton-Freewater, Oregon as of and for the year ended June 30, 2023, and have issued our report thereon dated December 22, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe 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, 2023:

General Fund

Municipal Court	<u>\$ 2,620</u>
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Senior/Disabled Transportation

Debt service	<u>\$ 23</u>
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Golf Course Fund

Materials and services	<u>\$ 724</u>
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Vehicle Maintenance Fund

Materials and services	<u>\$ 718</u>
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As of June 30, 2023, the following funds had a deficit fund balance:

Golf Course Fund	<u>\$ (33,311)</u>
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Senior/Disabled Transportation Fund	<u>\$ (50,338)</u>
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General Obligation Bond Debt Fund	<u>\$ (565)</u>
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OAR 162-10-0230 Internal Control

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

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

Mayor and City Council
City of Milton-Freewater, Oregon
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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Anderson Boylan Ramos, P.C.

By: Rebecca Ramos Bautista
Rebecca K. Ramos Bautista, Shareholder
Hermiston, Oregon
December 22, 2023