

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

Prepared by:
The City of Milton-Freewater
Finance Department

CITY OF MILTON-FREEWATER, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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

CITY OF MILTON-FREEWATER, OREGON
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TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Introductory Letter	i – vii
Certificate of Achievement	viii
Officials of the City	ix
Organization Chart	x
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-13
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds:	16
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	21
Senior/Disabled Transportation	22
Proprietary Funds:	23
Statement of Net Position	24
Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position	25
Statement of Revenues, Expenses, and Changes in Net Position	26
Reconciliation of the Statement of Revenues, Expenses, and Changes in Net Position of the Enterprise Funds to the Statement of Activities	27
Statement of Cash Flows	28
Notes to the Basic Financial Statements	29 – 66
Required Supplementary Information:	
Schedule of the City’s Contributions to Pension Plan	67
Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset)	67
Schedule of the City’s Proportionate Share of the Net OPEB Liability (Asset):	
OPERS Retirement Health Insurance Account (RHIA) Plan	68
Schedule of the City’s Contributions to OPERS RHIA Plan	68
Schedule of Changes in the City’s OPEB Liability and Related Ratios:	
Health Insurance Continuation (HIC) and Stand Alone Plans	69

	<u>Page</u>
Notes to Required Supplementary Information	70
SUPPLEMENTAL INFORMATION	
Combining Statements – Non-Major Governmental Funds:	71
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	73
Combining Statements – Non-Major Enterprise Funds:	74
Combining Statement of Net Position	75
Combining Statement of Revenues, Expenses, and Changes in Net Position	76
Combining Statement of Cash Flows	77
Combining Statements – Internal Service Funds:	78
Combining Statement of Net Position	79
Combining Statement of Revenues, Expenses, and Changes in Net Position	80
Combining Statement of Cash Flows	81
Budgetary Comparison Schedules:	82
Schedule of Expenditures – Budget and Actual, By Department:	83
General Fund	84
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Governmental Funds:	85
Special Revenue Funds:	
Street	86
Library	87
Drug Enforcement	88
911	89
Capital Projects Funds:	
Street Improvement	90
Debt Service Funds:	
Special Assessment	91
Proprietary Funds:	92
Enterprise Funds:	
All Electric Funds:	
Electric	93
Electric Capital Replacement Reserve	94
Electric Operating and Maintenance Reserve	95
Reconciliation to Generally Accepted Accounting Principles	96
Water Fund	97
All Sewer Funds:	
Sewer	98
Sewer Improvement	99
Reconciliation to Generally Accepted Accounting Principles	100
Solid Waste Fund	101
Landfill Closure Fund	102
Golf Course Fund	103
Internal Service Funds:	
Warehouse	104
Vehicle Maintenance	105
Vehicle Replacement	106
Sick Leave Liability	107
Risk Management	108

STATISTICAL SECTION

Net Position By Component – Last Ten Fiscal Years	109
Changes in Net Position – Last Ten Fiscal Years	110
Fund Balances, Governmental Funds – Last Ten Fiscal Years	111
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	112
Program Revenues by Function/Program – Last Ten Fiscal Years	113
Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	114
Assessed Valuation and Actual Values of Taxable Property – Last Ten Fiscal Years	115
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	116
Direct and Overlapping Governmental Activities Debt	117
Property Tax Levies and Collections – Last Ten Fiscal Years	118
Principal Taxpayers – January 1, 2018 and January 1, 2008	119
Ratios of Outstanding Debt By Type – Last Ten Fiscal Years	120
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	121
Legal Debt Margin Information – Last Ten Fiscal Years	122
Demographic and Economic Statistics – Last Ten Fiscal Years and Last Six Decades	123
Principal Employers – Current and Nine Years Ago	124
Full Time Equivalent City Employees by Function/Program and Bargaining Unit – Last Ten Fiscal Years	125
Operating Indicators by Function/Program – Last Ten Fiscal Years	126
Capital Asset and Infrastructure Statistics by Function/Program – Last Ten Fiscal Years	127

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

128-130



CITY OF

MILTON-FREEWATER

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

December 22, 2020

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

It is our pleasure to submit to you the Comprehensive Annual Financial Report of the City of Milton-Freewater, Oregon for the fiscal year ended June 30, 2020.

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

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

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

This report consists of four parts:

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

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

GENERAL OVERVIEW

Historically Milton-Freewater's economy has revolved around the area's diverse agricultural activity. Orchards, irrigated row crops, and dry land fields provide raw materials for food processors. Grapes are a major agricultural income for the valley. This area is producing wines that are being recognized worldwide. Major employers are the School District, Horizon Project, Earl Brown & Sons, the City of Milton-Freewater and Safeway. Recently the city has seen the medical and dental services industry make a strong economic presence in the valley.

ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

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

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

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

This year has been very unusual not only for our city, but the world due to the global pandemic which has had an unprecedented impact on our operations---financial and

otherwise. The outbreak of Covid-19, a respiratory disease caused by a new strain of the coronavirus, was declared to be a national emergency on March 13, 2020 by President Trump. This prompted the City to immediately revise budget estimates prior to public hearings and adoption of the FY 20-21 budget. City staff proactively and conservatively eliminated all capital purchases, implemented a hiring freeze and lowered our projected revenues to preserve a balanced budget in the event of a downturn in the economic conditions brought on by COVID-19 restrictions. To date, these conservative budgeting measures are resulting in the City's budgets remaining balanced and healthy without the need to dip into financial reserve funds. None of our businesses have shut their doors permanently, employers have had no permanent layoffs to date, and tax revenues are coming in steady and as predicted. Many of our local businesses, such as grocery stores, hardware stores, garden centers, and pharmacies have reported substantial increases in retail revenues during the pandemic.

We remain cautiously optimistic about the city's economic future.

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

Housing – Housing starts are beginning to come back. Getting the City out of the Flood zone has helped. We are also seeing an advantage with our neighboring cities having housing shortages and housing prices climbing dramatically. We have two new housing subdivisions approved with over 200 lots for building. Smaller subdivisions (50 lots and under) have seen a recent surge in development and all are currently sold and built out.

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

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

FINANCIAL OVERVIEW

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

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

What is the financial health of the City of Milton-Freewater? Daily we hear about the budget

shortfalls of the State of Oregon, school districts and local governments. Fortunately, the City is in stable financial shape due to the foresight of the City Council, the City Budget Committee, City Manager and Finance Director.

The City's 2020-21 budget is for \$36,065,133, an increase of \$42,715 from the prior year's budget total. This increase is mainly due to inclusion of \$647,389 in grant dollars from the Federal Cares Act added late in the budget process. There are no overall rate increases in Water, Sewer & Solid Waste funds in this budget. The Electric fund had no rate increase proposed at the time of budget approval before the Council, however an unanticipated BPA power and transmission rate increases which took effect in October, caused us to implement a rate increase of 15% in October. The golf course fund had an average 3% rate increase per budget.

The General Fund's balance is \$272,902 at the end of current fiscal year, an increase of \$58,123 over last year. The increase was primarily due to grants and state revenue sharing, as well as conservative spending on the part of staff.

The City's net position at June 30, 2020 is \$38,144,294, a decrease of \$1,454,868, mainly due to decreased capital projects and higher OPEB liability. The City's cash, cash equivalents and investments as of June 30, 2020 were \$10,931,547, an increase of \$528,400, mainly due to return on investments and grants. Credit for these increases goes largely to our Finance Director Dave Richmond who constantly seeks ways to increase interest earnings on the City's reserve funds.

MAJOR INITIATIVE

The City is moving forward with a long-time council goal of constructing a new police station on the lot across from City Hall. The Council will consider proposing a General Obligation Bond measure to the voters on the May 2021 ballot.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

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

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

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

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

ACCOUNTING BASIS

APPLIED FUNDS

Modified Accrual Basis

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

Accrual Basis

Proprietary Fund Types
Enterprise Funds
Internal Service Funds

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

THE REPORTING ENTITY AND SERVICES

The citizens of the cities of Milton and Freewater voted to become a single entity in November of 1950. Since that time, the City of Milton-Freewater has been operated on the council-manager form of government. The City Council consists of a Mayor and six Councilors, which took effect on January 1, 1995 with a city charter amendment. Before that time, the number of Councilors was five. Council decisions are subject to Oregon State law and the State Constitution on statewide matters. The Council is presided over by the Mayor, who is an elected official, but has no vote in the council meeting except in cases of a tie vote.

The Council appoints the Budget Committee, the Planning Commission, the Recreation Committee, and the Library Board. These committees serve in an advisory capacity and make all recommendations to the Council for further action, with the exception of the Planning Commission. This Commission administers the provisions in the zoning and land development codes. However, all decisions made by the Planning Commission may be appealed to the City Council.

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

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

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

Cash Management

The City of Milton-Freewater pools the cash of all funds and invests the surplus cash in certificates of deposit, savings accounts, U.S. Treasury bills and corporate bonds. Cash is also deposited in the Oregon State Investment Pool. Interest is disbursed to all funds based on each fund's cash contribution. Interest and investment earnings for 2020 were \$225,527. For fiscal year June 30, 2020, the majority of surplus cash was deposited in the Oregon State Investment Pool, Lone Pine Advisory Services (Fidelity), five local banks and one local credit union.

Risk Management

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

Other Information

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

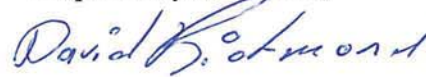
Conclusion

The City of Milton-Freewater is always looking for ways to improve the efficiency of its work force, and the quality of service to its citizens. An example of this is the \$2,096,551 in grant funds received this year. The overall city is healthy financially with \$10,931,547 in cash and investments. Over the previous ten years we have replaced our sewer plant, updated two substations and instituted a replacement schedule for aging sewer & water lines. We also updated the City Hall Building and Fire Station buildings with grant funding.

Acknowledgments

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

Respectfully submitted,



David Richmond
Finance Director



Linda Hall
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Milton-Freewater
Oregon**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF MILTON-FREEWATER, OREGON
Officials of the City
June 30, 2020

Mayor and City Councilor Members:

Term Expires

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

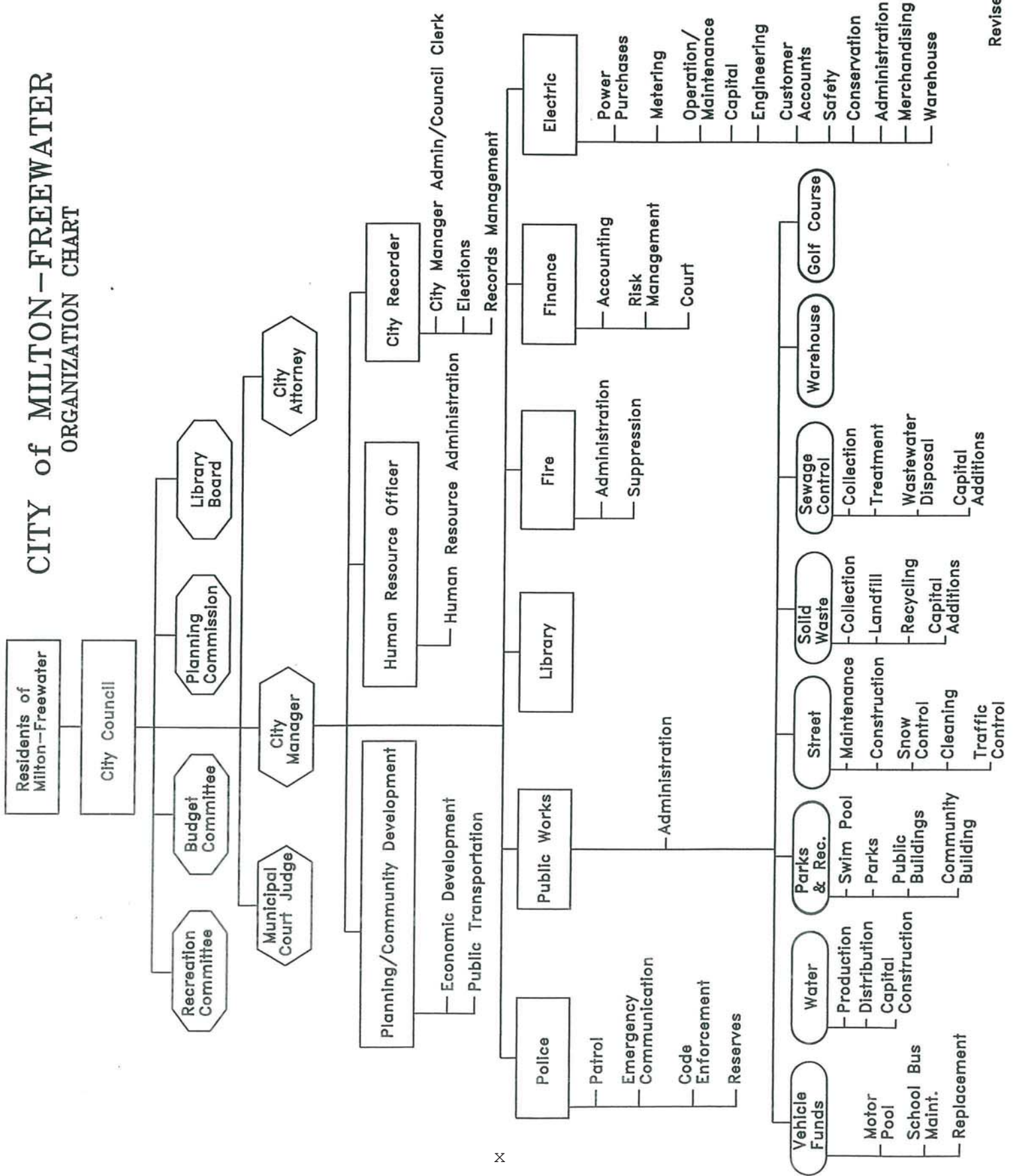
Appointed Officials:

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

AGENCY ADDRESS

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

CITY of MILTON-FREEWATER ORGANIZATION CHART



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Milton-Freewater, Oregon

REPORT ON THE FINANCIAL STATEMENTS

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

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

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, employee retirement pension benefits information, and other employee postemployment benefits information (collectively, the required supplementary information) on pages 4 through 13 and 67 through 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary

comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 22, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe our evaluation of internal control over financial reporting and the scope of our testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.



A Member of
The RBH Group, LLC
Certified Public Accountants

Pendleton, Oregon
December 22, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Milton-Freewater, Oregon presents this narrative overview and analysis to facilitate both a short and long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2020. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report, issued by The RBH Group, LLC. Additional information outside the scope of this analysis can be found in the Letter of Transmittal. This is the eighteenth year the City is reporting under the provisions of GASB Statement No. 34, twelfth year under GASB Statement No. 45, tenth year under GASB Statement No.54, the sixth year under GASB No.68 and the third year under GASB No. 75.

Financial Highlights

- The City's net position at June 30, 2020 is \$38,144,294. A decrease of \$1,454,868 from the prior year, is mainly due to decreased capital projects, and higher OPEB liability.
- The General Fund's fund balance is \$272,902 at the end of the current fiscal year, an increase of \$58,123 over last year. The increase was mainly due to grants and increased state revenue sharing. General Fund revenues were \$3,221,058.
- The City's cash, cash equivalents, and investments as of June 30, 2020 are \$10,931,547 an increase of \$528,400.
- The City's 2020-21 budget is for \$36,065,133, an increase of \$42,715 from the prior year's budget. This is higher mainly due to inclusion of \$647,389 in grant dollars from the Federal Cares Act added late in the budget process.

Overview of the Financial Statements

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

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

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

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

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

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

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financials focus on the acquisition and use of current spendable resources, as well as the balances of spendable resources at the end of the fiscal year. The City maintains 8 individual governmental funds with the information presented separately for General, Special Revenue, Capital Project and Debt Service Funds. Please see the NOTES to FINANCIAL STATEMENTS for further explanation of each individual fund.

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

Notes to the financial statements. The notes provide additional

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

FUND-BASED FINANCIAL STATEMENTS

General Fund

The General Fund ended the year with a fund balance of \$272,902. This is a \$58,123 increase compared to last year. This was mainly a result of grants and increased state revenue sharing. Revenues for fiscal 2020 were \$3,221,058.

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

Property Taxes	\$ 1,161,147	36.0%
Utility Tax	162,087	5.0%
Other Taxes	14,063	.4%
Intergovernmental	610,077	19.0%
Franchise Fees	983,253	30.5%
Fines and Licenses & System Dev	136,390	4.3%
Services	32,048	1.0%
Interest	8,310	.3%
Miscellaneous	113,683	3.5%
Total	<u>\$3,221,058</u>	<u>100.0%</u>

Expenditures for the fiscal year were \$5,714,622.

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

Beginning Fund Balance	\$ 214,779	
Revenues	3,221,058	
Transfers In	<u>2,683,600</u>	6,119,437
Expenditures	5,714,622	
Transfers Out	<u>131,913</u>	
Fund Balance June 30, 2020		<u>5,846,535</u> <u>\$ 272,902</u>

Expenditures were as follows:

General Government	\$2,010,712	35.2%
Public Safety	2,494,868	43.7%
Culture and Recreation	353,138	6.2%
Public Works	626,654	11.0%
Community Development	104,536	1.8%
Engineering	34,210	.6%
Capital Outlay	90,504	1.5%
Total	<u>\$5,714,622</u>	<u>100.0%</u>

Special Revenue Funds

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

Street Fund. This fund controls those revenues which must be spent on streets, primarily from State gas tax revenues. Funds are used to assure that the 30 miles of the street system are maintained in a safe, clean, well-prepared manner. The Street Fund ended the year with a balance of \$674,819, an increase of \$100,771 from last year. This increase is mainly due to fewer street projects this year.

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

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

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

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

Capital Project Fund

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

Debt Service Fund

The City's General Obligation Bonded Debt at June 30, 2020 is zero. The General Obligation Bonded Debt for the Family Aquatic Center was paid in full in 2015.

New general obligation bonds with a value of over \$11,000,000 could be sold within the legal debt limit if approved by the voters.

Enterprise Funds

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

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

Electric Funds financial comparison to last year is as follows:

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$8,061,674	\$8,030,639
Operating Expenses	7,859,034	7,769,087
Operating Income (Loss)	202,640	261,552
Non-operating		
Revenues (expenses)	107,987	131,165
Capital Contributions	126,917	124,434
Net Operating Transfers	<u>(1,093,985)</u>	<u>(1,061,694)</u>
Net Income (Loss)	<u>\$(656,441)</u>	<u>\$(544,543)</u>

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

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

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

Financial comparison to last year is as follows:

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$1,288,681	\$ 1,267,685
Operating Expenses	933,704	745,509
Operating Income (Loss)	354,977	522,176
Non-operating		
Revenues (expenses)	2,576	10,797
Capital Contributions	136,557	100,943
Net Operating Transfers	<u>(597,859)</u>	<u>(569,601)</u>
Net Income (Loss)	<u>\$(103,749)</u>	<u>\$ 64,315</u>

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

Financial comparison to last year is as follows:

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$1,295,620	\$1,260,701
Operating Expenses	970,361	830,604
Operating Income (Loss)	325,259	430,097
Non-operating		
Revenues (expenses)	(12,622)	(7,861)
Capital Contributions	111,291	102,367
Net Operating Transfers	<u>(503,160)</u>	<u>(479,784)</u>
Net Income (Loss)	<u>\$ (79,232)</u>	<u>\$ 44,819</u>

There is a \$5 a month per user infrastructure/utility surcharge fee that can be used by either the water or sewer fund. This year the water department received \$80,000 to use on well projects. The sewer fund received revenues of \$98,090 for payment of the sewer digester loan.

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

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

Financial comparison to last year is as follows:

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 1,006,008	\$1,002,919
Operating Expenses	712,143	743,570
Operating Income (Loss)	293,865	259,349
Non-operating		
Revenues (Expenses)	13,435	13,716
Net Operating Transfers	<u>(328,292)</u>	<u>(270,274)</u>
Net Income (Loss)	<u>\$ (20,992)</u>	<u>\$ 2,791</u>

Landfill Closure Fund. This fund was created to set aside funds from the Landfill Fund to pay for closure costs as required. The fund assets are now \$155,646, an increase of \$7,202.

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

Financial comparison to last year is as follows:

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$214,925	\$150,834
Operating Expenses	171,739	168,163
Operating Income (Loss)	43,186	(17,329)
Non-operating	-0-	-0-
Revenues (Expenses)	(1,682)	(1,641)
Net Operating Transfers	<u>(100)</u>	<u>(100)</u>
Net Income (Loss)	<u>\$ 41,404</u>	<u>\$(19,070)</u>

Internal Service Funds

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

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

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

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

Sick Leave Liability Fund. Only sick leave earned in the current year is budgeted for. This leaves all the previous year's sick leave balance as a possible unfunded liability. This fund collects money to fund a portion of leaves that are not budgeted for. The fund equity is now \$40,308 a decrease of \$12,965. This fund has helped fill some of the holes caused by COVID-19.

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 \$51,358 an increase of \$8,438.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets over time may serve as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$38,144,294 at the close of FY20.

	City of Milton-Freewater Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 2,014,858	\$ 2,312,275	\$ 10,554,192	\$ 10,729,643	\$ 12,569,050	\$ 13,041,918
Net Pension Asset	-	-	-	-	-	-
Capital assets	18,575,664	18,563,070	18,924,588	19,003,555	37,500,252	37,566,625
Total assets	\$ 20,590,522	\$ 20,875,345	\$ 29,478,780	\$ 29,733,198	\$ 50,069,302	\$ 50,608,543
Deferred Outflows:						
Contributions to OPEB	\$ 1,984,776	\$ 1,865,025	\$ 1,138,763	\$ 1,068,889	\$ 3,123,539	\$ 2,933,914
	\$ 1,984,776	\$ 1,865,025	\$ 1,138,763	\$ 1,068,889	\$ 3,123,539	\$ 2,933,914
Noncurrent liabilities	\$ 387,164	\$ 863,590	\$ 1,651,782	\$ 2,172,308	\$ 2,038,946	\$ 3,035,898
Other liabilities	5,885,204	6,364,883	4,323,282	4,780,767	10,208,486	11,145,650
Total liabilities	\$ 6,272,368	\$ 7,228,473	\$ 5,975,064	\$ 6,953,075	\$ 12,247,432	\$ 14,181,548
Deferred Inflows:						
Deferred OPEB	\$ 820,597	\$ 692,396	\$ 525,650	\$ 524,219	\$ 1,346,247	\$ 1,216,615
	\$ 820,597	\$ 692,396	\$ 525,650	\$ 524,219	\$ 1,346,247	\$ 1,216,615
Net position:						
Invested in capital assets, net of related debt	\$ 18,575,664	\$ 18,043,070	\$ 17,656,619	\$ 17,195,784	\$ 36,232,283	\$ 35,238,854
Restricted	852,892	976,784	1,318,514	1,223,240	2,171,406	2,200,024
Unrestricted	(3,946,223)	(4,200,353)	5,141,696	4,905,769	1,195,473	705,416
Total net position	\$ 15,482,333	\$ 14,819,501	\$ 24,116,829	\$ 23,324,793	\$ 39,599,162	\$ 38,144,294

The largest portion of the City's net position (92%) reflects its investments in capital assets (i.e., land, buildings, infrastructure, and equipment), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and consequently they are not available for current spending. Although the City's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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

An additional portion of the City's net position \$2,200,024 or (6%)

represents resources that are subject to external restrictions on how they may be used. The remaining balances are unrestricted net position of \$705,416 or 2% may be used to meet the City's ongoing obligations to citizens and creditors.

City of Milton-Freewater's Statement of Activities							
	Governmental Activities		Business-type Activities		Total		Total Change
	2019	2020	2019	2020	2019	2020	+ (-)
Revenues:							
Program revenues:							
Charges for services	\$ 398,452	\$ 233,500	\$ 11,664,038	\$ 11,809,899	\$ 12,062,490	\$ 12,043,399	\$ (19,091)
Operating grants and contributions	919,730	1,303,042	48,740	57,009	968,470	1,360,051	391,581
Capital grants and contributions	21,720	361,735	327,744	374,765	349,464	736,500	387,036
General Revenues :Taxes	1,233,582	1,236,146	-	-	1,233,582	1,236,146	2,564
Franchise Fees	1,396,681	1,381,913	-	-	1,396,681	1,381,913	(14,768)
Other	(40,218)	25,825	328,775	280,707	288,557	306,532	17,975
Total revenues	<u>\$ 3,929,947</u>	<u>\$ 4,542,161</u>	<u>\$ 12,369,297</u>	<u>\$ 12,522,380</u>	<u>\$ 16,299,244</u>	<u>\$ 17,064,541</u>	<u>\$ 765,297</u>
Expenses:							
General government	\$ 1,930,495	\$ 2,496,674	-	-	\$ 1,930,495	\$ 2,496,674	\$ 566,179
Public safety	2,573,873	2,722,041	-	-	2,573,873	2,722,041	148,168
Highways and streets	1,575,592	1,649,928	-	-	1,575,592	1,649,928	74,336
Culture and recreation	895,815	855,695	-	-	895,815	855,695	(40,120)
Community development	100,139	46,475	-	-	100,139	46,475	(53,664)
Electric	-	-	7,733,563	7,903,614	7,733,563	7,903,614	170,051
Water	-	-	729,528	947,684	729,528	947,684	218,156
Sewer	-	-	876,624	1,023,046	876,624	1,023,046	146,422
Solid Waste	-	-	734,545	702,396	734,545	702,396	(32,149)
Golf Course	-	-	167,555	171,856	167,555	171,856	4,301
Total expenses	<u>\$ 7,075,914</u>	<u>\$ 7,770,813</u>	<u>\$ 10,241,815</u>	<u>\$ 10,748,596</u>	<u>\$ 17,317,729</u>	<u>\$ 18,519,409</u>	<u>\$ 1,201,680</u>
Increase in net assets before transfers	\$ (3,145,967)	\$ (3,228,652)	\$ 2,127,482	\$ 1,773,784	\$ (1,018,485)	\$ (1,454,868)	\$ (436,383)
Transfers	2,419,964	2,565,820	(2,419,964)	(2,565,820)	-	-	-
Net position, July 1	16,020,620	15,482,333	24,381,671	24,116,829	40,402,291	39,599,162	(803,129)
Change in net position	(726,003)	(662,832)	(292,482)	(792,036)	(1,018,485)	(1,454,868)	(436,383)
Effect of Change for GASB 75	187,716	-	27,640	-	215,356	-	(215,356)
Net position, June 30	<u>\$ 15,482,333</u>	<u>\$ 14,819,501</u>	<u>\$ 24,116,829</u>	<u>\$ 23,324,793</u>	<u>\$ 39,599,162</u>	<u>\$ 38,144,294</u>	<u>\$ (1,454,868)</u>

Governmental Activities

The City's Governmental Activities received \$1,664,777 in operating grants, capital grants and contributions.

Business-type Activities

The City's Business Activities received \$431,774 in operating grants, capital grants and contributions.

Budgetary Highlights

Total grants received \$2,096,551. The general fund expenditures were \$622,361 under budget due to the aquatic center being closed because of governor mandates for COVID-19, decreased spending on meetings/conferences and a freeze on capital purchases.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business

type activities as of June 30, 2020, amounts to \$35,238,854 (net of related debt). This investment in capital assets includes land, buildings, machinery and equipment, improvements and infrastructure.

As of June 30, 2020 the City General Obligation Bond is zero. The water fund for the high elevation water tower project was paid in full June 30, 2018. Sewer fund wastewater improvement loan is \$1,206,571 at year end. In addition, as of June 30, 2020, there was a \$520,000 balance outstanding on a promissory note incurred for construction of an elevator in City Hall.

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

Economic Factors and Next Year's Budget and Rates

The FY 2020-2021 budget total is \$36,065,133 for the City. This is an \$42,715 increase over last year's budget. This increase is mainly due to inclusion of \$647,389 in grant dollars from the Federal Cares Act added late in the budget process.

Impact of COVID-19 on the budget: At the outset of the pandemic, the City acted quickly and conservatively. In March 2020 and prior to budget adoption and public hearing, the City re-formulated its Fiscal Year 2020-21 by eliminating all capital purchases and putting a hiring freeze into effect for vacant positions. The City also lowered its estimates for revenues to preserve a balanced budget in the event of a decline in revenues as a result of COVID-19 restrictions.

Electric: No rate increase proposed at budget approval. With a BPA power purchase rate increase in October, the rates were increased 15%.

Water: No rate increase.

Solid Waste: No rate increase.

Sewer: No rate increase.

Golf Course: An average 3% rate increase.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 707,858	\$ 5,354,684	\$ 6,062,542
Investments	580,853	4,288,152	4,869,005
Receivables:			
Accounts, net	247,177	1,045,073	1,292,250
Fines and Forfeitures, net	55,437	-	55,437
Property taxes	63,889	-	63,889
Weatherization loans	-	111,408	111,408
Internal balances	657,061	(657,061)	-
Inventories	-	587,387	587,387
Capital assets:			-
Land	427,540	753,069	1,180,609
Construction in progress	46,641	7,104	53,745
Depreciable assets, net of depreciation	18,088,889	18,243,382	36,332,271
Total assets	<u>20,875,345</u>	<u>29,733,198</u>	<u>50,608,543</u>
Deferred Outflows:			
Deferred outflows related to pension and OPEB	<u>1,865,025</u>	<u>1,068,889</u>	<u>2,933,914</u>
 Total assets and deferred outflows of resources	 <u>\$ 22,740,370</u>	 <u>\$ 30,802,087</u>	 <u>\$ 53,542,457</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 373,005	\$ 745,189	\$ 1,118,194
Accrued interest payable	1,566	36,588	38,154
Customer deposits	-	216,387	216,387
Long-term obligations:			
Due within one year	246,390	162,180	408,570
Due in more than one year	863,590	2,172,308	3,035,898
Net pension liability	5,164,179	2,788,765	7,952,944
Other post employment benefits liability	579,743	831,658	1,411,401
Total liabilities	<u>7,228,473</u>	<u>6,953,075</u>	<u>14,181,548</u>
Deferred inflows:			
Deferred inflows related to pension and OPEB	<u>692,396</u>	<u>524,219</u>	<u>1,216,615</u>
Net Position:			
Net investment in capital assets	18,043,070	17,195,784	35,238,854
Restricted for:			-
Highways and streets	674,819	-	674,819
Culture and recreation	97,352	-	97,352
System development	9,083	1,218,096	1,227,179
Debt service	361	-	361
Urban renewal	195,169	-	195,169
Landfill closure costs	-	5,144	5,144
Unrestricted	(4,200,353)	4,905,769	705,416
Total net position	<u>14,819,501</u>	<u>23,324,793</u>	<u>38,144,294</u>
 Total liabilities, deferred inflows, and net position	 <u>\$ 22,740,370</u>	 <u>\$ 30,802,087</u>	 <u>\$ 53,542,457</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, 2020

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Governmental activities:							
General government	\$ 2,496,674	\$ 29,239	\$ 517,747	\$ 296,593	\$ (1,653,095)	\$ -	\$ (1,653,095)
Public safety	2,722,041	166,452	47,907	-	(2,507,682)	-	(2,507,682)
Culture and recreation	855,695	29,718	249,979	17,712	(558,286)	-	(558,286)
Public works	627,569	-	-	-	(627,569)	-	(627,569)
Community development	46,475	-	-	-	(46,475)	-	(46,475)
Engineering	46,884	-	-	-	(46,884)	-	(46,884)
Highways and streets	975,475	8,091	487,409	47,430	(432,545)	-	(432,545)
Total governmental activities	7,770,813	233,500	1,303,042	361,735	(5,872,536)	-	(5,872,536)
Business-type activities:							
Electric	7,903,614	8,061,674	-	126,917	-	284,977	284,977
Water	947,684	1,288,681	-	136,557	-	477,554	477,554
Sewer	1,023,046	1,238,611	57,009	111,291	-	383,865	383,865
Solid waste	702,396	1,006,008	-	-	-	303,612	303,612
Golf course	171,856	214,925	-	-	-	43,069	43,069
Total business-type activities	10,748,596	11,809,899	57,009	374,765	-	1,493,077	1,493,077
Total government	\$ 18,519,409	\$ 12,043,399	\$ 1,360,051	\$ 736,500	(5,872,536)	1,493,077	(4,379,459)
General revenues:							
Property taxes levied for:							
General purposes							
					1,236,146	-	1,236,146
Franchise and public service taxes							
					1,381,913	-	1,381,913
Interest and investment earnings							
					25,825	199,702	225,527
Miscellaneous							
					-	81,005	81,005
Transfers							
					2,565,820	(2,565,820)	-
Total general receipts and transfers							
					5,209,704	(2,285,113)	2,924,591
Change in net position							
					(662,832)	(792,036)	(1,454,868)
Net position - beginning							
					15,482,333	24,116,829	39,599,162
Net position - ending							
					\$ 14,819,501	\$ 23,324,793	\$ 38,144,294

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Senior/Disabled Transportation

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

CITY OF MILTON-FREEWATER, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Senior/ Disabled Transportation	Other Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 219,895	\$ 44,612	\$ 443,351	\$ 707,858
Investments	173,522	37,240	370,091	580,853
Receivables:				
Property taxes	60,733	3,156	-	63,889
Accounts	123,037	49,382	74,758	247,177
Fines and forfeitures, net	55,437	-	-	55,437
Due from other funds	39,578	-	38,991	78,569
Advances to other funds	141,774	-	-	141,774
	<u>813,976</u>	<u>134,390</u>	<u>927,191</u>	<u>1,875,557</u>
Total assets	\$ 813,976	\$ 134,390	\$ 927,191	\$ 1,875,557
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 327,320	\$ 12,468	\$ 33,217	\$ 373,005
Due to other funds	38,210	36,059	31,093	105,362
	<u>365,530</u>	<u>48,527</u>	<u>64,310</u>	<u>478,367</u>
Total liabilities	365,530	48,527	64,310	478,367
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	175,544	52,538	3,580	231,662
	<u>175,544</u>	<u>52,538</u>	<u>3,580</u>	<u>231,662</u>
Total deferred inflows of resources	175,544	52,538	3,580	231,662
FUND BALANCES (DEFICIT)				
Nonspendable	\$ 141,774	\$ -	\$ -	\$ 141,774
Restricted	62,478	-	772,532	835,010
Assigned	-	33,325	86,769	120,094
Unassigned	68,650	-	-	68,650
	<u>272,902</u>	<u>33,325</u>	<u>859,301</u>	<u>1,165,528</u>
Total fund balances	272,902	33,325	859,301	1,165,528
Total liabilities, deferred inflows of resources, and fund balances	\$ 813,976	\$ 134,390	\$ 927,191	\$ 1,875,557

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

CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION TO THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Fund balances - total governmental funds	\$ 1,165,528
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>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</p>	
Net pension liability	(5,164,179)
Deferred outflows after measurement date	1,796,006
Deferred inflows of assumed and actual investment earnings and City's proportionate share	(524,354)
<p>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</p>	
Other post employment benefits liability	(579,743)
Deferred outflows after measurement date	69,019
Deferred inflows from changes of assumptions or inputs	(168,042)
<p>Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.</p>	
	18,563,070
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied</p>	
	113,271
<p>Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.</p>	
	118,391
<p>Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.</p>	
	(282,956)
<p>PERS accrued transition liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.</p>	
	(307,024)
<p>Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.</p>	
	(1,566)
<p>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.</p>	
	(520,000)
<p>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.</p>	
	<u>542,080</u>
Net position of governmental activities	<u><u>\$ 14,819,501</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 BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

	General Fund	Senior/ Disabled Transportation	Other Governmental Funds	Totals
REVENUES				
Property taxes	\$ 1,161,147	\$ 58,084	\$ -	\$ 1,219,231
Utility tax	162,087	-	-	162,087
Other taxes	14,063	-	-	14,063
Franchise fees	983,253	-	-	983,253
Licenses and fees	20,650	-	3,345	23,995
Charges for services	32,048	4,110	227	36,385
Intergovernmental	610,077	432,340	817,129	1,859,546
Fines and forfeitures	111,015	-	2,851	113,866
System development charges	4,725	-	-	4,725
Interest on investments	8,310	1,835	15,680	25,825
Miscellaneous	113,683	-	15,207	128,890
Total revenues	<u>3,221,058</u>	<u>496,369</u>	<u>854,439</u>	<u>4,571,866</u>
EXPENDITURES				
Current:				
General government	2,010,712	301,330	-	2,312,042
Public safety	2,494,868	-	26,722	2,521,590
Culture and recreation	353,138	-	345,758	698,896
Public works	626,654	-	-	626,654
Community development	104,536	-	-	104,536
Engineering	34,210	-	-	34,210
Highways and streets	-	-	287,169	287,169
Capital outlay	90,504	755,613	53,178	899,295
Total Expenditures	<u>5,714,622</u>	<u>1,056,943</u>	<u>712,827</u>	<u>7,484,392</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(2,493,564)</u>	<u>(560,574)</u>	<u>141,612</u>	<u>(2,912,526)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,683,600	-	130,313	2,813,913
Transfers out	(131,913)	-	(116,180)	(248,093)
Issuance of debt	-	520,000	-	520,000
Total other financing sources (uses)	<u>2,551,687</u>	<u>520,000</u>	<u>14,133</u>	<u>3,085,820</u>
NET CHANGE IN FUND BALANCE	58,123	(40,574)	155,745	173,294
FUND BALANCE (DEFICIT), Beginning	<u>214,779</u>	<u>73,899</u>	<u>703,556</u>	<u>992,234</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 272,902</u>	<u>\$ 33,325</u>	<u>\$ 859,301</u>	<u>\$ 1,165,528</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, 2020

Net change in fund balance - governmental funds	\$ 173,294
 Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
 Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Court fine receivables	(47,769)
Property tax receivables	16,915
State revenue sharing receivable	2,887
Library receivables	(1,738)
 Issuance of debt is a financial resource in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position	
	(520,000)
 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	(13,644)
Change in accrued interest payable	(1,566)
Change in other postemployment benefits	292,835
Change in PERS transition liability	26,277
 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	824,534
Depreciation expense	(837,127)
 Current year PERS pension expense related to change in the net pension liability is reported as an expense in the Statement of Activities but is not recorded as an expenditure in the governmental funds.	
	(597,271)
 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.	
	19,541
 Change in net position of governmental activities	 \$ (662,832)

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget-</u>
REVENUES				
Property taxes	\$ 1,213,525	\$ 1,213,525	\$ 1,161,147	\$ (52,378)
Utility tax	149,500	149,500	162,087	12,587
Other taxes	17,000	17,000	14,063	(2,937)
Franchise fees	986,172	986,172	983,253	(2,919)
Licenses and fees	19,095	19,095	20,650	1,555
Charges for services	98,665	98,665	32,048	(66,617)
Intergovernmental	392,850	742,850	610,077	(132,773)
Fines and forfeitures	112,750	112,750	111,015	(1,735)
System development charges	1,050	1,050	4,725	3,675
Interest on investments	6,418	6,418	8,310	1,892
Miscellaneous	98,600	111,590	113,683	2,093
TOTAL REVENUES	<u>3,095,625</u>	<u>3,458,615</u>	<u>3,221,058</u>	<u>(237,557)</u>
EXPENDITURES				
Current:				
General government	1,841,266	2,198,166	2,010,712	187,454
Public safety	2,641,325	2,641,325	2,494,868	146,457
Culture and recreation	470,873	470,873	353,138	117,735
Public works	630,840	631,040	626,654	4,386
Community development	121,654	121,654	104,536	17,118
Engineering	45,635	45,635	34,210	11,425
Capital outlay	172,400	192,390	90,504	101,886
Contingency	50,000	35,900	-	35,900
TOTAL EXPENDITURES	<u>5,973,993</u>	<u>6,336,983</u>	<u>5,714,622</u>	<u>622,361</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,878,368)</u>	<u>(2,878,368)</u>	<u>(2,493,564)</u>	<u>384,804</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,683,600	2,683,600	2,683,600	-
Transfers out	(131,913)	(131,913)	(131,913)	-
Sale of capital assets	40,000	40,000	-	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,591,687</u>	<u>2,591,687</u>	<u>2,551,687</u>	<u>(40,000)</u>
NET CHANGE IN FUND BALANCE	<u>(286,681)</u>	<u>(286,681)</u>	<u>58,123</u>	<u>344,804</u>
FUND BALANCE, Beginning	<u>286,681</u>	<u>286,681</u>	<u>214,779</u>	<u>(71,902)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,902</u>	<u>\$ 272,902</u>

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

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SENIOR/DISABLED TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Property taxes	\$ 59,000	\$ 59,000	\$ 58,084	\$ (916)
Charges for services	6,200	6,200	4,110	(2,090)
Intergovernmental	546,788	546,788	432,340	(114,448)
Interest on investments	3,000	3,000	1,835	(1,165)
TOTAL REVENUES	<u>614,988</u>	<u>614,988</u>	<u>496,369</u>	<u>(118,619)</u>
EXPENDITURES				
Current:				
General government:				
Personal services	135,722	135,722	114,128	21,594
Materials and services	174,803	174,803	177,039	(2,236)
Capital outlay	762,440	762,440	755,613	6,827
Debt service	-	10,200	10,163	37
Contingency	268,933	258,733	-	258,733
TOTAL EXPENDITURES	<u>1,341,898</u>	<u>1,341,898</u>	<u>1,056,943</u>	<u>284,955</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(726,910)</u>	<u>(726,910)</u>	<u>(560,574)</u>	<u>166,336</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	501,334	501,334	520,000	18,666
TOTAL OTHER FINANCING SOURCES (USES)	<u>501,334</u>	<u>501,334</u>	<u>520,000</u>	<u>18,666</u>
NET CHANGE IN FUND BALANCE	(225,576)	(225,576)	(40,574)	185,002
FUND BALANCE, Beginning	<u>225,576</u>	<u>225,576</u>	<u>73,899</u>	<u>(151,677)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,325</u>	<u>\$ 33,325</u>

FUND FINANCIAL STATEMENTS

Proprietary Funds

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

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

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

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

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

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

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-type Activities - Enterprise Funds				Totals	Business-Type Activities - Internal Service Funds
	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,844,756	\$ 301,985	\$ 1,001,358	\$ 386,137	\$ 4,534,236	\$ 519,362
Investments	1,952,819	57,730	232,819	322,332	2,565,700	433,542
Restricted cash and cash equivalents	216,254	-	-	-	216,254	-
Receivables:						
Accounts	635,953	147,105	156,060	104,425	1,043,543	1,530
Due from other funds	49,731	14,815	6,203	13,258	84,007	18,641
Inventories	533,014	44,645	3,581	-	581,240	6,147
Total current assets	<u>6,232,527</u>	<u>566,280</u>	<u>1,400,021</u>	<u>826,152</u>	<u>9,024,980</u>	<u>979,222</u>
Noncurrent assets:						
Restricted cash and cash equivalents	-	-	-	84,832	84,832	-
Restricted investments	420,667	194,355	603,074	70,814	1,288,910	-
Weatherization loans	111,408	-	-	-	111,408	-
Capital assets:						
Land	112,628	16,313	512,442	111,686	753,069	-
Construction in progress	7,104	-	-	-	7,104	-
Depreciable assets, net of depreciation	6,588,442	4,804,320	5,591,055	177,626	17,161,443	1,081,939
Total noncurrent assets	<u>7,240,249</u>	<u>5,014,988</u>	<u>6,706,571</u>	<u>444,958</u>	<u>19,406,766</u>	<u>1,081,939</u>
Total assets	<u>13,472,776</u>	<u>5,581,268</u>	<u>8,106,592</u>	<u>1,271,110</u>	<u>28,431,746</u>	<u>2,061,161</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows related to pension and OPEB	573,299	118,650	144,552	147,621	984,122	84,767
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	618,257	43,934	24,336	36,415	722,942	22,247
Accrued interest payable	-	7,645	27,643	1,300	36,588	-
Due to other funds	-	6,457	-	67,023	73,480	2,375
Current portion of long-term debt	91,567	5,192	36,043	23,125	155,927	6,253
Total current liabilities (unrestricted)	709,824	63,228	88,022	127,863	988,937	30,875
Current liabilities (payable from restricted assets):						
Deposits	216,387	-	-	-	216,387	-
Total current liabilities	<u>926,211</u>	<u>63,228</u>	<u>88,022</u>	<u>127,863</u>	<u>1,205,324</u>	<u>30,875</u>
Noncurrent liabilities						
Advances from other funds	-	-	-	141,774	141,774	-
Long-term debt, net of current portion:						
Due to Bonneville Power Administration	47,377	-	-	-	47,377	-
Landfill closure liability	-	-	-	150,502	150,502	-
Notes and contracts payable	-	601,200	1,171,136	-	1,772,336	-
Net pension liability	1,511,125	253,350	377,353	403,198	2,545,026	243,739
Transition liability	94,013	16,320	23,218	19,398	152,949	17,457
Compensated absences payable	22,892	1,298	152	5,782	30,124	1,563
Other postemployment benefits	401,150	256,520	111,862	62,126	831,658	-
Total noncurrent liabilities	<u>2,076,557</u>	<u>1,128,688</u>	<u>1,683,721</u>	<u>782,780</u>	<u>5,671,746</u>	<u>262,759</u>
Total liabilities	<u>3,002,768</u>	<u>1,191,916</u>	<u>1,771,743</u>	<u>910,643</u>	<u>6,877,070</u>	<u>293,634</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension and OPEB	269,710	100,077	70,739	58,945	499,471	24,748
NET POSITION						
Net investment in capital assets	6,708,174	4,219,433	4,896,926	289,312	16,113,845	1,081,939
Restricted for system development	420,667	194,355	603,074	-	1,218,096	-
Restricted for landfill closure	-	-	-	5,144	5,144	-
Unrestricted	3,644,756	(5,863)	908,662	154,687	4,702,242	745,607
Total net position	<u>\$ 10,773,597</u>	<u>\$ 4,407,925</u>	<u>\$ 6,408,662</u>	<u>\$ 449,143</u>	<u>\$ 22,039,327</u>	<u>\$ 1,827,546</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, 2020

Net position - total enterprise funds \$ 22,039,327

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	\$	519,362	
Investments		433,542	
Accounts receivable, net		1,530	
Due from other funds		18,641	
Inventories		6,147	
Internal balances		(542,080)	
Capital assets, net		1,081,939	
Deferred outflows - contributions to PERS		84,767	
Accounts payable and accrued expenses		(22,247)	
Due to other funds		(2,375)	
Compensated absences		(7,816)	
Deferred inflows - pension differences		(24,748)	
Net pension liability		(243,739)	
PERS transition liability		(17,457)	
		1,285,466	1,285,466

Net position of business-type activities \$ 23,324,793

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				Totals	Business-Type Activities - Internal Service Funds
	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$ 7,789,154	\$ 1,283,857	\$ 1,237,910	\$ 1,214,697	\$ 11,525,618	\$ 761,309
Farm income	-	-	57,009	-	57,009	-
Miscellaneous	272,520	4,824	701	6,236	284,281	38,564
Total operating revenues	<u>8,061,674</u>	<u>1,288,681</u>	<u>1,295,620</u>	<u>1,220,933</u>	<u>11,866,908</u>	<u>799,873</u>
OPERATING EXPENSES						
Personal services	1,815,389	420,519	512,089	419,482	3,167,479	272,272
Materials and services	5,783,598	361,613	301,810	456,104	6,903,125	287,540
Depreciation	260,047	151,572	156,462	13,302	581,383	167,002
Total operating expenses	<u>7,859,034</u>	<u>933,704</u>	<u>970,361</u>	<u>888,888</u>	<u>10,651,987</u>	<u>726,814</u>
OPERATING INCOME (LOSS)	<u>202,640</u>	<u>354,977</u>	<u>325,259</u>	<u>332,045</u>	<u>1,214,921</u>	<u>73,059</u>
NON-OPERATING INCOME (EXPENSES)						
Gain (loss) on disposal of capital assets	-	-	-	-	-	1,586
Interest on investments	115,630	11,427	37,269	18,131	182,457	17,245
Interest expense	(7,643)	(8,851)	(49,891)	(3,176)	(69,561)	(1,147)
Total non-operating income (expenses)	<u>107,987</u>	<u>2,576</u>	<u>(12,622)</u>	<u>14,955</u>	<u>112,896</u>	<u>17,684</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	310,627	357,553	312,637	347,000	1,327,817	90,743
CAPITAL CONTRIBUTIONS						
Intergovernmental	-	38,982	-	-	38,982	-
System development charges	126,917	97,575	111,291	-	335,783	-
TRANSFERS						
Transfers in	85,000	-	-	6,000	91,000	46,827
Transfers out	(1,178,985)	(597,859)	(503,160)	(330,392)	(2,610,396)	(93,251)
CHANGE IN NET POSITION	(656,441)	(103,749)	(79,232)	22,608	(816,814)	44,319
NET POSITION, Beginning	11,430,038	4,511,674	6,487,894	426,535	22,856,141	1,783,227
NET POSITION, Ending	<u>\$ 10,773,597</u>	<u>\$ 4,407,925</u>	<u>\$ 6,408,662</u>	<u>\$ 449,143</u>	<u>\$ 22,039,327</u>	<u>\$ 1,827,546</u>

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

CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Change in net position - total enterprise funds \$ (816,814)

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.

24,778

Change in net position of business-type activities \$ (792,036)

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds	Totals	Business-Type Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 8,135,432	\$ 1,305,938	\$ 1,293,228	\$ 1,231,117	\$ 11,965,715	\$ 91,948
Receipts from interfund services provided	-	-	-	-	-	718,868
Payments to suppliers	(4,984,566)	(254,745)	(138,507)	(173,494)	(5,551,312)	(287,191)
Payments to employees	(1,635,700)	(291,915)	(408,442)	(433,386)	(2,769,443)	(270,143)
Payments for interfund services used	(747,349)	(139,735)	(167,908)	(262,413)	(1,317,405)	-
Net cash provided from (used by) operating activities	<u>767,817</u>	<u>619,543</u>	<u>578,371</u>	<u>361,824</u>	<u>2,327,555</u>	<u>253,482</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from internal loans	-	2,604	-	-	2,604	9,204
Payments from internal loans	(34,779)	-	(90)	(48,240)	(83,109)	(9,205)
Transfers in	85,000	-	-	6,000	91,000	46,827
Transfers out	(1,178,985)	(597,859)	(503,160)	(330,392)	(2,610,396)	(93,251)
Net cash provided from (used by) non-capital financing activities	<u>(1,128,764)</u>	<u>(595,255)</u>	<u>(503,250)</u>	<u>(372,632)</u>	<u>(2,599,901)</u>	<u>(46,425)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from intergovernmental revenue	-	38,982	-	-	38,982	-
Weatherization program	2,351	-	-	-	2,351	-
System development charges	126,917	97,575	111,291	-	335,783	-
Proceeds from issuance of debt	-	573,890	-	-	573,890	-
Proceeds from sale of capital assets	-	-	-	-	-	1,586
Acquisition of capital assets	(95,552)	(709,980)	-	(7,445)	(812,977)	(14,375)
Principal paid on long-term obligations	-	-	(34,088)	-	(34,088)	-
Interest paid on long-term obligations	(7,643)	(1,206)	(50,682)	(3,176)	(62,707)	(1,147)
Net cash provided from (used by) capital and related financing activities	<u>26,073</u>	<u>(739)</u>	<u>26,521</u>	<u>(10,621)</u>	<u>41,234</u>	<u>(13,936)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net sales (purchases) of investments	(137,221)	(39,183)	(139,334)	(37,384)	(353,122)	(128,998)
Interest on investments	115,630	11,427	37,269	18,131	182,457	17,245
Net Cash provided (used) by investing activities	<u>(21,591)</u>	<u>(27,756)</u>	<u>(102,065)</u>	<u>(19,253)</u>	<u>(170,665)</u>	<u>(111,753)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(356,465)	(4,207)	(423)	(40,682)	(401,777)	81,368
CASH AND CASH EQUIVALENTS, Beginning						
	<u>3,417,475</u>	<u>306,192</u>	<u>1,001,781</u>	<u>511,651</u>	<u>5,237,099</u>	<u>437,994</u>
CASH AND CASH EQUIVALENTS, Ending						
	<u>\$ 3,061,010</u>	<u>\$ 301,985</u>	<u>\$ 1,001,358</u>	<u>\$ 470,969</u>	<u>\$ 4,835,322</u>	<u>\$ 519,362</u>
COMPRISED AS FOLLOWS						
Cash and cash equivalents	\$ 2,844,756	\$ 301,985	\$ 1,001,358	\$ 386,137	\$ 4,534,236	\$ 519,362
Restricted cash and cash equivalents	216,254	-	-	84,832	301,086	-
	<u>\$ 3,061,010</u>	<u>\$ 301,985</u>	<u>\$ 1,001,358</u>	<u>\$ 470,969</u>	<u>\$ 4,835,322</u>	<u>\$ 519,362</u>
Reconciliation of operating income (loss) to net cash provided						
Operating income (loss)	\$ 202,640	\$ 354,977	\$ 325,259	\$ 332,045	\$ 1,214,921	\$ 73,059
Adjustments to reconcile operating income(loss) to net cash						
Depreciation	260,047	151,572	156,462	13,302	581,383	167,002
(Increase) decrease in assets:						
Receivables	57,242	17,257	(2,392)	10,184	82,291	10,943
Deferred inflows related to pension and OPEB	77,333	30,735	48,205	27,340	183,613	32,508
Inventories	(52,090)	(5,282)	30	-	(57,342)	2,815
Increase (decrease) in liabilities:						
Deposits	16,516	-	-	-	16,516	-
Accounts payable and accrued expenses	103,773	(27,585)	(4,635)	20,197	91,750	(2,466)
Compensated absences payable	1,562	1,350	(2,995)	(5,518)	(5,601)	1,368
PERS transition liability	(9,062)	(1,429)	(1,988)	(2,085)	(14,564)	(1,360)
Other postemployment benefits	109,856	97,948	60,425	(33,641)	234,588	(30,387)
Net cash provided from operating activities	<u>\$ 767,817</u>	<u>\$ 619,543</u>	<u>\$ 578,371</u>	<u>\$ 361,824</u>	<u>\$ 2,327,555</u>	<u>\$ 253,482</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER
NOTES TO THE BASIC FINANCIAL
STATEMENTS JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Equity

1. Cash, Cash Equivalents, and Investments

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

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

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

2. Receivables and Payables

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

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

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

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

3. Inventories and Prepaid Expenses

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost is not available. Donated capital assets, 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>	<u>Years</u>
Plant in service/Infrastructure	15 – 70
Building and improvements	10 – 50
Machinery and equipment	5 – 20
Vehicles	3 – 20
Software	5 – 20

5. Long-Term Obligations

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

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

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation, holiday and sick pay benefits. Sick pay benefits in excess of 700 hours are payable to employees upon retirement. Employees have the choice whether to cash in sick pay benefits in excess of 700 hours or convert them into PERS. The City has chosen not to report a liability for potential sick leave payouts because the actual hours at retirement can vary greatly from the current amounts. All vacation and holiday pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Management concluded that 20% of the liability would report as long-term liability and the remaining as short-term liability.

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

7. Fund Equity

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

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

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

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

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

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

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

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

8. Restricted Net Position

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

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures,

expenses and other disclosures. Accordingly, actual results could differ from those estimates.

F. Adoption of new GASB Pronouncements

GASB Statement No. 89, “Accounting for Interest Costs Incurred Before the End of a Construction Period.” This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. Although GASB Statement No. 89 will not be effective for the City until the fiscal year ending June 30, 2022, the City has opted for early implementation in the fiscal year ended June 30, 2020. The objectives of the statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

G. Pending Accounting Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2020:

GASB Statement No. 87, “Leases”. This statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments’ financial statements. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. GASB Statement No. 87 will be effective for the City for the fiscal year ending June 30, 2022.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later

than June 30. Expenditure appropriations may not be legally over expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

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

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

During the year ended June 30, 2020, 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:

Senior/Disabled Transportation Fund	
Materials and Services	<u>\$ 2,236</u>
Street Fund	
Personal services	<u>\$ 134</u>
Electric Capital Replacement Reserve Fund	
Transfers Out	<u>\$ 32,000</u>
Electric Operating and Maintenance Reserve Fund	
Transfers Out	<u>\$ 53,000</u>
Sewer Fund	
Personal services	<u>\$ 10,889</u>

C. Deficit Fund Balances

Funds having a deficit fund balance at June 30, 2020 are as follows:

Golf Course Fund	<u><u>\$(213,374)</u></u>
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III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City

at June 30, 2020. 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, 2020, the carrying amount of the City deposits, including certificates of deposit (in the amount of \$496,179) and money market accounts, was \$1,609,508 and the bank balance was \$1,618,178. All deposits are held in the name of the City. Of the bank balance, \$970,134 was covered by federal depository insurance and \$648,044 was collateralized under ORS 295. In addition, the City had petty cash in the amount of \$1,440.

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

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

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

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

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each Fund has the ability to access.

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

default rates) or other market-corroborated inputs).

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

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

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

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

The City has the following recurring fair value measurements as of June 30, 2020:

Investments Measured at Fair Value:	Totals as of 6/30/2019	Fair Value Measurements Using			Cost Measurement
		Quoted Prices in Active Markets for Identical Assets Level One	Significant Other Observable Inputs Level Two	Significant Unobservable Inputs Level Three	Using
					Not measured at Fair Value
US Government Agency Obligations	\$ 2,648,418	\$ 2,648,418	\$ -	\$ -	\$ -
Corporate Bonds	1,724,409	-	1,724,409	-	-
Time/Interest Bearing Deposits	753,291	-	-	-	753,291
Local Government Investment Pool	4,947,774	-	-	-	4,947,774
Total investments	\$ 10,073,892	\$ 2,648,418	\$ 1,724,409	\$ -	\$ 5,701,065

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

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in mutual funds, external investment pools, other pooled investments or those issued and explicitly guaranteed by the U.S. Government. None of the City’s investments were identified to be over 5 percent of total investments.

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

rates.

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

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

Investments held by the City at June 30, 2020, and their remaining time to maturity, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	\$ 4,947,774
Money Market Investments	1 day	257,112
US Government Agency Obligations (Rating Aaa)	Less than 1 year	965,928
US Government Agency Obligations (Rating Aaa)	1 to 3 years	1,682,490
Corporate Bonds (Rating 18% AA, 82% A)	Less than 1 year	688,783
Corporate Bonds (Rating 58% AA, 42% A)	1 to 3 years	1,035,626
		<u>9,577,713</u>
Less amounts classified as cash equivalents		<u>(5,204,886)</u>
Total subject to investment risk		4,372,827
Time Certificates of Deposit	Less than 1 year	<u>496,179</u>
Total investments for financial reporting purposes		<u><u>\$ 4,869,006</u></u>

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

Carrying amounts of deposits plus petty cash	\$ 857,656
Local Government Investment Pool	4,947,774
Money Market Investments	<u>257,112</u>
Total cash and cash equivalents	<u><u>\$ 6,062,542</u></u>

Restricted cash and investments at June 30, 2020 consist of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental activities			
Highways and streets	\$ 338,162	\$ 282,283	\$ 620,445
Culture and recreation	63,172	52,733	115,905
System development	-	9,083	9,083
Debt service	197	164	361
Urban Renewal	195,169	-	195,169
	<u>596,700</u>	<u>344,263</u>	<u>940,963</u>
Business-type activities:			
Customer deposits	216,387	-	216,387
System development	-	1,218,096	1,218,096
Landfill closure costs	84,832	70,814	155,646
	<u>301,219</u>	<u>1,288,910</u>	<u>1,590,129</u>
Total restricted cash and investments	<u>\$ 897,919</u>	<u>\$ 1,633,173</u>	<u>\$ 2,531,092</u>

B. Receivables

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

	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Activities</u>
Property taxes	\$ 60,733	\$ 3,156	\$ 63,889
Accounts	123,037	124,140	247,177
Fines and Forfeitures	184,790	-	184,790
Allowance for doubtful accounts	(129,353)	-	(129,353)
	<u>\$ 239,207</u>	<u>\$ 127,296</u>	<u>\$ 366,503</u>

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

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

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

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

C. Capital Assets

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 412,540	\$ -	\$ -	\$ -	\$ 412,540
Easements	15,000	-	-	-	15,000
Construction in progress	49,176	46,641	-	(49,176)	46,641
Total capital assets, not being depreciated	<u>476,716</u>	<u>46,641</u>	<u>-</u>	<u>(49,176)</u>	<u>474,181</u>
Capital assets, being depreciated					
Machinery and equipment	641,905	19,592	-	-	661,497
Buildings and improvements	5,258,617	758,301	-	49,176	6,066,094
Infrastructure	26,437,167	-	-	-	26,437,167
Total capital assets, being depreciated	<u>32,337,689</u>	<u>777,893</u>	<u>-</u>	<u>49,176</u>	<u>33,164,758</u>
Accumulated depreciation for:					
Machinery and equipment	(408,960)	(67,693)	-	-	(476,653)
Buildings and improvements	(3,535,000)	(107,633)	-	-	(3,642,633)
Infrastructure	(10,294,781)	(661,802)	-	-	(10,956,583)
Total accumulated depreciation	<u>(14,238,741)</u>	<u>(837,128)</u>	<u>-</u>	<u>-</u>	<u>(15,075,869)</u>
Total capital assets, being depreciated, net	<u>18,098,948</u>	<u>(59,235)</u>	<u>-</u>	<u>49,176</u>	<u>18,088,889</u>
Governmental activities capital assets, net	<u>\$ 18,575,664</u>	<u>\$ (12,594)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,563,070</u>

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

General Government	\$ 65,656
Public Safety	37,078
Culture and recreation	79,898
Highways and streets	<u>654,495</u>
Total depreciation expense - governmental activities	<u>\$ 837,127</u>

Capital asset activity for the business-type activities for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 753,069	\$ -	\$ -	\$ -	\$ 753,069
Construction in progress	64,690	7,104	-	(64,690)	7,104
Total capital assets, not being depreciated	817,759	7,104	-	(64,690)	760,173
Capital assets, being depreciated					
Machinery and equipment	6,483,196	57,915	(8,869)	-	6,532,242
Buildings and improvements	33,213,465	762,333	-	64,690	34,040,488
Total capital assets, being depreciated	39,696,661	820,248	(8,869)	64,690	40,572,730
Accumulated depreciation for:					
Machinery and equipment	(4,571,471)	(240,176)	8,869	-	(4,802,778)
Buildings and improvements	(17,018,361)	(508,209)	-	-	(17,526,570)
Total accumulated depreciation	(21,589,832)	(748,385)	8,869	-	(22,329,348)
Total capital assets, being depreciated, net	18,106,829	71,863	-	64,690	18,243,382
Business-type activities capital assets, net	\$ 18,924,588	\$ 78,967	\$ -	\$ -	\$ 19,003,555

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

Electric	\$ 260,047
Water	151,572
Sewer	156,462
Solid Waste	10,346
Golf Course	2,956
Warehouse	1,937
Vehicle Maintenance	648
Vehicle Replacement	164,417
Total depreciation expense - business-type activities	\$ 748,385

D. Deferred Outflows/Inflows of Resources

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

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

The governmental funds report unavailable revenues from the following sources:

	General Fund	Other Governmental Funds	Totals
Property taxes	\$ 60,733	\$ 52,538	\$ 113,271
Accounts	11,605	-	11,605
Fines and forfeitures	103,206	-	103,206
Assessments / Accounts	-	3,580	3,580
	<u>\$ 175,544</u>	<u>\$ 56,118</u>	<u>\$ 231,662</u>

Pensions

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

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OPER’s and additions to/deductions from OPERS’s fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value by OPERS.

E. Long-term Obligations

1. Direct Borrowings – Business- Type Activities

Sewer Fund

On December 9, 2013 the City entered into an agreement with the Oregon Infrastructure Finance Authority (IFA) for a wastewater improvement grant reimbursement loan for a total of \$3,305,000. Of the total, \$2,000,000 was grant monies and the remaining \$1,305,000 was a cost reimbursement loan to the City. The debt carries an interest rate of 3.95% per annum

and is payable from Sewer Fund revenues in annual installments over 25 years. The loan is backed solely by the future pledged revenue from sewer fees. In the event of an event of default, the IFA may declare all payments under the note and all other amounts due under any of the financing documents due and payable. Principal payments began December 1, 2017.

Future maturities are as follows:

Year Ending		
June 30	Principal	Interest
2021	\$ 35,435	\$ 47,660
2022	36,835	46,260
2023	38,290	44,805
2024	39,802	43,293
2025	41,375	41,720
2026-2030	232,717	182,756
2031-2035	282,455	133,018
2036-2040	342,825	72,649
2041-2042	156,837	9,353
	<u>\$1,206,571</u>	<u>\$ 621,514</u>

Water Fund

On June 11, 2018, the City entered into an agreement with the Oregon Infrastructure Finance Authority (IFA) for a water improvement grant reimbursement loan for a total of \$457,000. This amount is eligible for principal forgiveness if the contract conditions are met. Since signing the agreement, there have been three amendments. The unpaid principal balance at June 30, 2020 was \$601,200. The debt carries an interest rate of 2.86% per annum and is payable from Water Fund revenues in annual installments over 19 years. The loan is backed solely by the future pledged revenue from water fees. In the event of an event of default, the IFA may declare all payments under the note and all other amounts due under any of the financing documents due and payable. Principal payments will begin on December 1 of the year in which the project is complete or December 1, 2021, whichever is earlier.

2. Direct Borrowings – Governmental Activities

Promissory Note

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

Future maturities are as follows:

Year Ending June 30	Principal	Interest
2021	\$ 20,025	\$ 10,810
2022	21,960	8,875
2023	22,355	8,480
2024	22,737	8,098
2025	23,168	7,667
2026-2029	409,755	31,935
	<u>\$ 520,000</u>	<u>\$ 75,865</u>

3. Interfund Note Payable

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

Interfund notes payable transactions for the year are as follows:

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

The Golf Course loan was intended to be repaid to the Agency over a period of five years and include interest of 1%. Due to the Golf Course Fund's deficit fund balance, the Council has deferred principal payments on the loan until at least the fiscal year ending June 30, 2021. 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
2021	\$ 141,774	\$ 3,427
	<u>\$ 141,774</u>	<u>\$ 3,427</u>

4. Weatherization Program

The City was involved in two residential weatherization programs in past years. The funds for the program were supplied by BPA in the form of advances, which are noninterest bearing, and are liens against the property weatherized. They are repayable to BPA when the property is sold. At the conclusion of the program on December 31, 1982, approximately \$580,925 had been expended under this program, of which \$47,377 was outstanding as of June 30, 2020.

5. Landfill Closure and Post-Closure Care Cost

The Oregon Department of Environmental Quality (ODEQ) issues guidance to enable the City to estimate the future costs to close and monitor its solid waste landfill site when it is eventually closed. State and federal laws and regulations require the City to place a final cover on its solid waste landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City moves a portion of these closure and post-closure care costs to a reserve fund set up to accrue funds necessary to pay expenses when the landfill is closed. The \$150,502 reported as landfill closure liability in the landfill closure fund at June 30, 2020, represents the cumulative amount reported-to-date based on the use of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$378,790 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2006 indexed for inflation. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The ODEQ regulations allow for compliance with landfill financial assurance requirements by meeting a financial test, with which the City complies. The current landfill capacity used is 39.73% and the City expects to close the landfill in the year 2075, which means a remaining estimated life of 55 years.

6. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes from direct borrowings	\$ -	\$ 520,000	\$ -	\$ 520,000	\$ 20,025
Other postemployment benefits	775,649	-	195,906	579,743	-
Net pension liability (asset)	4,655,386	508,793	-	5,164,179	-
PERS transition liability	333,301	-	26,277	307,024	-
Compensated absences	269,313	13,643	-	282,956	226,365
Governmental activity Long-term obligations	<u>\$ 6,033,649</u>	<u>\$ 1,042,436</u>	<u>\$ 222,183</u>	<u>\$ 6,853,902</u>	<u>\$ 246,390</u>
Business-type activities:					
Notes from direct borrowings	\$ 1,267,969	\$ 573,892	\$ 34,090	\$ 1,807,771	\$ 35,435
Weatherization Program-Due to BPA	53,543	-	6,166	47,377	-
Landfill Closure Liability	145,496	5,006	-	150,502	-
Total debt	1,467,008	578,898	40,256	2,005,650	35,435
Other postemployment benefits	627,457	204,201	-	831,658	-
Net pension liability (asset)	2,641,087	147,678	-	2,788,765	-
PERS transition liability	186,330	-	15,924	170,406	-
Compensated absences	162,664	-	4,232	158,432	126,745
Business-type activity Long-term obligations	<u>\$ 5,084,546</u>	<u>\$ 930,777</u>	<u>\$ 60,412</u>	<u>\$ 5,954,911</u>	<u>\$ 162,180</u>

F. Interfund Receivables, Payables, and Transfers

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

Advances from/to other funds:

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

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Street Improvement	\$ 998
General	Library	1,078
General	Golf Course	37,502
Street	General	29,989
Street	Street Improvement	3,900
Street	Library	334
Street	Senior/Disabled Transportation	949
Street	Golf Course	3,819
Electric	General	2,616
Electric	Senior/Disabled Transportation	34,780
Electric	Golf Course	12,335
Water	General	534
Water	Street Improvement	10,735
Water	Library	878
Water	Senior/Disabled Transportation	233
Water	Golf Course	2,435
Sewer	General	1,881
Sewer	Street Improvement	2,067
Sewer	Library	94
Sewer	Senior/Disabled Transportation	90
Sewer	Golf Course	2,071
Solid Waste	General	2,630
Solid Waste	Street Improvement	870
Solid Waste	Library	41
Solid Waste	Water	6,457
Solid Waste	Senior/Disabled Transportation	7
Solid Waste	Golf Course	3,253
Vehicle Maintenance	Golf Course	5,607
Vehicle Replacement	General	560
Vehicle Replacement	Street Improvement	9,100
Vehicle Replacement	Risk Management	2,375
Risk Management	Library	1,000
	Total	<u>\$ 181,218</u>

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

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers out of the business-type activities and transfers into the governmental activities in the amount of \$2,565,820.

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
General	\$ 2,683,600	\$ 131,913
Other governmental funds	130,313	116,180
Business-type activities		
Electric	85,000	1,178,985
Water	-	597,859
Sewer	-	503,160
Other enterprise funds	6,000	330,392
Internal service funds	46,827	93,251
	<u>\$ 2,951,740</u>	<u>\$ 2,951,740</u>

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

G. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2020 were as follows:

	General Fund	Senior/ Disabled Transportation	Other Governmental Funds	Total Governmental Funds
Fund Balance				
Nonspendable:				
Advances to other funds	\$ 141,774	\$ -	\$ -	\$ 141,774
Restricted for:				
Streets and Parks	-	-	674,819	674,819
Library	-	-	97,352	97,352
Urban Renewal	53,395	-	-	53,395
Debt Service	-	-	361	361
System Development	9,083	-	-	9,083
Assigned to:				
Streets	-	-	27,924	27,924
Transportation programs	-	33,325	-	33,325
911 Service	-	-	58,836	58,836
Drug enforcement	-	-	9	9
Unassigned:	68,650	-	-	68,650
Total Fund Balance	<u>\$ 272,902</u>	<u>\$ 33,325</u>	<u>\$ 859,301</u>	<u>\$ 1,165,528</u>

IV. Other Information

A. Risk Management

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

B. Power Sales and Exchange Contracts

The City has a 30-year and 50-year Power Sales contract with Public Utility District No. 2 of Grant County, Washington, for purchases of power generated from the Priest Rapids Hydroelectric Project on the Columbia River. Under the terms of these contracts, the City had agreed to purchase .24% of the Priest Rapids Development output for 30 years, and 7% of the Wanapum Development output until October 31, 2009. The cost of the power purchased from the two developments is determined based on the percentage purchased applied to the "Annual Power Costs" as defined in the contracts. Power available from the contracts is sold to the Bonneville Power Administration. Revenue from surplus power sales amounted to \$133,783 for the year ended June 30, 2020.

Effective November 1, 2009, the Priest Rapids Hydro Electric Project and Wanapum Development were combined as the Priest Rapids Project, and the City has agreed to purchase 1.2% of the total output. The agreement will remain in effect until the earlier of April 1, 2052, or such time as Grant PUD no longer has authority to market Priest Rapids projects. The new

agreement represents a 30% decrease in the Wanapum Development portion of the contract. In addition, the City will share in the surplus (non-firm) portion, whether it is a positive or negative (shortage) amount based on Bonneville projections.

C. Energy Northwest Project 2

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

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

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

Long-term payables assessed to an individual employer, such as the City, upon transitioning from one multiple-employer pension plan to another are recognized separately from liabilities for the plan's net pension liability. Starting in 2001 the State of Oregon has allowed local governments to join the State and Local Government Rate Pool (SLGRP), a pool that includes state agencies as well as local governments. When the City joined the SLGRP there was an excess unfunded actuarial liability attributable to the agent multiple employer plan in which it previously participated, and this excess represents a long-term payable from the City to the SLGRP. The liability is amortized over a fixed period ending December 31, 2027. The City is charged interest based upon the Oregon PERS Board assumed earnings rate (currently 7.20%). The required payments, based on an actuarial study, are intended to result in the elimination of the transition liability within the approved amortization period. The pooled rate for the City is adjusted up or down by an amount sufficient to meet the amortization schedule requirements.

E. Other Postemployment Benefits

Summary of Significant Accounting Policy

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's three separate plans and additions to/deductions from the City's three separate plan's fiduciary net position have been determined on the same basis as they are reported by Implicit Rate Subsidy and OPERS. For this purpose, the three separate plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported

at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Post-Employment Health Care Benefits

Employer Contribution

Plan Description

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

Funding Policy

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

Health Insurance Continuation (HIC)

Plan Description

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

Outline of Plan Provisions

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

- The retiree must be eligible to receive benefits from Oregon PERS.
- Eligibility requirements for earliest retirement under Oregon PERS are: 1) the earlier of age 55, or any age with 30 years of service for Tier 1 or Tier 2 employees and; 2) age 55 with 5 years of service for OPSRP employees.
- All classes of employee are eligible to continue medical benefit coverage upon

retirement.

- Qualified spouse, domestic partner, and children may qualify for coverage.
- Coverage for retirees and eligible dependents continues until Medical eligibility for each individual (or until dependent children become ineligible).
- The retirees will contribute the full health plan premiums.
- There is an implicit rate subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than they would be if the retirees were in a separately rated health plan.

Financial Statement Presentation

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

	Employer Contribution & HIC	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 82,271	\$ 82,271
Deferred Outflows of Resources			
Change in Assumptions	38,128	-	38,128
Change in Proportionate Share	-	244	244
Contributions After MD	108,535	21,124	129,659
Total OPEB Liability	(1,493,672)	-	(1,493,672)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(39,241)	(10,849)	(50,090)
Difference in Earnings	-	(5,078)	(5,078)
Change in Assumptions	(352,242)	(85)	(352,327)
Change in Proportionate Share	-	(1,605)	(1,605)
OPEB Expense/(Income)*	89,455	(11,286)	78,169

*Included in program expenses on Statement of Activities

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 \$1,493,672 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2020, the City recognized OPEB expense from this plan of \$89,455. At June 30, 2019, 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	\$ -	\$ 39,241
Changes of assumptions	38,128	352,242
Total (prior to post-MD contributions)	38,128	391,483
Contributions subsequent to the MD	108,535	-
Total	<u>\$ 146,663</u>	<u>\$ 391,483</u>

Deferred outflows of resources related to OPEB of \$108,535 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred 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>	
2021	\$ (53,724)
2022	(53,724)
2023	(53,724)
2024	(53,724)
2025	(53,724)
Thereafter	(84,735)
Total	<u>\$ (353,355)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	3.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	Health retirees and beneficiaries: RP-2014 healthy annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data scale.
	Healthcare cost trend rate:
	Medical and vision: 7.00 percent per year decreasing to 4.75 percent.
	Dental: 4.50 percent per year

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

Changes in the Total OPEB Liability

Changes in assumptions is the result of the change in the discount rate from 3.85% to 3.87%.

	Total OPEB Liability
Balance as of June 30, 2019	\$ 1,403,105
Changes for the year:	
Service cost	87,331
Interest on Total OPEB Liability	55,848
Effect of assumptions changes or inputs	42,954
Effect of economic demographic gains or loss	-
Benefit payments	<u>(95,566)</u>
Balance as of June 30, 2020	<u>\$ 1,493,672</u>

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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 1,613,489	\$ 1,493,672	\$ 1,382,963

Healthcare Cost Trend:

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability	\$ 1,336,990	\$ 1,493,672	\$ 1,680,561

PERS Retirement Health Insurance Account

Plan Description

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>.

Benefits Provided

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

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation and a percentage of payroll that first became effective July 1, 2019. The City contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The City's total for the year ended June 30, 2020 contributions was \$977.

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

At June 30, 2020, the City reported an asset of \$82,271 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019, the City's proportionate share was 0.04258%, which is an increase from its proportion of 0.03966% as of June 30, 2018.

For the year ended June 30, 2020, the City recognized OPEB income from this plan of \$11,286. At June 30, 2019, 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	\$ -	\$ 10,849
Changes of assumptions	-	85
Net difference between projected and actual earnings on investments	-	5,078
Changes in proportionate share	244	1,605
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	<u>244</u>	<u>17,617</u>
Contributions subsequent to the MD	<u>21,124</u>	<u>-</u>
Total	<u>\$ 21,368</u>	<u>\$ 17,617</u>

Deferred outflows of resources related to OPEB of \$21,124 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ (8,811)
2022	(8,070)
2023	(1,014)
2024	522
2025	-
Total	<u>\$ (17,373)</u>

Actuarial Methods and Assumptions

The total OPEB asset in the December 31, 2017 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed above in note F – Pension Plan Actuarial Assumptions.

Long-Term Expected Rate of Return

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

Discount Rate

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

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

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

<u>Discount Rate:</u>	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Liability	\$ (63,781)	\$ (82,271)	\$ (98,026)

OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2019 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2019 measurement period that require disclosure.

F. Pension Plan

General Information about the Pension Plan

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13

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

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

Death Benefits

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

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

Disability Benefits

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

Benefit Changes After Retirement

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

2. OPSRP Defined Benefit Pension Program (OPSRP DB)

Pension Benefits

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

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member

completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$1,343,252, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 28.23 percent for Tier One/Tier Two General Service Member, 28.23 percent for Tier One/Tier Two Police and Fire, 20.30 percent for OPSRP Pension Program General Service Members, 24.93 percent for OPSRP Pension Program Police and Fire Members.

2. Employee Contributions

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

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

At June 30, 2020, the City reported a liability of \$7,952,944 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's proportion was 0.04598 percent, which was decreased from its proportion of 0.04817 measured as of June 30, 2018.

For the year ended June 30, 2020, the City's recognized pension expense of \$1,871,490. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 438,581	\$ -
Changes of assumptions	1,078,908	-
Net difference between projected and actual earnings on investments	-	225,458
Changes in proportion	-	573,603
Differences between employer contributions and proportionate share of contributions	216,406	8,453
Total (prior to post-MD contributions)	<u>1,733,895</u>	<u>807,514</u>
Contributions subsequent to the MD	<u>1,031,992</u>	<u>-</u>
Total	<u>\$ 2,765,887</u>	<u>\$ 807,514</u>

City's contributions subsequent to the measurement date of \$1,031,992 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 578,209
2022	(26,580)
2023	168,949
2024	173,307
2025	<u>32,496</u>
Total	<u>\$ 926,381</u>

Actuarial Assumptions

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

Valuation Date	December 31, 2017 rolled forward to June 30, 2019
Measurement Date	June 30, 2019
Experience Study Report	2018, published July 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>Health retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

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

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team 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.

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	

Assumed Inflation - Mean 2.50%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the

actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

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

Discount Rate

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

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

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

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 12,735,934	\$ 7,952,944	\$ 3,950,240

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, 2019 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

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 2020, annual salary in excess of \$195,000 (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.

G. Commitments and Contingencies

The City is committed under various construction and purchase contracts at June 30, 2020. Major project in progress at June 30, 2020 is as follows:

The City began work on pedestrian and road improvements funded through House Bill 2017 and entered into a \$130,000 contract with Anderson Perry & Associates, Inc. for engineering services. Total costs incurred to date was \$32,500, leaving an unspent obligation on the contract of \$97,500.

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, 2020.

I. Related Party

In prior years, the Milton-Freewater Urban Renewal Agency loaned \$195,846 to the Golf Fund to pay off existing external debt and refinance previous improvements that benefitted the community. The loan was to be repaid to the Agency over a period of five years and include interest of 1%. The outstanding balance on these loan as of June 30, 2020 was \$141,774. In addition, the Golf Fund owes the General Fund \$1,300 in accrued interest on the loan.

J. COVID-19 Contingency

The COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closure of government and business activities. These developments are expected to impact City revenues. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the City expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

K. Subsequent Events

The City amended electric rates and charges to increase by 15%.

The City approved the purchase of one new Tymco Model 600 Street Sweeper in the amount of \$245,805 through Sourcewell.

The City partnered with the Milton-Freewater Rotary Club to build a splashpad in Freewater Park. The Rotary Club spearheaded the project; they raised the funds, secured the labor and contractors, oversaw the entire project, and on its completion in August of 2020, turned over the splashpad to the City to maintain. Because the Rotary Club maintained ownership of the project, the City only recognized its own labor and materials through June 30, 2020 as construction in progress. The total costs incurred totaled \$14,140.95. The full value donated by the Rotary Club was recognized in August 2020 when the city received ownership.

In August, 2020, Oregon Business Development Department (OBDD) formally closed the Locust water line extension project and the principal forgiveness portion of the loan was forgiven/discharged. The forgivable portion of the loan was \$652,449 according to the final disbursement request.

The City awarded a pool repair contract to Anderson Poolworks for \$149,203.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

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

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 1,031,992	\$ 1,031,992	\$ -	\$ 4,504,607	22.91%
2019	847,359	847,359	-	4,531,545	18.70%
2018	778,180	778,180	-	3,942,528	19.74%
2017	671,923	671,923	-	4,309,636	15.59%
2016	631,981	631,981	-	4,048,202	15.61%
2015	497,983	497,983	-	3,987,926	12.49%
2014	560,334	560,334	-	3,857,755	14.52%

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

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

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.04598%	\$ 7,952,944	\$ 4,531,545	175.50%	80.20%
2018	0.04817%	7,296,472	3,942,528	185.07%	82.10%
2017	0.05152%	6,945,088	4,309,636	161.15%	83.10%
2016	0.05304%	7,963,262	4,048,202	196.71%	80.53%
2015	0.05877%	3,374,468	3,987,926	84.62%	91.90%
2014	0.06235%	(1,413,247)	3,857,755	-36.63%	103.60%
2013	0.06235%	3,181,701	3,939,495	80.76%	91.97%

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

² Measurement date is one year in arrears

CITY OF MILTON-FREEWATER, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

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

Measurement 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 payroll	(b/c) 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 (asset)
2019	0.04258%	\$ (82,271)	\$4,531,545	-1.82%	144.40%
2018	0.03966%	(44,221)	3,942,528	-1.12%	123.99%
2017	0.04242%	(17,704)	4,309,636	-0.41%	108.88%
2016	0.04258%	11,564	4,048,202	0.29%	94.15%

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

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

² Measurement date is one year in arrears

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

Year ended June 30,	(a) Contractually required contributions	(b) Contributions in relation to the contractually required contributions	(a+b) Contribution deficiency (excess)	(c) City's covered payroll	(-b/c) Contributions as a percentage of covered payroll
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
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 1,403,105	\$ 1,774,824	\$ 1,815,193
Changes for the year:			
Service cost	87,331	106,736	114,786
Interest on total OPEB liability	55,848	65,163	53,469
Effect of changes to benefit terms	-	-	-
Effect of economic/demographic gains or losses	-	(50,615)	-
Effect of assumptions changes or inputs	42,954	(369,202)	(100,146)
Benefit payments	(95,566)	(123,801)	(108,478)
Balance as of June 30	<u>\$ 1,493,672</u>	<u>\$ 1,403,105</u>	<u>\$ 1,774,824</u>
Covered payroll	<u>\$ 4,504,607</u>	<u>\$ 4,531,545</u>	<u>\$ 3,942,528</u>
Total OPEB liability, as a percentage of covered payroll	33.16%	30.96%	45.02%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Changes in Benefit Terms

There were no significant changes in benefit terms in the current period related to the net pension obligation.

Changes of Assumptions

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

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

OTHER POST-EMPLOYMENT BENEFITS

Changes in Benefit Terms

The City's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the Discount rate. The discount rate in effect for the June 30, 2019 reporting date is 3.87% and the discount rate for the June 30, 2020 reporting date is 3.50%.

Changes of Assumptions

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

SUPPLEMENTAL INFORMATION

COMBINING STATEMENTS

Non-Major Governmental Funds

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

- *Street Fund* – The Street Fund accounts for the cost of maintaining City streets and storm water drainage systems. The principal source of revenue is state gasoline taxes apportioned from the State of Oregon.
- *Library Fund* – The Library Fund accounts for the operation of the City library. Principal sources of revenues are state grants, county library funds, library fines, donations, and transfers.
- *Drug Enforcement* – Accounts for revenue and expenditures from court forfeited illegal drug monies received through the participation with the Blue Mountain Enforcement Narcotics Team (BENT). Expenditures are reserved and limited to law enforcement use.
- *911* – Accounts for 911 telephone tax revenue. The revenues can only be expended on 911 emergency service expenditures.

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

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

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

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

CITY OF MILTON-FREEWATER, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020

	Special Revenue			
	Street	Library	Drug Enforcement	911
ASSETS				
Cash and cash equivalents	\$ 338,161	\$ 63,172	\$ 5	\$ 25,797
Investments	282,283	52,733	4	21,534
Receivables:				
Accounts	31,000	2,393	-	12,565
Due from other funds	38,991	-	-	-
Total assets	\$ 690,435	\$ 118,298	\$ 9	\$ 59,896
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 12,036	\$ 17,521	\$ -	\$ 1,060
Due to other funds	-	3,425	-	-
Total liabilities	12,036	20,946	-	1,060
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	3,580	-	-	-
Total deferred inflows of resources	3,580	-	-	-
FUND BALANCES (DEFICIT)				
Restricted	674,819	97,352	-	-
Assigned	-	-	9	58,836
Total fund balances	674,819	97,352	9	58,836
Total liabilities, deferred inflows of resources, and fund balances	\$ 690,435	\$ 118,298	\$ 9	\$ 59,896

See auditor's report.

<u>Capital Projects</u>	<u>Debt Service</u>	
<u>Street Improvement</u>	<u>Special Assessments</u>	<u>Totals</u>
\$ 16,019	\$ 197	\$ 443,351
13,373	164	370,091
		-
28,800	-	74,758
-	-	38,991
\$ 58,192	\$ 361	\$ 927,191
\$ 2,600	\$ -	\$ 33,217
27,668	-	31,093
30,268	-	64,310
-	-	3,580
-	-	3,580
-	361	772,532
27,924	-	86,769
27,924	361	859,301
\$ 58,192	\$ 361	\$ 927,191

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, 2020

	Special Revenue			
	Street	Library	Drug Enforcement	911
REVENUES				
Licenses and fees	\$ -	\$ -	\$ -	\$ -
Charges for services	227	-	-	-
Intergovernmental	487,409	242,838	-	39,452
Fines and forfeitures	-	2,851	-	-
Interest on investments	11,725	1,918	-	962
Miscellaneous	4,519	10,688	-	-
Total revenues	<u>503,880</u>	<u>258,295</u>	<u>-</u>	<u>40,414</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	26,722
Culture and recreation	-	345,758	-	-
Highways and streets	287,169	-	-	-
Capital outlay	-	5,748	-	-
Total Expenditures	<u>287,169</u>	<u>351,506</u>	<u>-</u>	<u>26,722</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>216,711</u>	<u>(93,211)</u>	<u>-</u>	<u>13,692</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	130,313	-	-
Transfers out	(115,940)	(240)	-	-
Total other financing sources (uses)	<u>(115,940)</u>	<u>130,073</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	100,771	36,862	-	13,692
FUND BALANCE (DEFICIT), Beginning	<u>574,048</u>	<u>60,490</u>	<u>9</u>	<u>45,144</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 674,819</u>	<u>\$ 97,352</u>	<u>\$ 9</u>	<u>\$ 58,836</u>

<u>Capital Projects</u>	<u>Debt Service</u>	
<u>Street Improvement</u>	<u>Special Assessments</u>	<u>Totals</u>
\$ 3,345	\$ -	\$ 3,345
-	-	227
47,430	-	817,129
-	-	2,851
1,075	-	15,680
-	-	15,207
<u>51,850</u>	<u>-</u>	<u>854,439</u>
-	-	26,722
-	-	345,758
-	-	287,169
47,430	-	53,178
<u>47,430</u>	<u>-</u>	<u>712,827</u>
4,420	-	141,612
-	-	130,313
-	-	(116,180)
<u>-</u>	<u>-</u>	<u>14,133</u>
4,420	-	155,745
<u>23,504</u>	<u>361</u>	<u>703,556</u>
<u>\$ 27,924</u>	<u>\$ 361</u>	<u>\$ 859,301</u>

COMBINING STATEMENTS

Non-Major Enterprise Funds

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

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

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2020

	Solid Waste	Landfill Closure	Golf Course	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 386,137	\$ -	\$ -	\$ 386,137
Investments	322,332	-	-	322,332
Receivables:				
Accounts	104,076	-	349	104,425
Due from other funds	13,258	-	-	13,258
Total current assets	<u>825,803</u>	<u>-</u>	<u>349</u>	<u>826,152</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	84,832	-	84,832
Restricted investments	-	70,814	-	70,814
Capital assets:				
Land	50,000	-	61,686	111,686
Depreciable assets, net of depreciation	127,030	-	50,596	177,626
Total noncurrent assets	<u>177,030</u>	<u>155,646</u>	<u>112,282</u>	<u>444,958</u>
Total assets	<u>1,002,833</u>	<u>155,646</u>	<u>112,631</u>	<u>1,271,110</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to pension and OPEB	126,638	-	20,983	147,621
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	31,489	-	4,926	36,415
Accrued interest payable	-	-	1,300	1,300
Due to other funds	-	-	67,023	67,023
Current portion of long-term debt	20,758	-	2,367	23,125
Total current liabilities	<u>52,247</u>	<u>-</u>	<u>75,616</u>	<u>127,863</u>
Advances from other funds	-	-	141,774	141,774
Long-term debt, net of current portion:				
Landfill closure liability	-	150,502	-	150,502
Net pension liability	342,864	-	60,334	403,198
Transition liability	14,376	-	5,022	19,398
Compensated absences payable	5,190	-	592	5,782
Other postemployment benefits	62,126	-	-	62,126
Total noncurrent liabilities	<u>424,556</u>	<u>150,502</u>	<u>207,722</u>	<u>782,780</u>
Total liabilities	<u>476,803</u>	<u>150,502</u>	<u>283,338</u>	<u>910,643</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension and OPEB	52,819	-	6,126	58,945
NET POSITION				
Net investment in capital assets	177,030	-	112,282	289,312
Restricted for landfill closure	-	5,144	-	5,144
Unrestricted	422,819	-	(268,132)	154,687
Total net position	<u>\$ 599,849</u>	<u>\$ 5,144</u>	<u>\$ (155,850)</u>	<u>\$ 449,143</u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2020

	Solid Waste	Landfill Closure	Golf Course	Totals
OPERATING REVENUES				
Charges for services	\$ 999,952	\$ -	\$ 214,745	\$ 1,214,697
Miscellaneous	6,056	-	180	6,236
Total operating revenues	<u>1,006,008</u>	<u>-</u>	<u>214,925</u>	<u>1,220,933</u>
OPERATING EXPENSES				
Personal services	355,649	-	63,833	419,482
Materials and services	346,148	5,006	104,950	456,104
Depreciation	10,346	-	2,956	13,302
Total operating expenses	<u>712,143</u>	<u>5,006</u>	<u>171,739</u>	<u>888,888</u>
OPERATING INCOME (LOSS)	<u>293,865</u>	<u>(5,006)</u>	<u>43,186</u>	<u>332,045</u>
NON-OPERATING INCOME (EXPENSES)				
Interest on investments	14,929	3,202	-	18,131
Interest expense	(1,494)	-	(1,682)	(3,176)
Total non-operating income (expenses)	<u>13,435</u>	<u>3,202</u>	<u>(1,682)</u>	<u>14,955</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>307,300</u>	<u>(1,804)</u>	<u>41,504</u>	<u>347,000</u>
TRANSFERS				
Transfers in	2,000	4,000	-	6,000
Transfers out	(330,292)	-	(100)	(330,392)
Total transfers	<u>(328,292)</u>	<u>4,000</u>	<u>(100)</u>	<u>(324,392)</u>
CHANGE IN NET POSITION	<u>(20,992)</u>	<u>2,196</u>	<u>41,404</u>	<u>22,608</u>
NET POSITION, Beginning	<u>620,841</u>	<u>2,948</u>	<u>(197,254)</u>	<u>426,535</u>
NET POSITION, Ending	<u>\$ 599,849</u>	<u>\$ 5,144</u>	<u>\$ (155,850)</u>	<u>\$ 449,143</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2020

	Solid Waste	Landfill Closure	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,008,517	\$ -	\$ 222,600	\$ 1,231,117
Payments to suppliers	(84,452)	-	(89,042)	(173,494)
Payments to employees	(367,290)	-	(66,096)	(433,386)
Payments for interfund services used	(244,965)	-	(17,448)	(262,413)
Net cash provided from (used by) operating activities	<u>311,810</u>	<u>-</u>	<u>50,014</u>	<u>361,824</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments from internal loans	(8)	-	(48,232)	(48,240)
Transfers in	2,000	4,000	-	6,000
Transfers out	(330,292)	-	(100)	(330,392)
Net cash provided from (used by) non-capital financing activities	<u>(328,300)</u>	<u>4,000</u>	<u>(48,332)</u>	<u>(372,632)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(7,445)	-	-	(7,445)
Principal paid on long-term obligations	-	-	-	-
Interest paid on long-term obligations	(1,494)	-	(1,682)	(3,176)
Net cash provided from (used by) capital and related financing activities	<u>(8,939)</u>	<u>-</u>	<u>(1,682)</u>	<u>(10,621)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net sales (purchases) of investments	(27,453)	(9,931)	-	(37,384)
Interest on investments	14,929	3,202	-	18,131
Net Cash provided (used) by investing activities	<u>(12,524)</u>	<u>(6,729)</u>	<u>-</u>	<u>(19,253)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,953)	(2,729)	-	(40,682)
CASH AND CASH EQUIVALENTS, Beginning	<u>424,090</u>	<u>87,561</u>	<u>-</u>	<u>511,651</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 386,137</u>	<u>\$ 84,832</u>	<u>\$ -</u>	<u>\$ 470,969</u>
COMPRISED AS FOLLOWS				
Cash and cash equivalents	\$ 386,137	\$ -	\$ -	\$ 386,137
Restricted cash and cash equivalents	-	84,832	-	84,832
	<u>\$ 386,137</u>	<u>\$ 84,832</u>	<u>\$ -</u>	<u>\$ 470,969</u>
Reconciliation of operating income (loss) to net cash provided				
Operating income (loss)	\$ 293,865	\$ (5,006)	\$ 43,186	\$ 332,045
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:				
Depreciation	10,346	-	2,956	13,302
(Increase) decrease in assets:				
Receivables	2,509	-	7,675	10,184
Deferred inflows related to pension and OPEB	18,157	-	9,183	27,340
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	16,731	5,006	(1,540)	20,197
Compensated absences payable	(6,536)	-	1,018	(5,518)
PERS transition liability	(1,771)	-	(314)	(2,085)
Other postemployment benefits	(21,491)	-	(12,150)	(33,641)
Net cash provided from operating activities	<u>\$ 311,810</u>	<u>\$ -</u>	<u>\$ 50,014</u>	<u>\$ 361,824</u>

See auditor's report.

COMBINING STATEMENTS

Internal Service Funds

Internal Service Funds – These funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis. Funds included in this category are:

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

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2020

	Warehouse	Vehicle Maintenance	Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 29,967	\$ 213,151	\$ 225,534	\$ 21,969	\$ 28,741	\$ 519,362
Investments	25,015	177,929	188,267	18,339	23,992	433,542
Receivables:						
Accounts	-	1,530	-	-	-	1,530
Due from other funds	-	5,606	12,035	-	1,000	18,641
Inventories	-	6,147	-	-	-	6,147
Total current assets	<u>54,982</u>	<u>404,363</u>	<u>425,836</u>	<u>40,308</u>	<u>53,733</u>	<u>979,222</u>
Noncurrent assets:						
Capital assets:						
Depreciable assets, net of depreciation	12,594	13,727	1,055,618	-	-	1,081,939
Total noncurrent assets	<u>12,594</u>	<u>13,727</u>	<u>1,055,618</u>	<u>-</u>	<u>-</u>	<u>1,081,939</u>
Total assets	<u>67,576</u>	<u>418,090</u>	<u>1,481,454</u>	<u>40,308</u>	<u>53,733</u>	<u>2,061,161</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows related to pension and OPEB	-	84,767	-	-	-	84,767
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	945	21,302	-	-	-	22,247
Due to other funds	-	-	-	-	2,375	2,375
Current portion of long-term debt	-	6,253	-	-	-	6,253
Total current liabilities	<u>945</u>	<u>27,555</u>	<u>-</u>	<u>-</u>	<u>2,375</u>	<u>30,875</u>
Long-term debt, net of current portion:						
Compensated absences payable	-	1,563	-	-	-	1,563
Net pension liability	-	243,739	-	-	-	243,739
Transition liability	-	17,457	-	-	-	17,457
Total noncurrent liabilities	<u>-</u>	<u>262,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,759</u>
Total liabilities	<u>945</u>	<u>290,314</u>	<u>-</u>	<u>-</u>	<u>2,375</u>	<u>293,634</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension and OPEB	-	24,748	-	-	-	24,748
NET POSITION						
Net investment in capital assets	12,594	13,727	1,055,618	-	-	1,081,939
Unrestricted	54,037	174,068	425,836	40,308	51,358	745,607
Total net position	<u>\$ 66,631</u>	<u>\$ 187,795</u>	<u>\$ 1,481,454</u>	<u>\$ 40,308</u>	<u>\$ 51,358</u>	<u>\$ 1,827,546</u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2020

	Warehouse	Vehicle Maintenance	Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
OPERATING REVENUES						
Charges for services	\$ -	\$ 567,233	\$ 194,076	\$ -	\$ -	\$ 761,309
Miscellaneous	3,800	-	-	-	34,764	38,564
Total operating revenues	<u>3,800</u>	<u>567,233</u>	<u>194,076</u>	<u>-</u>	<u>34,764</u>	<u>799,873</u>
OPERATING EXPENSES						
Personal services	-	250,517	-	21,755	-	272,272
Materials and services	28,577	231,497	-	-	27,466	287,540
Depreciation	1,937	648	164,417	-	-	167,002
Total operating expenses	<u>30,514</u>	<u>482,662</u>	<u>164,417</u>	<u>21,755</u>	<u>27,466</u>	<u>726,814</u>
OPERATING INCOME (LOSS)	<u>(26,714)</u>	<u>84,571</u>	<u>29,659</u>	<u>(21,755)</u>	<u>7,298</u>	<u>73,059</u>
NON-OPERATING INCOME (EXPENSES)						
Gain (loss) on disposal of capital assets	-	40	1,546	-	-	1,586
Interest on investments	1,210	7,693	6,188	1,014	1,140	17,245
Interest expense	-	(1,147)	-	-	-	(1,147)
Total non-operating income (expenses)	<u>1,210</u>	<u>6,586</u>	<u>7,734</u>	<u>1,014</u>	<u>1,140</u>	<u>17,684</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(25,504)</u>	<u>91,157</u>	<u>37,393</u>	<u>(20,741)</u>	<u>8,438</u>	<u>90,743</u>
TRANSFERS						
Transfers in	40,051	-	-	6,776	-	46,827
Transfers out	(21,410)	(71,841)	-	-	-	(93,251)
Total transfers	<u>18,641</u>	<u>(71,841)</u>	<u>-</u>	<u>6,776</u>	<u>-</u>	<u>(46,424)</u>
CHANGE IN NET POSITION	<u>(6,863)</u>	<u>19,316</u>	<u>37,393</u>	<u>(13,965)</u>	<u>8,438</u>	<u>44,319</u>
NET POSITION, Beginning	<u>73,494</u>	<u>168,479</u>	<u>1,444,061</u>	<u>54,273</u>	<u>42,920</u>	<u>1,783,227</u>
NET POSITION, Ending	<u>\$ 66,631</u>	<u>\$ 187,795</u>	<u>\$ 1,481,454</u>	<u>\$ 40,308</u>	<u>\$ 51,358</u>	<u>\$ 1,827,546</u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2020

	Warehouse	Vehicle Maintenance	Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,800	\$ 53,384	\$ -	\$ -	\$ 34,764	\$ 91,948
Receipts from interfund services provided	-	524,792	194,076	-	-	718,868
Payments to suppliers	(28,612)	(231,113)	-	-	(27,466)	(287,191)
Payments to employees	-	(248,388)	-	(21,755)	-	(270,143)
Net cash provided from (used by) operating activities	<u>(24,812)</u>	<u>98,675</u>	<u>194,076</u>	<u>(21,755)</u>	<u>7,298</u>	<u>253,482</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from internal loans	-	-	9,204	-	-	9,204
Payments from internal loans	-	-	-	-	(9,205)	(9,205)
Transfers in	40,051	-	-	6,776	-	46,827
Transfers out	(21,410)	(71,841)	-	-	-	(93,251)
Net cash provided from (used by) non-capital financing activities	<u>18,641</u>	<u>(71,841)</u>	<u>9,204</u>	<u>6,776</u>	<u>(9,205)</u>	<u>(46,425)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of capital assets	-	40	1,546	-	-	1,586
Acquisition of capital assets	-	(14,375)	-	-	-	(14,375)
Principal paid on long-term obligations	-	-	-	-	-	-
Interest paid on long-term obligations	-	(1,147)	-	-	-	(1,147)
Net cash provided from (used by) capital and related financing activities	<u>-</u>	<u>(15,482)</u>	<u>1,546</u>	<u>-</u>	<u>-</u>	<u>(13,936)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net sales (purchases) of investments	(430)	(25,342)	(105,096)	3,920	(2,050)	(128,998)
Interest on investments	1,210	7,693	6,188	1,014	1,140	17,245
Net Cash provided (used) by investing activities	<u>780</u>	<u>(17,649)</u>	<u>(98,908)</u>	<u>4,934</u>	<u>(910)</u>	<u>(111,753)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,391)	(6,297)	105,918	(10,045)	(2,817)	81,368
CASH AND CASH EQUIVALENTS, Beginning	<u>35,358</u>	<u>219,448</u>	<u>119,616</u>	<u>32,014</u>	<u>31,558</u>	<u>437,994</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 29,967</u>	<u>\$ 213,151</u>	<u>\$ 225,534</u>	<u>\$ 21,969</u>	<u>\$ 28,741</u>	<u>\$ 519,362</u>
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities						
Operating income (loss)	\$ (26,714)	\$ 84,571	\$ 29,659	\$ (21,755)	\$ 7,298	\$ 73,059
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:						
Depreciation	1,937	648	164,417	-	-	167,002
(Increase) decrease in assets:						
Receivables	-	10,943	-	-	-	10,943
Deferred inflows related to pension and OPEB	-	32,508	-	-	-	32,508
Inventories	-	2,815	-	-	-	2,815
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(35)	(2,431)	-	-	-	(2,466)
Compensated absences payable	-	1,368	-	-	-	1,368
PERS Transition liability	-	(1,360)	-	-	-	(1,360)
Other postemployment benefits	-	(30,387)	-	-	-	(30,387)
Net cash provided from operating activities	<u>\$ (24,812)</u>	<u>\$ 98,675</u>	<u>\$ 194,076</u>	<u>\$ (21,755)</u>	<u>\$ 7,298</u>	<u>\$ 253,482</u>

See auditor's report.

BUDGETARY COMPARISON SCHEDULES

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

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

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

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL, BY DEPARTMENT:
GENERAL FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
City council	\$ 27,841	\$ 27,841	\$ 22,563	\$ 5,278
City manager	380,066	380,066	371,613	8,453
City recorder	-	-	-	-
City attorney	15,000	15,000	6,764	8,236
Municipal court	98,911	98,911	89,393	9,518
Finance department	1,032,948	1,039,848	1,024,225	15,623
Planning	122,154	122,154	104,578	17,576
Police department	2,294,315	2,301,315	2,169,431	131,884
Fire department	364,060	364,060	329,361	34,699
Public works	1,250,063	1,263,253	1,060,777	202,476
City hall	291,500	641,500	500,653	140,847
Civil engineering	47,135	47,135	35,264	11,871
Contingency	50,000	35,900	-	35,900
TOTAL EXPENDITURES	<u>\$ 5,973,993</u>	<u>\$ 6,336,983</u>	<u>\$ 5,714,622</u>	<u>\$ 622,361</u>

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

Governmental Funds

Special Revenue Funds

- Street
- Library
- Drug Enforcement
- 911

Capital Projects Fund

- Street improvement

Debt Service Funds

- Special Assessment

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ 227	\$ 227
Intergovernmental	440,000	440,000	487,409	47,409
Interest on investments	3,000	3,000	11,725	8,725
Miscellaneous	750	750	4,519	3,769
TOTAL REVENUES	<u>443,750</u>	<u>443,750</u>	<u>503,880</u>	<u>60,130</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	172,938	172,938	173,072	(134)
Materials and services	136,520	136,520	114,097	22,423
Contingency	459,549	459,549	-	459,549
TOTAL EXPENDITURES	<u>769,007</u>	<u>769,007</u>	<u>287,169</u>	<u>481,838</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(325,257)</u>	<u>(325,257)</u>	<u>216,711</u>	<u>541,968</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(115,940)	(115,940)	(115,940)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(115,940)</u>	<u>(115,940)</u>	<u>(115,940)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(441,197)	(441,197)	100,771	541,968
FUND BALANCE, Beginning	441,197	441,197	574,048	132,851
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 674,819</u>	<u>\$ 674,819</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental	\$ 222,080	\$ 222,080	\$ 242,838	\$ 20,758
Fines and forfeitures	4,000	4,000	2,851	(1,149)
Interest on investments	300	300	1,918	1,618
Miscellaneous	9,500	9,500	10,688	1,188
TOTAL REVENUES	<u>235,880</u>	<u>235,880</u>	<u>258,295</u>	<u>22,415</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personal services	349,040	349,040	301,717	47,323
Materials and services	48,225	48,225	44,041	4,184
Capital outlay	6,000	6,000	5,748	252
Contingency	9,582	9,582	-	9,582
TOTAL EXPENDITURES	<u>412,847</u>	<u>412,847</u>	<u>351,506</u>	<u>61,341</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(176,967)</u>	<u>(176,967)</u>	<u>(93,211)</u>	<u>83,756</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	130,313	130,313	130,313	-
Transfers out	(240)	(240)	(240)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>130,073</u>	<u>130,073</u>	<u>130,073</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(46,894)	(46,894)	36,862	83,756
FUND BALANCE, Beginning	46,894	46,894	60,490	13,596
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,352</u>	<u>\$ 97,352</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG ENFORCEMENT FUND
For the Fiscal Year Ended June 30, 2020

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

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
911 FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 38,225	\$ 38,225	\$ 39,452	\$ 1,227
Interest on investments	500	500	962	462
TOTAL REVENUES	<u>38,725</u>	<u>38,725</u>	<u>40,414</u>	<u>1,689</u>
EXPENDITURES				
Current:				
Public safety:				
Materials and services	42,800	42,800	26,722	16,078
Capital outlay	10,000	10,000	-	10,000
TOTAL EXPENDITURES	<u>52,800</u>	<u>52,800</u>	<u>26,722</u>	<u>26,078</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(14,075)</u>	<u>(14,075)</u>	<u>13,692</u>	<u>27,767</u>
NET CHANGE IN FUND BALANCE	<u>(14,075)</u>	<u>(14,075)</u>	<u>13,692</u>	<u>27,767</u>
FUND BALANCE, Beginning	<u>14,075</u>	<u>14,075</u>	<u>45,144</u>	<u>31,069</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,836</u>	<u>\$ 58,836</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and fees	\$ 1,200	\$ 1,200	\$ 3,345	\$ 2,145
Intergovernmental	3,258,321	3,258,321	47,430	(3,210,891)
Interest on investments	1,000	1,000	1,075	75
TOTAL REVENUES	<u>3,260,521</u>	<u>3,260,521</u>	<u>51,850</u>	<u>(3,208,671)</u>
EXPENDITURES				
Capital outlay	3,258,321	3,258,321	47,430	3,210,891
Contingency	72,389	72,389	-	72,389
TOTAL EXPENDITURES	<u>3,330,710</u>	<u>3,330,710</u>	<u>47,430</u>	<u>3,283,280</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(70,189)</u>	<u>(70,189)</u>	<u>4,420</u>	<u>74,609</u>
NET CHANGE IN FUND BALANCE	<u>(70,189)</u>	<u>(70,189)</u>	<u>4,420</u>	<u>74,609</u>
FUND BALANCE, Beginning	<u>70,189</u>	<u>70,189</u>	<u>23,504</u>	<u>(46,685)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,924</u>	<u>\$ 27,924</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, 2020

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

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

Proprietary Funds

Enterprise Funds

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

Internal Service Fund

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

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRIC FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget-</u>
				<u>Positive/</u>
				<u>(Negative)</u>
REVENUES				
Surplus power sales	\$ 160,673	\$ 160,673	\$ 133,783	\$ (26,890)
Charges for services	7,926,691	7,926,691	7,655,371	(271,320)
System development charges	123,750	123,750	126,917	3,167
Weatherization loan repayments	16,000	16,000	24,517	8,517
Interest on investments	20,000	20,000	17,175	(2,825)
Miscellaneous	194,000	194,000	272,530	78,530
TOTAL REVENUES	<u>8,441,114</u>	<u>8,441,114</u>	<u>8,230,293</u>	<u>(210,821)</u>
EXPENDITURES				
Current:				
Personal services	1,905,730	1,905,730	1,668,187	237,543
Materials and services	5,976,859	6,009,859	5,536,757	473,102
Capital outlay	518,500	559,500	339,725	219,775
Contingency	719,213	645,213	-	645,213
TOTAL EXPENDITURES	<u>9,120,302</u>	<u>9,120,302</u>	<u>7,544,669</u>	<u>1,575,633</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(679,188)</u>	<u>(679,188)</u>	<u>685,624</u>	<u>1,364,812</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	85,000	85,000
Transfers out	(1,093,985)	(1,093,985)	(1,093,985)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,093,985)</u>	<u>(1,093,985)</u>	<u>(1,008,985)</u>	<u>85,000</u>
NET CHANGE IN FUND BALANCE	<u>(1,773,173)</u>	<u>(1,773,173)</u>	<u>(323,361)</u>	<u>1,449,812</u>
FUND BALANCE, Beginning	<u>1,773,173</u>	<u>1,773,173</u>	<u>1,568,196</u>	<u>(204,977)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244,835</u>	<u>\$ 1,244,835</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRIC CAPITAL REPLACEMENT RESERVE FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 35,000	\$ 35,000	\$ 37,244	\$ 2,244
TOTAL REVENUES	<u>35,000</u>	<u>35,000</u>	<u>37,244</u>	<u>2,244</u>
EXPENDITURES				
Capital outlay	1,738,879	1,738,879	-	1,738,879
TOTAL EXPENDITURES	<u>1,738,879</u>	<u>1,738,879</u>	<u>-</u>	<u>1,738,879</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,703,879)</u>	<u>(1,703,879)</u>	<u>37,244</u>	<u>1,741,123</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(32,000)	(32,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(32,000)</u>	<u>(32,000)</u>
NET CHANGE IN FUND BALANCE	<u>(1,703,879)</u>	<u>(1,703,879)</u>	<u>5,244</u>	<u>1,709,123</u>
FUND BALANCE, Beginning	<u>1,703,879</u>	<u>1,703,879</u>	<u>1,747,063</u>	<u>43,184</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,752,307</u>	<u>\$ 1,752,307</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRIC OPERATING AND MAINTENANCE RESERVE FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 60,000	\$ 60,000	\$ 61,211	\$ 1,211
TOTAL REVENUES	<u>60,000</u>	<u>60,000</u>	<u>61,211</u>	<u>1,211</u>
EXPENDITURES				
Capital outlay	2,809,011	2,809,011	-	2,809,011
TOTAL EXPENDITURES	<u>2,809,011</u>	<u>2,809,011</u>	<u>-</u>	<u>2,809,011</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,749,011)</u>	<u>(2,749,011)</u>	<u>61,211</u>	<u>2,810,222</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(53,000)	(53,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(53,000)</u>	<u>(53,000)</u>
	(2,749,011)	(2,749,011)	8,211	2,757,222
FUND BALANCE, Beginning	<u>2,749,011</u>	<u>2,749,011</u>	<u>2,813,198</u>	<u>64,187</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,821,409</u>	<u>\$ 2,821,409</u>

**CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL ELECTRIC FUNDS
For the Fiscal Year Ended June 30, 2020**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Electric	\$ 1,244,835
Electric Capital Replacement Reserve	1,752,307
Electric Operating and Maintenance Reserve	<u>2,821,409</u>
	5,818,551

Adjustments:

Capital assets, net of depreciation	6,708,173
Weatherization loans receivable	111,408
Compensated absences	(114,459)
PERS transition liability	(94,013)
Net pension liability	(1,511,125)
Deferred outflows related to pension and OPEB	573,299
Deferred inflows related to pension and OPEB	(269,710)
Due to Bonneville Power Administration	(47,377)
Other Postemployment benefits	<u>(401,150)</u>

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

\$ 10,773,597

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget-</u>
REVENUES				
Charges for services	\$ 1,385,416	\$ 1,385,416	\$ 1,283,857	\$ (101,559)
Intergovernmental	-	-	38,982	38,982
System development charges	82,100	82,100	97,575	15,475
Interest on investments	5,000	5,000	11,427	6,427
Miscellaneous	1,000	1,000	4,824	3,824
TOTAL REVENUES	<u>1,473,516</u>	<u>1,473,516</u>	<u>1,436,665</u>	<u>(36,851)</u>
EXPENDITURES				
Current:				
Personal services	314,111	314,111	293,124	20,987
Materials and services	388,113	388,113	310,336	77,777
Capital outlay	606,000	792,000	761,254	30,746
Contingency	542,434	542,434	-	542,434
TOTAL EXPENDITURES	<u>1,850,658</u>	<u>2,036,658</u>	<u>1,364,714</u>	<u>671,944</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(377,142)</u>	<u>(563,142)</u>	<u>71,951</u>	<u>635,093</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	388,000	574,000	573,892	(108)
Transfers out	(597,859)	(597,859)	(597,859)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(209,859)</u>	<u>(23,859)</u>	<u>(23,967)</u>	<u>(108)</u>
NET CHANGE IN FUND BALANCE	<u>(587,001)</u>	<u>(587,001)</u>	<u>47,984</u>	<u>634,985</u>
FUND BALANCE, Beginning	<u>587,001</u>	<u>587,001</u>	<u>662,260</u>	<u>75,259</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>710,244</u>	<u>\$ 710,244</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			4,820,633	
Compensated absences			(6,490)	
PERS transition liability			(16,320)	
Accrued interest payable			(7,645)	
Net pension liability			(253,350)	
Deferred outflows related to pension and OPEB			118,650	
Deferred inflows related to pension and OPEB			(100,077)	
Long-term debt			(601,200)	
Other postemployment benefits			(256,520)	
NET POSITION, Ending			<u>\$ 4,407,925</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,129,500	\$ 1,129,500	\$ 1,237,910	\$ 108,410
System development charges	80,000	80,000	98,091	18,091
Interest on investments	15,000	15,000	20,628	5,628
Miscellaneous	51,210	51,210	57,710	6,500
TOTAL REVENUES	<u>1,275,710</u>	<u>1,275,710</u>	<u>1,414,339</u>	<u>138,629</u>
EXPENDITURES				
Current:				
Personal services	399,229	399,229	410,118	(10,889)
Materials and services	311,545	311,545	298,889	12,656
Contingency	1,057,339	1,057,339	-	1,057,339
TOTAL EXPENDITURES	<u>1,768,113</u>	<u>1,768,113</u>	<u>709,007</u>	<u>1,059,106</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(492,403)</u>	<u>(492,403)</u>	<u>705,332</u>	<u>1,197,735</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(503,160)	(503,160)	(503,160)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(503,160)</u>	<u>(503,160)</u>	<u>(503,160)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(995,563)	(995,563)	202,172	1,197,735
FUND BALANCE, Beginning	995,563	995,563	1,121,638	126,075
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,810</u>	<u>\$ 1,323,810</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
System development charges	\$ 2,000	\$ 2,000	\$ 13,200	\$ 11,200
Interest on investments	4,000	4,000	16,641	12,641
TOTAL REVENUES	<u>6,000</u>	<u>6,000</u>	<u>29,841</u>	<u>23,841</u>
EXPENDITURES				
Capital outlay	215,000	215,000	2,921	212,079
Debt service	191,369	191,369	83,094	108,275
Contingency	259,951	259,951	-	259,951
TOTAL EXPENDITURES	<u>666,320</u>	<u>666,320</u>	<u>86,015</u>	<u>580,305</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(660,320)</u>	<u>(660,320)</u>	<u>(56,174)</u>	<u>604,146</u>
NET CHANGE IN FUND BALANCE	<u>(660,320)</u>	<u>(660,320)</u>	<u>(56,174)</u>	<u>604,146</u>
FUND BALANCE, Beginning	<u>660,320</u>	<u>660,320</u>	<u>711,124</u>	<u>50,804</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654,950</u>	<u>\$ 654,950</u>

**CITY OF MILTON-FREEWATER, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL SEWER FUNDS
For the Fiscal Year Ended June 30, 2020**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,323,810
Sewer Improvement	<u>654,950</u>
	1,978,760

Adjustments:

Capital assets, net of depreciation	6,103,496
Compensated absences	(760)
PERS transition liability	(23,218)
Accrued interest payable	(27,643)
Net pension liability	(377,353)
Deferred outflows related to pension and OPEB	144,552
Deferred inflows related to pension and OPEB	(70,739)
Long-term debt	(1,206,571)
Other Postemployment benefits	<u>(111,862)</u>

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

\$ 6,408,662

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 935,500	\$ 935,500	\$ 999,952	\$ 64,452
Interest on investments	5,000	13,000	14,929	1,929
Miscellaneous	10,000	10,000	6,056	(3,944)
TOTAL REVENUES	<u>950,500</u>	<u>958,500</u>	<u>1,020,937</u>	<u>62,437</u>
EXPENDITURES				
Current:				
Personal services	432,979	432,979	368,784	64,195
Materials and services	300,380	340,380	333,638	6,742
Capital outlay	20,000	20,000	19,955	45
Contingency	695,906	663,906	-	663,906
TOTAL EXPENDITURES	<u>1,449,265</u>	<u>1,457,265</u>	<u>722,377</u>	<u>734,888</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(498,765)</u>	<u>(498,765)</u>	<u>298,560</u>	<u>797,325</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	2,000	2,000	-
Transfers out	(330,292)	(330,292)	(330,292)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(328,292)</u>	<u>(328,292)</u>	<u>(328,292)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(827,057)	(827,057)	(29,732)	797,325
FUND BALANCE, Beginning	827,057	827,057	824,046	(3,011)
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	794,314	<u>\$ 794,314</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			177,030	
Compensated absences			(25,948)	
PERS transition liability			(14,376)	
Net pension liability			(342,864)	
Deferred outflows related to pension and OPEB			126,638	
Deferred inflows related to pension and OPEB			(52,819)	
Other postemployment benefits			(62,126)	
NET POSITION, Ending			<u>\$ 599,849</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LANDFILL CLOSURE FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 3,000	\$ 3,000	\$ 3,202	\$ 202
TOTAL REVENUES	<u>3,000</u>	<u>3,000</u>	<u>3,202</u>	<u>202</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,000</u>	<u>3,000</u>	<u>3,202</u>	<u>202</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,000	4,000	4,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	7,000	7,000	7,202	202
FUND BALANCE, Beginning	<u>147,954</u>	<u>147,954</u>	<u>148,444</u>	<u>490</u>
FUND BALANCE, Ending	<u>\$ 154,954</u>	<u>\$ 154,954</u>	155,646	<u>\$ 692</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Landfill closure liability			<u>(150,502)</u>	
NET POSITION, Ending			<u>\$ 5,144</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GOLF COURSE FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 184,464	\$ 184,464	\$ 214,745	\$ 30,281
Miscellaneous	-	-	180	180
TOTAL REVENUES	<u>184,464</u>	<u>184,464</u>	<u>214,925</u>	<u>30,461</u>
EXPENDITURES				
Current:				
Personal services	70,044	70,044	66,360	3,684
Materials and services	112,902	112,902	104,950	7,952
Debt service	1,418	1,418	1,418	-
TOTAL EXPENDITURES	<u>184,364</u>	<u>184,364</u>	<u>172,728</u>	<u>11,636</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>100</u>	<u>100</u>	<u>42,197</u>	<u>42,097</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(100)	(100)	(100)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100)</u>	<u>(100)</u>	<u>(100)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	42,097	42,097
FUND BALANCE, Beginning	-	-	(255,471)	(255,471)
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	(213,374)	<u>\$ (213,374)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			112,282	
Compensated absences			(2,959)	
PERS transition liability			(5,022)	
Accrued interest payable			(1,300)	
Net pension liability			(60,334)	
Deferred outflows related to pension and OPEB			20,983	
Deferred inflows related to pension and OPEB			(6,126)	
Other postemployment benefits			-	
NET POSITION, Ending			<u>\$ (155,850)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 1,200	\$ 1,200	\$ 1,210	\$ 10
Miscellaneous	100	100	3,800	3,700
TOTAL REVENUES	<u>1,300</u>	<u>1,300</u>	<u>5,010</u>	<u>3,710</u>
EXPENDITURES				
Current:				
Materials and services	27,523	27,523	21,012	6,511
Capital outlay	12,000	12,000	7,565	4,435
Contingency	22,931	22,931	-	22,931
TOTAL EXPENDITURES	<u>62,454</u>	<u>62,454</u>	<u>28,577</u>	<u>33,877</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(61,154)</u>	<u>(61,154)</u>	<u>(23,567)</u>	<u>37,587</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,051	40,051	40,051	-
Transfers out	(21,410)	(21,410)	(21,410)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>18,641</u>	<u>18,641</u>	<u>18,641</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(42,513)	(42,513)	(4,926)	37,587
FUND BALANCE, Beginning	<u>42,513</u>	<u>42,513</u>	<u>58,963</u>	<u>16,450</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	54,037	<u>\$ 54,037</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			<u>12,594</u>	
NET POSITION, Ending			<u>\$ 66,631</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VEHICLE MAINTENANCE FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 550,500	\$ 550,500	\$ 567,233	\$ 16,733
Interest on investments	2,200	2,200	7,693	5,493
Miscellaneous	-	-	40	40
TOTAL REVENUES	<u>552,700</u>	<u>552,700</u>	<u>574,966</u>	<u>22,266</u>
EXPENDITURES				
Current:				
Personal services	262,598	262,598	249,535	13,063
Materials and services	273,560	273,560	230,872	42,688
Capital outlay	15,000	15,000	15,000	-
Contingency	299,550	299,550	-	299,550
TOTAL EXPENDITURES	<u>850,708</u>	<u>850,708</u>	<u>495,407</u>	<u>355,301</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(298,008)</u>	<u>(298,008)</u>	<u>79,559</u>	<u>377,567</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(71,841)	(71,841)	(71,841)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(71,841)</u>	<u>(71,841)</u>	<u>(71,841)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(369,849)	(369,849)	7,718	377,567
FUND BALANCE, Beginning	369,849	369,849	375,343	5,494
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	383,061	<u>\$ 383,061</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			13,727	
Compensated absences			(7,816)	
PERS transition liability			(17,457)	
Net pension liability			(243,739)	
Deferred outflows related to pension and OPEB			84,767	
Deferred inflows related to pension and OPEB			(24,748)	
NET POSITION, Ending			<u>\$ 187,795</u>	

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VEHICLE REPLACEMENT FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 193,931	\$ 193,931	\$ 194,076	\$ 145
Interest on investments	1,500	1,500	6,188	4,688
Miscellaneous	-	-	1,546	1,546
TOTAL REVENUES	<u>195,431</u>	<u>195,431</u>	<u>201,810</u>	<u>6,379</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>195,431</u>	<u>195,431</u>	<u>201,810</u>	<u>6,379</u>
NET CHANGE IN FUND BALANCE	195,431	195,431	201,810	6,379
FUND BALANCE, Beginning	<u>68,563</u>	<u>68,563</u>	<u>224,026</u>	<u>155,463</u>
FUND BALANCE, Ending	<u>\$ 263,994</u>	<u>\$ 263,994</u>	425,836	<u>\$ 161,842</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			<u>1,055,618</u>	
NET POSITION, Ending			<u>\$ 1,481,454</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 800	\$ 800	\$ 1,014	\$ 214
Miscellaneous	500	500	-	(500)
TOTAL REVENUES	<u>1,300</u>	<u>1,300</u>	<u>1,014</u>	<u>(286)</u>
EXPENDITURES				
Current:				
Personal services	64,376	64,376	21,755	42,621
TOTAL EXPENDITURES	<u>64,376</u>	<u>64,376</u>	<u>21,755</u>	<u>42,621</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(63,076)</u>	<u>(63,076)</u>	<u>(20,741)</u>	<u>42,335</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,776	6,776	6,776	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,776</u>	<u>6,776</u>	<u>6,776</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(56,300)</u>	<u>(56,300)</u>	<u>(13,965)</u>	<u>42,335</u>
FUND BALANCE, Beginning	<u>56,300</u>	<u>56,300</u>	<u>54,273</u>	<u>(2,027)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,308</u>	<u>\$ 40,308</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RISK MANAGEMENT FUND
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 800	\$ 800	\$ 1,140	\$ 340
Miscellaneous	10,000	10,000	34,764	24,764
TOTAL REVENUES	<u>10,800</u>	<u>10,800</u>	<u>35,904</u>	<u>25,104</u>
EXPENDITURES				
Current:				
Materials and services	41,426	41,426	27,466	13,960
TOTAL EXPENDITURES	<u>41,426</u>	<u>41,426</u>	<u>27,466</u>	<u>13,960</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(30,626)</u>	<u>(30,626)</u>	<u>8,438</u>	<u>39,064</u>
NET CHANGE IN FUND BALANCE	(30,626)	(30,626)	8,438	39,064
FUND BALANCE, Beginning	<u>30,626</u>	<u>30,626</u>	<u>42,920</u>	<u>12,294</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,358</u>	<u>\$ 51,358</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 18,043,070	\$ 18,575,664	\$ 19,091,342	\$ 19,735,512
Restricted	976,784	852,892	689,825	677,401
Unrestricted	<u>(4,200,353)</u>	<u>(3,946,223)</u>	<u>(3,760,547)</u>	<u>(2,477,191)</u>
Total governmental activities net position	<u>14,819,501</u>	<u>15,482,333</u>	<u>16,020,620</u>	<u>17,935,722</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	17,195,784	17,656,619	17,820,977	17,697,139
Restricted	1,223,240	1,318,514	1,200,133	1,194,673
Unrestricted	<u>4,905,769</u>	<u>5,141,696</u>	<u>5,360,561</u>	<u>5,713,568</u>
Total business-type activities net position	<u>23,324,793</u>	<u>24,116,829</u>	<u>24,381,671</u>	<u>24,605,380</u>
Primary Government:				
Invested in capital assets, net of related debt	35,238,854	36,232,283	36,912,319	37,432,651
Restricted	2,200,024	2,171,406	1,889,958	1,872,074
Unrestricted	<u>705,416</u>	<u>1,195,473</u>	<u>1,600,014</u>	<u>3,236,377</u>
Total primary government net position	<u>\$ 38,144,294</u>	<u>\$ 39,599,162</u>	<u>\$ 40,402,291</u>	<u>\$ 42,541,102</u>

Source: Current and prior year's financial statements

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

2016	2015	2014	2013	2012	2011
\$ 13,520,875	\$ 13,946,180	\$14,235,561	\$ 14,877,601	\$ 15,043,735	\$ 13,257,524
701,706	903,887	914,197	888,353	718,408	599,177
(1,680,809)	(150,999)	724,553	816,015	982,911	1,099,486
<u>12,541,772</u>	<u>14,699,068</u>	<u>15,874,311</u>	<u>16,581,969</u>	<u>16,745,054</u>	<u>14,956,187</u>
17,885,072	16,027,794	16,365,814	16,766,176	17,053,923	15,249,661
1,019,402	776,629	486,665	278,904	190,074	232,381
5,984,371	7,057,538	7,877,222	8,178,689	7,601,109	7,128,895
<u>24,888,845</u>	<u>23,861,961</u>	<u>24,729,701</u>	<u>25,223,769</u>	<u>24,845,106</u>	<u>22,610,937</u>
31,405,947	29,973,974	30,601,375	31,643,777	32,097,658	28,507,185
1,721,108	1,680,516	1,400,862	1,167,257	908,482	831,558
4,303,562	6,906,539	8,601,775	8,994,704	8,584,020	8,228,381
<u>\$ 37,430,617</u>	<u>\$ 38,561,029</u>	<u>\$40,604,012</u>	<u>\$ 41,805,738</u>	<u>\$41,590,160</u>	<u>\$ 37,567,124</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Program Revenues				
Governmental activities:				
Charges for services, fees and fines				
General government	\$ 29,239	\$ 274,593	\$ 222,300	\$ 204,744
Public safety	166,452	-	-	-
Culture and recreation	29,718	121,440	103,563	131,438
Highways and streets	8,091	2,419	1,116	720
Operating grants and contributions	1,303,042	919,730	878,399	879,631
Capital grants and contributions	361,735	21,720	26,207	242,893
Total governmental activities program revenues	<u>1,898,277</u>	<u>1,339,902</u>	<u>1,231,585</u>	<u>1,459,426</u>
Business-type activities:				
Charges for services:				
Electric	8,061,674	8,030,639	7,976,810	7,691,691
Water	1,288,681	1,267,685	1,298,240	1,229,766
Sewer	1,238,611	1,211,961	1,225,428	1,201,125
Solid Waste	1,006,008	1,002,919	1,020,736	956,558
Internal Service-Primarily Business Activity	-	-	-	-
Golf Course	214,925	150,834	170,569	150,423
Operating grants	57,009	48,740	52,497	49,387
Capital grants	374,765	327,744	311,838	751,801
Total business-type activities program revenues	<u>12,241,673</u>	<u>12,040,522</u>	<u>12,056,118</u>	<u>12,030,751</u>
Total primary government program revenues	<u>14,139,950</u>	<u>13,380,424</u>	<u>13,287,703</u>	<u>13,490,177</u>
Expenses				
Governmental activities:				
General government	2,496,674	1,930,495	1,984,828	1,959,138
Public safety	2,722,041	2,573,873	2,628,204	2,445,720
Culture and recreation	855,695	895,815	878,063	866,425
Public Works	627,569	601,316	532,213	582,470
Community development	46,475	100,139	287,197	381,356
Engineering	46,884	37,739	93,101	83,747
Highways and streets	975,475	936,537	924,605	1,259,648
Interest on long term obligations	-	-	-	-
Total governmental activities expenses	<u>7,770,813</u>	<u>7,075,914</u>	<u>7,328,211</u>	<u>7,578,504</u>
Business-type activities:				
Electric	7,903,614	7,733,563	7,044,097	7,341,831
Water	947,684	729,528	817,925	785,710
Sewer	1,023,046	876,624	837,572	825,032
Solid Waste	702,396	734,545	711,289	659,340
Internal Service-Primarily Business Activity	-	-	-	-
Interest on long-term debt	-	-	-	-
Golf Course	171,856	167,555	179,228	151,473
Total business-type activities expenses	<u>10,748,596</u>	<u>10,241,815</u>	<u>9,590,111</u>	<u>9,763,386</u>
Total primary government expenses	<u>18,519,409</u>	<u>17,317,729</u>	<u>16,918,322</u>	<u>17,341,890</u>
Net Expense				
Governmental activities	(5,872,536)	(5,736,012)	(6,096,626)	(6,119,078)
Business-type activities	1,493,077	1,798,707	2,466,007	2,267,365
Total primary government net expense	<u>\$ (4,379,459)</u>	<u>\$ (3,937,305)</u>	<u>\$ (3,630,619)</u>	<u>\$ (3,851,713)</u>

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

2016	2015	2014	2013	2012	2011
\$ 268,279	\$ 244,325	\$ 224,243	\$ 288,704	\$ 312,399	\$ 320,798
-	-	-	-	-	-
144,155	172,193	145,584	161,121	151,073	165,173
780	1,953	1,081	2,098	3,086	1,415
816,892	754,369	767,451	738,013	725,474	765,733
131,953	285,315	53,946	416,466	2,370,332	752,305
<u>1,362,059</u>	<u>1,458,155</u>	<u>1,192,305</u>	<u>1,606,402</u>	<u>3,562,364</u>	<u>2,005,424</u>
7,281,450	7,033,057	7,018,128	6,884,263	7,203,939	7,387,021
1,205,216	1,237,185	1,181,796	1,202,639	1,173,701	1,140,830
1,208,592	1,175,433	1,060,795	1,041,235	1,057,176	1,071,331
914,084	902,070	845,996	832,589	837,017	817,558
-	-	-	-	-	-
168,655	167,208	177,350	193,373	190,951	191,720
50,457	50,768	50,008	50,169	56,164	46,901
2,608,406	368,304	390,920	527,340	1,368,151	1,116,586
<u>13,436,860</u>	<u>10,934,025</u>	<u>10,724,993</u>	<u>10,731,608</u>	<u>11,887,099</u>	<u>11,771,947</u>
<u>14,798,919</u>	<u>12,392,180</u>	<u>11,917,298</u>	<u>12,338,010</u>	<u>15,449,463</u>	<u>13,777,371</u>
2,261,372	1,380,640	1,563,908	1,536,293	1,701,181	1,521,458
2,948,737	1,585,311	2,011,173	2,070,078	2,001,630	1,901,921
1,038,372	733,273	865,910	874,760	859,882	860,232
621,400	368,411	459,647	449,596	435,678	412,988
432,463	209,378	636,052	497,855	366,362	420,496
107,548	51,771	90,451	91,313	84,639	93,821
849,877	714,161	932,701	820,680	794,765	762,496
375	3,000	14,971	25,582	29,673	40,587
<u>8,260,144</u>	<u>5,045,945</u>	<u>6,574,813</u>	<u>6,366,157</u>	<u>6,273,810</u>	<u>6,013,999</u>
7,512,041	6,442,798	6,936,488	6,239,208	5,840,636	6,538,922
951,888	805,035	850,276	773,814	625,270	598,092
935,950	732,318	803,378	758,503	737,796	722,683
704,310	485,325	555,565	572,881	529,834	540,571
-	-	-	-	-	-
-	-	-	-	-	-
202,147	180,344	179,148	215,601	198,861	200,082
<u>10,306,336</u>	<u>8,645,820</u>	<u>9,324,855</u>	<u>8,560,007</u>	<u>7,932,397</u>	<u>8,600,350</u>
<u>18,566,480</u>	<u>13,691,765</u>	<u>15,899,668</u>	<u>14,926,164</u>	<u>14,206,207</u>	<u>14,614,349</u>
(6,898,085)	(3,587,790)	(5,382,508)	(4,759,755)	(2,711,446)	(4,008,575)
3,130,524	2,288,205	1,400,138	2,171,601	3,954,702	3,171,597
<u>\$ (3,767,561)</u>	<u>\$ (1,299,585)</u>	<u>\$ (3,982,370)</u>	<u>\$ (2,588,154)</u>	<u>\$ 1,243,256</u>	<u>\$ (836,978)</u>

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

(continued)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Revenues and Other Changes in Net Position				
General revenues:				
Property taxes levied for:				
General purposes	\$ 1,236,146	\$ 1,233,582	\$ 1,059,669	\$ 1,032,358
Debt service	-	-	-	-
Franchise and public service taxes	1,381,913	1,396,681	1,339,582	1,349,354
Interest and investment earnings	25,825	26,605	14,507	14,111
Miscellaneous	-	(66,823)	5,384	921
Refund of property taxes to county	-	-	-	-
Transfers	2,565,820	2,419,964	2,365,725	2,258,700
Total governmental activities	<u>5,209,704</u>	<u>5,010,009</u>	<u>4,784,867</u>	<u>4,655,444</u>
Business-type activities:				
Interest and investment earnings	199,702	236,659	125,664	68,824
Miscellaneous	81,005	92,116	122,736	77,403
Transfers	(2,565,820)	(2,419,964)	(2,365,725)	(2,258,700)
Total business-type activities	<u>(2,285,113)</u>	<u>(2,091,189)</u>	<u>(2,117,325)</u>	<u>(2,112,473)</u>
Total primary government	<u>2,924,591</u>	<u>2,918,820</u>	<u>2,667,542</u>	<u>2,542,971</u>
Change in Net Position				
Governmental activities	(662,832)	(726,003)	(1,311,759)	(1,463,634)
Business-type activities	(792,036)	(292,482)	348,682	154,892
Total primary government change in net position	<u>(1,454,868)</u>	<u>(1,018,485)</u>	<u>(963,077)</u>	<u>(1,308,742)</u>
Net Position Beginning				
Governmental activities (previous reported)	15,482,333	16,020,620	17,935,721	12,541,772
Business-type activities (previous reported)	24,116,829	24,381,671	24,605,382	24,888,845
Total primary government net position-beginning	<u>39,599,162</u>	<u>40,402,291</u>	<u>42,541,103</u>	<u>37,430,617</u>
Governmental activities change from GASB	-	215,356	(603,342)	-
Business-type activities change from GASB	-	-	(572,393)	-
Prior Period Adjustment	0	0	0	6,419,223
Net Position Ending				
Governmental activities	14,819,501	15,509,973	16,020,620	11,078,138
Business-type activities	23,324,793	24,089,189	24,381,671	25,043,737
Total Primary Government Net Position	<u>\$ 38,144,294</u>	<u>\$ 39,599,162</u>	<u>\$ 40,402,291</u>	<u>\$ 42,541,098</u>

Source: Current and prior years' financial statements

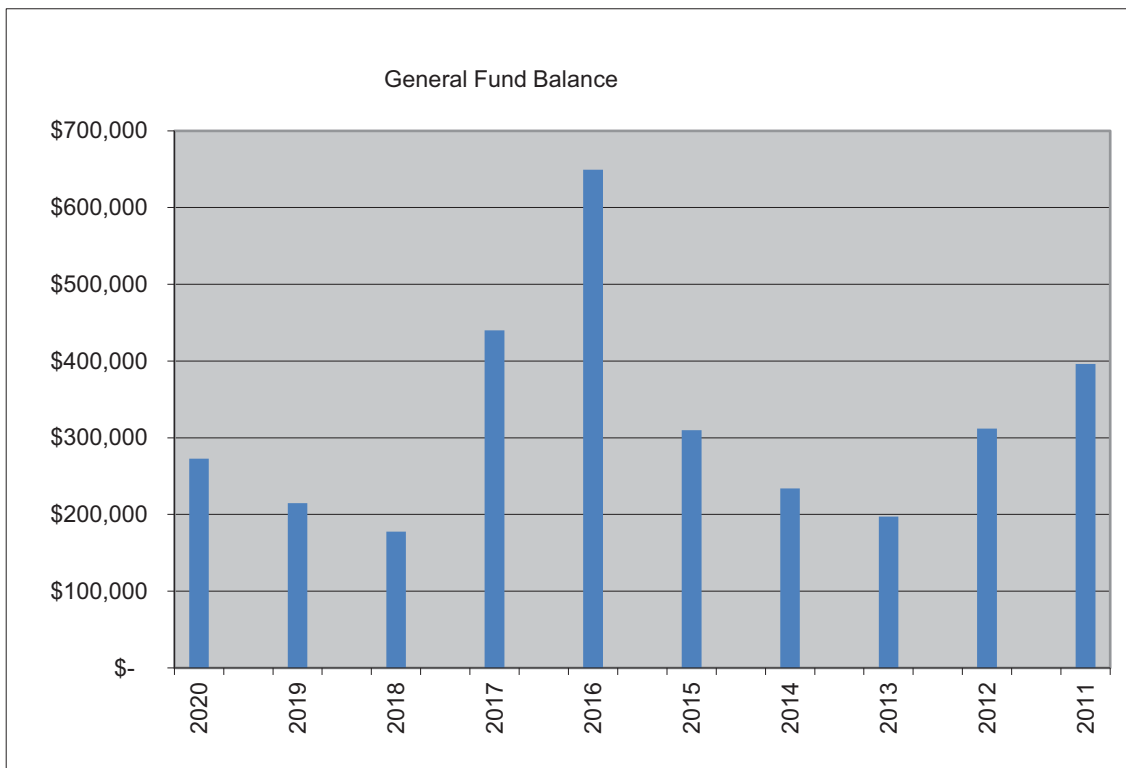
**CITY OF
MILTON-FREEWATER, OREGON
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

(continued)

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,068,778	\$ 1,006,765	\$ 1,366,983	\$ 1,345,542	\$ 1,300,370	\$ 1,306,981
108,749	115,182	111,200	107,869	102,450	98,765
1,355,646	1,225,903	1,207,173	1,168,930	1,180,027	1,118,199
7,729	24,230	11,403	9,343	9,458	9,376
1,432	-	-	-	-	-
-	-	(74,628)	-	-	-
<u>2,198,455</u>	<u>2,145,443</u>	<u>2,052,719</u>	<u>1,964,986</u>	<u>1,908,008</u>	<u>1,908,197</u>
<u>4,740,789</u>	<u>4,517,523</u>	<u>4,674,850</u>	<u>4,596,670</u>	<u>4,500,313</u>	<u>4,441,518</u>
43,146	48,664	56,716	55,155	56,844	68,562
76,076	108,784	101,797	116,893	130,631	82,865
<u>(2,198,455)</u>	<u>(2,145,443)</u>	<u>(2,052,719)</u>	<u>(1,964,986)</u>	<u>(1,908,008)</u>	<u>(1,908,197)</u>
<u>(2,079,233)</u>	<u>(1,987,995)</u>	<u>(1,894,206)</u>	<u>(1,792,938)</u>	<u>(1,720,533)</u>	<u>(1,756,770)</u>
<u>2,661,556</u>	<u>2,529,528</u>	<u>2,780,644</u>	<u>2,803,732</u>	<u>2,779,780</u>	<u>2,684,748</u>
(2,157,296)	929,733	(707,658)	(163,085)	1,788,867	432,943
1,051,291	300,210	(494,068)	378,663	2,234,169	1,414,827
<u>(1,106,005)</u>	<u>1,229,943</u>	<u>(1,201,726)</u>	<u>215,578</u>	<u>4,023,036</u>	<u>1,847,770</u>
14,699,068	15,874,311	16,581,969	16,745,054	14,956,187	14,523,244
<u>23,861,961</u>	<u>24,729,701</u>	<u>25,223,769</u>	<u>24,845,106</u>	<u>22,610,937</u>	<u>21,196,110</u>
<u>38,561,029</u>	<u>40,604,012</u>	<u>41,805,738</u>	<u>41,590,160</u>	<u>37,567,124</u>	<u>35,719,354</u>
-	(2,104,976)				
-	(1,167,950)				
-24,407					
12,541,772	14,699,068	15,874,311	16,581,969	16,745,054	14,956,187
<u>24,913,252</u>	<u>23,861,961</u>	<u>24,729,701</u>	<u>25,223,769</u>	<u>24,845,106</u>	<u>22,610,937</u>
<u>\$ 37,430,617</u>	<u>\$38,561,029</u>	<u>\$40,604,012</u>	<u>\$ 41,805,738</u>	<u>\$41,590,160</u>	<u>\$ 37,567,124</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund				
Nonspendable	141,774	141,774	141,774	\$ -
Committed	0	0	0	0
Restricted	62,478	76,219	91,641	326,370
Assigned	0	0	0	113,750
Unassigned	68,650	(3,214)	(55,626)	-
Total general fund	<u>\$ 272,902</u>	<u>\$ 214,779</u>	<u>\$ 177,789</u>	<u>\$ 440,120</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	772,532	634,899	456,410	351,031
Assigned	120,094	142,556	410,358	265,558
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$892,626</u>	<u>\$777,455</u>	<u>\$866,768</u>	<u>\$616,589</u>
Total governmental funds	<u>\$ 1,165,528</u>	<u>\$ 992,234</u>	<u>\$ 1,044,557</u>	<u>\$ 1,056,709</u>



Source: Current and prior years' financial statements

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 141,774	\$ -	\$ 30,645			
0	158	157	\$ 157	\$ 157	\$ 157
357,807					
149,651	243,818	203,207	197,180	311,598	395,933
-	65,921	-	-	-	-
<u>\$ 649,232</u>	<u>\$ 309,897</u>	<u>\$ 234,009</u>	<u>\$ 197,337</u>	<u>\$ 311,755</u>	<u>\$ 396,090</u>
\$0	\$410,595	\$628,846	\$0	\$0	\$0
343,899	493,363	359,499	888,196	718,251	599,020
528,995	387,174	369,572	366,786	358,857	328,465
-	(2,250)	(106,801)	(30,663)	(17,884)	(16,325)
<u>\$872,894</u>	<u>\$1,288,882</u>	<u>\$1,251,116</u>	<u>\$1,224,319</u>	<u>\$1,059,224</u>	<u>\$911,160</u>
<u>\$ 1,522,126</u>	<u>\$ 1,598,779</u>	<u>\$ 1,485,125</u>	<u>\$ 1,421,656</u>	<u>\$ 1,370,979</u>	<u>\$ 1,307,250</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues			
Taxes/special assessments	\$1,395,381	\$1,376,022	\$1,242,558
Intergovernmental	1,859,546	1,125,235	1,256,433
Franchise Fees	983,253	978,809	959,915
Licenses and Fines	137,861	150,551	116,901
Charges for services	36,385	96,019	104,231
Interest on Investments	25,825	26,605	14,508
Miscellaneous Revenues	133,615	141,925	118,187
Total revenues	<u>4,571,866</u>	<u>3,895,166</u>	<u>3,812,733</u>
Expenditures			
Current:			
General Government	2,312,042	1,855,317	1,769,316
Public safety	2,521,590	2,524,336	2,376,861
Culture and recreation	698,896	777,425	772,917
Public Works	626,654	593,875	518,627
Community development	104,536	104,057	259,166
Engineering	34,210	39,784	87,145
Highways and streets	287,169	278,068	278,656
Capital outlay	899,295	289,064	127,923
Debt service (principle)	-	-	-
(interest)	-	-	-
Total expenditures	<u>7,484,392</u>	<u>6,461,926</u>	<u>6,190,611</u>
Revenues over (under) expenditures	<u>(2,912,526)</u>	<u>(2,566,760)</u>	<u>(2,377,878)</u>
Other Financing Sources (Uses)			
Proceeds of refunding bonds	-	-	-
Bond discount and issue costs	-	-	-
Issuance of debt	520,000	-	-
Payments to refund bonds	-	-	-
Sale of assets	-	94,473	-
Transfers in	2,813,913	2,650,412	2,597,574
Transfers out	(248,093)	(230,448)	(231,849)
Total other financing sources (uses)	<u>3,085,820</u>	<u>2,514,437</u>	<u>2,365,725</u>
Refund of property taxes received	-	-	-
Net change in fund balances	<u>\$ 173,294</u>	<u>\$ (52,323)</u>	<u>\$ (12,153)</u>
Debt service as a percentage of noncapital expenditures	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Source: Current and prior years' financial statements

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$1,207,424	\$1,323,645	\$1,294,425	\$1,680,489	\$1,610,543	\$1,562,666	\$1,540,352
1,130,895	1,216,031	1,221,539	989,589	1,323,223	3,258,023	1,659,343
950,319	915,063	896,789	873,574	851,657	857,718	837,455
135,602	139,165	126,866	137,197	174,527	182,097	195,409
128,201	149,274	183,176	158,916	178,220	168,070	181,935
14,111	7,729	24,230	11,404	9,344	9,460	9,374
113,621	100,179	101,775	112,623	98,839	103,408	101,598
<u>3,680,173</u>	<u>3,851,086</u>	<u>3,848,800</u>	<u>3,963,792</u>	<u>4,246,353</u>	<u>6,141,442</u>	<u>4,525,466</u>
1,817,704	1,713,108	1,619,098	1,484,678	1,454,853	1,614,651	1,432,935
2,280,176	2,235,366	2,067,077	1,994,110	2,046,083	1,966,687	1,880,750
753,482	755,307	718,644	724,460	734,084	709,853	701,349
540,436	475,004	471,760	454,070	438,464	439,530	400,545
279,864	340,998	269,043	424,740	400,848	330,098	322,942
77,839	75,767	72,291	88,313	91,372	82,675	92,394
284,137	268,721	238,770	232,899	234,738	221,959	193,877
370,652	139,673	297,156	261,327	531,886	2,340,165	908,342
-	120,000	120,000	199,117	199,230	276,985	272,822
-	2,250	6,750	14,700	29,104	33,119	44,147
<u>6,404,290</u>	<u>6,126,194</u>	<u>5,880,589</u>	<u>5,878,414</u>	<u>6,160,662</u>	<u>8,015,722</u>	<u>6,250,103</u>
<u>(2,724,117)</u>	<u>(2,275,108)</u>	<u>(2,031,789)</u>	<u>(1,914,622)</u>	<u>(1,914,309)</u>	<u>(1,874,280)</u>	<u>(1,724,637)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,537,032	3,031,595	2,437,837	2,270,399	2,185,651	2,158,214	2,156,204
(278,332)	(833,140)	(292,394)	(217,680)	(220,665)	(220,205)	(248,007)
<u>2,258,700</u>	<u>2,198,455</u>	<u>2,145,443</u>	<u>2,052,719</u>	<u>1,964,986</u>	<u>1,938,009</u>	<u>1,908,197</u>
-	-	-	(74,628)			
<u>\$ (465,417)</u>	<u>\$ (76,653)</u>	<u>\$ 113,654</u>	<u>\$ 63,469</u>	<u>\$ 50,677</u>	<u>\$ 63,729</u>	<u>\$ 183,560</u>
<u>0.0%</u>	<u>2.0%</u>	<u>2.3%</u>	<u>3.8%</u>	<u>4.1%</u>	<u>5.5%</u>	<u>5.9%</u>

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

Function/Program	2020	2019	2018	2017	2016
Governmental activities					
General government	\$ 843,579	\$ 405,508	\$ 387,045	\$ 461,600	\$ 440,047
Public safety	214,359	51,421	77,680	50,048	34,700
Culture and recreation	297,409	352,697	319,792	371,771	337,641
Community development	-	-	-	-	-
Highways and streets	542,930	530,276	457,068	576,007	549,671
Total governmental activities	1,898,277	1,339,902	1,241,585	1,459,426	1,362,059
Business-type activities					
Electric	8,188,591	8,155,073	8,102,212	7,815,770	7,406,129
Water	1,425,238	1,368,628	1,383,280	1,274,616	1,250,626
Sewer	1,406,911	1,363,068	1,379,321	1,833,384	3,697,366
Solid Waste	1,006,008	1,002,919	1,020,736	956,558	914,084
Internal Service-Prim Bus	-	-	-	-	-
Golf Course	214,925	150,834	170,569	150,423	168,655
Total business-type activities	12,241,673	12,040,522	12,056,118	12,030,751	13,436,860
Total Primary government	\$ 14,139,950	\$ 13,380,424	\$ 13,297,703	\$ 13,490,177	\$ 14,798,919

Source: Current and prior years' financial statements

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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 359,972	\$ 375,597	\$ 409,228	\$ 583,085	\$ 503,066
52,008	42,154	68,892	53,920	143,896
377,762	363,313	340,123	323,519	327,138
-	-	-	-	-
668,413	411,241	788,159	2,601,840	1,031,324
<u>1,458,155</u>	<u>1,192,305</u>	<u>1,606,402</u>	<u>3,562,364</u>	<u>2,005,424</u>
7,201,401	7,202,841	7,150,618	8,132,633	8,021,010
1,262,180	1,232,534	1,296,077	1,609,438	1,622,032
1,401,166	1,247,183	1,248,951	1,117,060	1,119,627
902,070	845,996	832,589	837,017	817,558
-	-	-	-	-
167,208	196,439	203,373	190,951	191,720
<u>10,934,025</u>	<u>10,724,993</u>	<u>10,731,608</u>	<u>11,887,099</u>	<u>11,771,947</u>
<u>\$ 12,392,180</u>	<u>\$ 11,917,298</u>	<u>\$ 12,338,010</u>	<u>\$ 15,449,463</u>	<u>\$ 13,777,371</u>

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

<u>Year</u>	<u>Property Taxes</u>	<u>Transient Room Taxes</u>	<u>Utility Taxes</u>
2011	1,400,910	9,476	129,966
2012	1,402,572	24,000	136,094
2013	1,462,014	14,430	134,099
2014	1,523,708	18,121	138,660
2015	1,147,166	7,431	139,828
2016	1,151,298	26,639	145,708
2017	1,035,196	16,933	155,295
2018	1,063,350	22,302	156,906
2019	1,189,945	20,280	165,797
2020	1,219,231	1,463	162,087

Source: Current and prior years' financial statements

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

Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value
2011	229,968,793	6.14	317,670,003
2012	237,268,234	6.06	312,506,993
2013	242,266,716	6.12	309,694,430
2014	252,318,776	6.16	310,240,684
2015	259,211,080	4.44	334,986,321
2016	268,188,919	4.43	311,551,824
2017	274,904,381	3.98	351,916,966
2018	282,588,912	3.97	362,474,475
2019	293,817,159	4.31	385,153,289
2020	289,466,459	4.29	379,375,989

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

DIRECT					OVERLAPPING						
Year	City of M-F General	City of M-F Bond	City of M-F Local Option	URA	Total Direct Tax Rate	Umatilla County	BMCC	School District No. 7	Misc Small Districts	Total Overlap Tax Rate	Total Tax Rate
2011	3.15	0.43	0.26	2.30	6.14	2.61	0.82	4.03	1.05	8.51	14.65
2012	3.18	0.44	0.25	2.19	6.06	2.63	0.81	4.07	1.74	9.25	15.31
2013	3.18	0.45	0.25	2.24	6.12	2.62	0.81	4.06	1.95	9.44	15.56
2014	3.16	0.44	0.24	2.32	6.16	2.57	0.81	5.04	1.91	10.33	16.49
2015	3.75	0.46	0.23	0	4.44	3.04	0.66	5.79	2.22	11.71	16.15
2016	3.75	0.45	0.23	0	4.43	3.04	0.89	5.79	2.18	11.90	16.33
2017	3.75	0	0.23	0	3.98	2.86	0.87	5.92	2.18	11.83	15.81
2018	3.75	0	0.22	0	3.97	2.85	0.87	5.92	2.18	11.82	15.79
2019	3.75	0	0.56	0	4.31	2.85	0.87	5.92	2.18	11.82	16.13
2020	3.75	0	0.54	0	4.29	2.85	0.88	5.89	1.54	11.16	15.45

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

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
<u>DIRECT:</u>			
City of Milton-Freewater	<u>\$0</u>	100%	<u>\$0</u>
<u>OVERLAPPING:</u>			
M-F Unified School Distric	11,281,250	68%	7,671,250
M-F Water control District	<u>1,919,989</u>	65%	<u>1,247,992</u>
Total Overlapping	<u>13,201,239</u>		<u>8,919,242</u>
Total Direct& Overlapping	<u><u>\$13,201,239</u></u>		<u><u>\$8,919,242</u></u>

Note:

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

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

Fiscal Year Ended June 30,	Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Collected in Subsequent Years	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	881,496	817,453	92.73%	64,026	881,479	100.00%
2011	910,660	841,495	92.40%	69,098	910,593	99.99%
2012	919,981	854,410	92.87%	65,464	919,874	99.99%
2013	939,891	883,872	94.04%	55,917	939,789	99.99%
2014	966,322	906,661	93.83%	59,488	966,149	99.98%
2015	972,018	945,969	97.32%	25,640	971,609	99.96%
2016	1,005,676	948,653	94.33%	42,864	991,517	98.59%
2017	996,387	938,098	94.15%	30,779	968,877	97.24%
2018	1,030,827	968,825	93.99%	21,327	990,152	96.05%
2019	1,059,657	1,001,474	94.51%	17,571	1,019,045	96.17%
2020	1,104,404	1,045,367	94.65%	0	1,045,367	94.65%

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

CITY OF
MILTON-FREEWATER, OREGON
Principal Taxpayers
January 1, 2010 to January 1, 2020

Tax Year 2019-2020

Taxpayer	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Earl Brown & Sons	\$ 15,131,360	1	5.23%
Charter Communications	4,826,200	2	1.67%
Milton-Freewater Holdings LLC	3,138,270	3	1.08%
Verizon Wireless VAW LLC	3,228,000	4	1.12%
Key Meadowbrokk Village LLC	3,092,530	5	1.07%
Freewater Oregon LLC	2,782,330	6	0.96%
VF1 KR SPE 1 LLC	2,421,800	7	0.84%
Jenkins Kenneth S	2,321,680	8	0.80%
Cub Investors LLC	1,568,500	9	0.54%
Wilkinson Oregon Holdings LLC	1,322,200	10	0.46%
	<u>\$ 39,832,870</u>		<u>13.76%</u>
Total Assessed Valuation	<u>\$ 289,466,459</u>		

Tax year 2009-2010

Taxpayer	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Blue Mountain Growers, Inc.	\$ 7,149,890	1	3.19%
Earl E Brown & Sons	6,929,910	2	3.09%
Sykes Realty Inc	3,666,580	3	1.64%
Milton-Freewater Orchard Homes	3,381,630	4	1.51%
Key Meadowbrook Village	2,460,310	5	1.10%
Milton-Freewater Holdings LLC	2,433,700	6	1.09%
Freewater Oregon LLC	2,238,340	7	1.00%
Charter Communications	1,781,100	8	0.79%
Cub Investors LLC	1,620,950	9	0.72%
Qwest Inc.	1,505,800	10	0.67%
	<u>\$ 33,168,210</u>		<u>14.80%</u>
Total Assessed Valuation	<u>\$ 224,051,268</u>		

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

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment	Loans Payable	Revenue Bonds	Loans Payable			
2011	565,000	-	350,635	125,000	1,639,570	2,680,205	N/A	380
2012	460,000	-	178,650	65,000	1,297,978	2,001,628	N/A	284
2013	350,000	-	89,184	-	875,405	1,314,589	N/A	186
2014	240,000	-	0	-	605,069	845,069	N/A	120
2015	120,000	-	-	-	723,557	843,557	N/A	119
2016	-	-	-	-	1,631,050	1,631,050	N/A	231
2017	-	-	-	-	1,564,514	1,564,514	N/A	221
2018	-	-	-	-	1,390,458	1,390,458	N/A	196
2019	-	-	-	-	1,240,659	1,240,659	N/A	174
2020	-	-	-	-	1,726,570	1,726,570	N/A	237

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

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

Fiscal Year	Population	Gross Bonded Debt	Total Taxable Assessed Value (000)'s	Percentage of Debt to Value of Property	Net Bonded Debt Per Capita
2011	7,045	565,000	229,968	0.29%	80
2012	7,055	460,000	237,268	0.24%	65
2013	7,050	350,000	242,266	0.18%	50
2014	7,060	240,000	252,318	0.13%	34
2015	7,060	120,000	259,211	0.05%	17
2016	7,070	-	268,188	0.00%	0
2017	7,070	-	274,904	0.00%	0
2018	7,105	-	282,588	0.00%	0
2019	7,145	-	293,817	0.00%	0
2020	7,278	-	289,466	0.00%	0

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

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

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

	2020	2019	2018	2017
Real market value	\$ 379,375,959	\$ 385,153,289	\$ 362,474,475	\$ 351,916,966
Debt limit rate	3%	3%	3%	3%
Debt limit	11,381,279	11,554,599	10,874,234	10,557,509
Less general bonded debt June 30,	-	-	-	-
Legal debt margin	<u>\$ 11,381,279</u>	<u>\$ 11,554,599</u>	<u>\$ 10,874,234</u>	<u>\$ 10,557,509</u>
 Total net bonded debt applicable to the limit as a percentage of debt limit	 0.00%	 0.00%	 0.00%	 0.00%

OREGON
Legal Debt Margin Information
Last Ten fiscal Years
(unaudited)

2016	2015	2014	2013	2012	2011
\$ 311,551,824	\$ 334,986,321	\$ 310,240,684	\$ 309,694,430	\$ 312,506,993	\$ 317,670,003
3%	3%	3%	3%	3%	3%
9,346,555	10,049,590	9,307,221	9,290,833	9,375,210	9,530,100
-	120,000	240,000	350,000	460,000	565,000
<u>\$ 9,346,555</u>	<u>\$ 9,929,590</u>	<u>\$ 9,067,221</u>	<u>\$ 8,940,833</u>	<u>\$ 8,915,210</u>	<u>\$ 8,965,100</u>
0.00%	0.04%	0.08%	0.11%	0.15%	0.18%

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

<u>Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2010	6,545	2,002	\$14,712	9.60%
2011	7,045	2,050	\$15,643	9.20%
2012	7,055	2,008	\$16,355	8.35%
2013	7,050	2,061	\$16,682	7.80%
2014	7,060	2,002	\$16,752	7.30%
2015	7,060	1,910	\$16,814	6.00%
2016	7,070	1,881	\$17,161	5.30%
2017	7,070	1,724	\$17,299	5.00%
2018	7,105	1,763	\$17,348	4.00%
2019	7,145	1,676	\$17,547	4.80%
2020	7,278	1,646	\$17,769	6.60%

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

<u>Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
1960	4,110	N/A	\$ N/A	9.50%
1970	4,150	1,332	\$2,806	12.90%
1980	5,086	1,214	\$5,653	13.70%
1985	5,820	1,370	N/A	12.10%
1990	5,533	1,309	\$9,130	9.70%
2000	6,495	1,939	\$14,280	6.20%
2010	6,545	2,002	\$14,712	9.60%
2020	7,278	1,646	\$17,769	6.60%

N/A Information at City level not available.

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

*2019-20			
Employer	Employees	Rank	%
M-F Unified School District	237	1	35
Horizen Project	200	2	29
Earl Brown and Sons	100	3	15
City of Milton-Freewater	74	4	11
Safeway	71	5	10
	682		

**2009-10			
Employer	Employees	Rank	%
Sykes	442	1	42
M-F Unified School District	340	2	33
Oregon Coalition of Child Develop.	100	3	10
Earl Brown and Sons	83	4	8
City of Milton-Freewater	74	5	7
	1039		

*Business License

**Source: Oregon Department of Economic Community Development

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

Function/Program	2020	2019	2018	2017
Governmental activities:				
General government	23.68	24.78	26.25	26.33
Public safety and justice	19.23	19.23	20.78	19.78
Community services	1.05	1.05	0.75	0.70
Streets and highways	2.05	2.05	2.20	2.20
Library	3.93	3.93	3.96	3.93
Total governmental activities	49.94	51.04	53.94	52.94
Business-type activities:				
Water	3.06	3.06	2.63	2.63
Wastewater	3.79	3.79	3.45	3.45
Sanitation	4.42	4.15	3.09	3.09
Golf Course	1.21	1.21	1.69	1.69
Electric	11.80	11.70	10.05	10.05
Total business-type activities	24.28	23.91	20.91	20.91
Total primary government budgeted FTE	74.22	74.95	74.85	73.85
City of Milton-Freewater Employees				
Management and exempt	12.34	12.34	12.34	12.34
Temporary employees	61	61	61	61
Total Employees in Six Bargaining Units (Clerical, Teamsters, Police, Linemen, Dept Heads, Supervisory/Tech)	74.22	74.95	74.85	73.85
Volunteer employees	23	25	27	27

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
26.70	26.38	26.66	27.23	27.21	27.19
19.78	19.81	19.68	19.86	19.86	19.93
0.70	0.70	0.70	0.70	0.70	0.70
2.20	1.80	1.80	1.80	1.80	1.80
3.93	3.5	3.93	3.93	3.93	3.93
<u>53.31</u>	<u>52.19</u>	<u>52.77</u>	<u>53.52</u>	<u>53.5</u>	<u>53.55</u>
2.63	2.63	2.63	2.63	2.63	2.63
3.45	3.45	3.45	3.45	3.45	3.45
3.09	2.84	2.84	2.84	2.84	2.84
1.69	1.94	1.94	1.94	1.94	1.94
10.05	10.15	9.70	9.70	9.70	9.70
<u>20.91</u>	<u>21.01</u>	<u>20.56</u>	<u>20.56</u>	<u>20.56</u>	<u>20.56</u>
<u>74.22</u>	<u>73.20</u>	<u>73.33</u>	<u>74.08</u>	<u>74.06</u>	<u>74.11</u>
<u>12.34</u>	<u>12.34</u>	<u>11.42</u>	<u>11.42</u>	<u>11.42</u>	<u>12.69</u>
<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>
<u>74.22</u>	<u>73.20</u>	<u>73.33</u>	<u>74.08</u>	<u>74.06</u>	<u>86.80</u>
<u>27</u>	<u>27</u>	<u>30</u>	<u>33</u>	<u>42</u>	<u>42</u>

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

FUNCTION/PROGRAM	2020	2019	2018	2017
Governmental Activities:				
Public Safety and Justice				
Police (1)				
Calls for service	6,028	6,833	7,583	6,155
Number of arrests	334	380	463	367
Municipal Court				
Traffic Cases (Non-Criminal)	312	463	423	480
Traffic Cases (Criminal)	224	35	30	57
Criminal Cases	70	94	72	58
Other Violations	28	15	12	63
Library				
Number of registered borrowers**	3,828	4,197	4,100	4,276
Total circulation	42,121	53,121	50,542	51,667
Public programs	67	141	165	158
Program attendance	1,766	3,586	4,003	2,919
Books added	2,014	2,843	7,316	8,509
Computer Use	4,440	4,545	4,500	4,430
Business-type Activities:				
Water				
Average active metered connections	2,375	2,346	2,631	2,668
Average daily water consumption**	1,207,623	1,333,908	1,299,279	1,227,960

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

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

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

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
4,068	6,212	5,613	7,712	5,730	5,788
459	649	661	696	666	774
483	606	535	645	675	785
55	54	32	39	33	37
59	128	198	131	71	82
62	71	62	53	65	74
4,015	4,273	4,604	4,248	4,308	4,069
48,036	48,616	41,467	42,177	46,365	54,211
148	133	168	94	116	93
2,381	2,637	1,199	899	915	1,178
5,432	2,088	4,172	7,573	1,443	9,913
5,400	4,070				
2,680	2,686	2,732	2,715	2,682	2,687
1,363,353	1,415,782	1,138,455	1,387,285	1,224,094	1,226,548

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

FUNCTION/PROGRAM	2020	2019	2018	2017
Governmental Activities				
General Government				
Buildings owned-all structures	36	36	37	37
Vehicles/Equip (i.e. trailers, mowers)	23	23	23	23
Vehicles (i.e. cars & pick ups)-excluding police	18	18	18	18
Vehicles (i.e. dump trucks & bucket trucks)-excluding fire	17	17	17	17
Heavy Equipment (i.e. CAT, grader, etc.)	9	9	9	8
Public Safety and Justice				
Police				
Vehicular patrol units/code enforcement	10	10	10	10
Fire				
Vehicular apparatus units	9	9	9	9
Streets and Highways				
Miles of streets maintained by City:				
Paved	30.20	30.20	30.20	30.20
Unpaved	0.00	0.00	0.00	0.00
Bridges and underpasses	0	0	0	0
Business-type Activities				
Water				
Miles of water lines (estimated)	36.87	36.87	36.87	36.87
Reservoirs	3	3	3	3
Water treatment plant	0	0	0	0
Wells	7	7	7	7
Wastewater				
Treatment plant				
Miles of sewer lines (estimated)	28.23	28.23	28.23	28.23
Lift Stations	2	2	2	2
Electric				
Substations	3	3	3	3
Miles of power lines (underground)	15	15	15	14
Miles of power lines (above ground)	80	80	80	80

Source: City of Milton-Freewater Departments

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>
23	23	23	23	23	23
18	18	18	18	18	18
17	17	17	17	17	17
8	8	8	8	8	8
<u>9</u>	<u>8</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>7</u>
9	8	8	8	8	8
<u>30.20</u>	<u>30.20</u>	<u>30.20</u>	<u>30.20</u>	<u>30.20</u>	<u>25.25</u>
0.00	0.00	0.00	0.00	0.00	4.95
0	0	0	0	0	0
<u>36.87</u>	<u>36.87</u>	<u>36.87</u>	<u>36.87</u>	<u>36.87</u>	<u>36.87</u>
3	3	3	3	3	3
0	0	0	0	0	0
7	7	7	7	7	7
<u>28.23</u>	<u>28.23</u>	<u>28.23</u>	<u>28.23</u>	<u>28.23</u>	<u>28.23</u>
2	2	2	2	2	2
<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
14	14	14	14	14	14
80	80	80	80	80	80



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Milton-Freewater, Oregon as of and for the year ended June 30, 2020, and have issued our report thereon dated December 22, 2020.

Compliance

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the City of Milton-Freewater, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

- Expenditures exceeded appropriations in the following amounts for the year ended June 30, 2020:

Senior/Disabled Transportation Fund	
Materials and Services	\$ 2,236
Street Fund	
Personal services	\$ 134
Electric Capital Replacement Reserve Fund	
Transfers Out	\$ 32,000
Electric Operating and Maintenance Reserve Fund	
Transfers Out	\$ 53,000
Sewer Fund	
Personal services	\$ 10,889

- As of June 30, 2020, the Golf Course Fund had a deficit balance of \$213,374.
- In the resolutions adopting the 2019-2020 and 2020-2021 budgets, amounts reserved for future expenditures were appropriated for the Landfill Closure Reserve Fund and the Vehicle Replacement Fund, when under Oregon Budget Law such an appropriation should not be made since the initial intent is not to spend these funds.
- In the resolution adopting the 2019-2020 and 2020-2021 budgets, several non-operating funds were appropriated with an operating contingency when only operating funds are allowed an appropriation for such a contingency under Oregon Budget Law.
- In a resolution adopting transfers of appropriations in the fiscal year ending June 30, 2020, the resolution did not correctly decrease both resources and appropriations within funds transferring amounts.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the City of Milton-Freewater, Oregon's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing

our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Milton-Freewater, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Milton-Freewater, Oregon's internal control.

Internal control deficiencies, none of which required a communication in writing under AU-C 265, were reported to management in a separate management letter dated December 22, 2020.

Restriction on Use

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

THE RBH Group, LLC

December 22, 2020