

CITY OF MILTON-FREEWATER, OREGON

Annual Comprehensive
Financial Report

June 30, 2022

CITY OF MILTON-FREEWATER, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION



CITY OF

MILTON-FREEWATER

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

March 15, 2023

To the Citizens of the City of Milton-Freewater

The annual comprehensive financial report of the City of Milton-Freewater, Oregon, for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

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

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

CITY PROFILE

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

Grapes are a major agricultural income for the valley. This area is producing wines that are being recognized worldwide. Major employers are the School District, Horizon Project, Earl Brown & Sons, the City of Milton-Freewater and Safeway. Recently the City has seen the medical and dental services industry, as well as the wine processing and bottling industry, make a strong economic presence in the valley.

ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL OVERVIEW

The City Council’s long-term financial planning goals are:

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

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

The City's 2022-23 budget is for \$50,574,789, an increase of \$876,961 from the prior year's budget total. This budget includes one rate increase to solid waste of 10% to offset the significant increase in materials and fuel. There are no other rate increases in Electric, Water, Sewer, Solid Waste or Golf Course in this budget.

The General Fund's fund balance is \$1,409,446 at June 30, 2022. This is an increase of \$953,441 compared to last year. This was mainly a result of grants and increased state revenue sharing.

The City's net position at June 30, 2022 is \$40,631,674, an increase of \$2,161,053, mainly due to increased capital projects related to House Bill 2017. The City's cash, cash equivalents and investments as of June 30, 2022 were \$20,709,407, an increase of \$9,026,763 mainly due to general obligation bond sales of \$7,828,007 including premiums.

MAJOR INITIATIVE

In August 2021, the City issued \$6.695 million in general obligation bonds, backed by the full faith and credit of the City. Proceeds from the bonds will provide financing for the construction of a new police station on the lot across from City Hall. This has been a long-time council goal of City Council. Construction of the building is in progress at June 30, 2022.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

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

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

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

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

ACCOUNTING BASIS

APPLIED FUNDS

Modified Accrual Basis

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

Accrual Basis

Proprietary Fund Types
Enterprise Funds
Internal Service Funds

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

THE REPORTING ENTITY AND SERVICES

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

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

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

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

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

CASH MANAGEMENT

The City of Milton-Freewater pools the cash of all funds and invests the surplus cash in certificates of deposit, savings accounts, U.S. Treasury bills and corporate bonds. Cash is also deposited in the Oregon State Investment Pool. Interest is disbursed to all funds based on each fund's cash contribution. Interest earnings were negative overall for fiscal year June 30, 2022 due to unrealized losses on investments, however, the City expects to recover these losses as the economy strengthens. For the year ended June 30, 2022, 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, Barnett & Moro, PC, was selected. This requirement has been complied with and the auditor's opinion has been included in this report.

CONCLUSION

The City of Milton-Freewater is always looking for ways to improve the efficiency of its work force, and the quality of service to its citizens. An example of this is the \$4,075,980 in grant funds received this year. The overall City is healthy financially with \$20,709,407 in cash and investments. Over the previous ten years we have replaced our sewer plant, updated two substations and instituted a replacement schedule for aging sewer & water lines. We also updated the City Hall Building and Fire Station buildings with grant funding.

ACKNOWLEDGEMENTS

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

Sincerely,



Linda Hall, City Manager

CITY OF MILTON-FREEWATER, OREGON

List of Principal Officials

June 30, 2022

ELECTED OFFICIALS

	<u>Term Expires</u>
Mayor:	
Lewis Key	December 31, 2024
Council Members:	
John Lyon	December 31, 2022
Brad Humbert	December 31, 2024
Jose Garcia	December 31, 2024
Damien Reino	December 31, 2024
Steve Irving	December 31, 2022
Wes Koklich	December 31, 2022

APPOINTED OFFICIALS

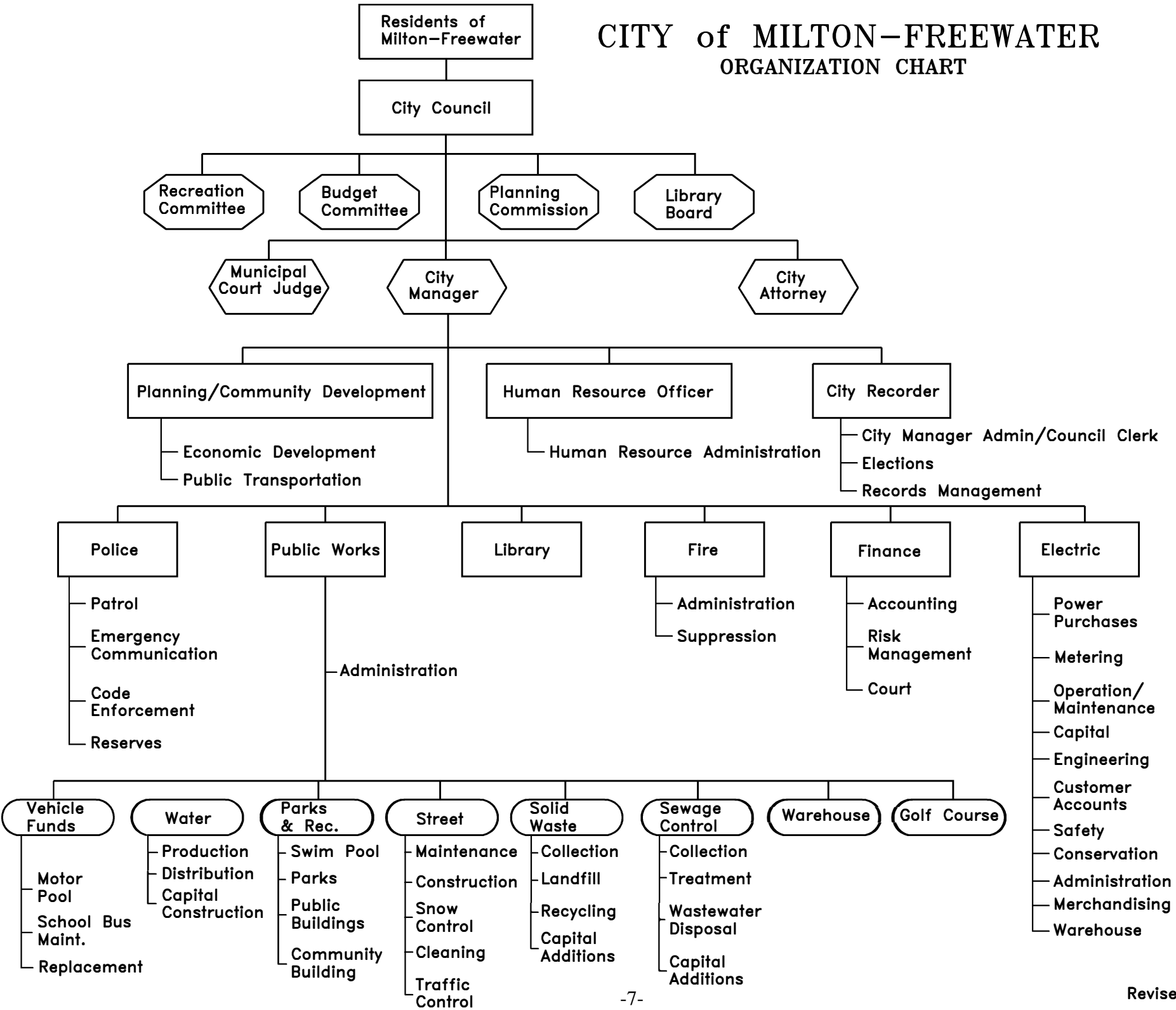
City Manager	Linda Hall
Municipal Judge	Molly Tucker Hasenbank
City Attorney	David Blanc of: The Blanc Firm, LLC

OFFICIAL ADDRESS

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

CITY of MILTON-FREEWATER

ORGANIZATION CHART



FINANCIAL SECTION

Barnett & Moro, P.C.

Certified Public Accountants

DENNIS L. BARNETT, C.P.A.
KRISTIE L. SHASTEEN, C.P.A.
CAMERON W. ANDERSON, C.P.A.
RICHARD L. STODDARD, C.P.A.
PAUL A. BARNETT, C.P.A.

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BETSY J. BENNETT, C.P.A.
REBECCA K. RAMOS BAUTISTA, C.P.A.
MITCHELL L. BOYLAN, C.P.A.
DAVID J. BARNETT, C.P.A.

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Milton-Freewater, Oregon

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the general fund budget-to-actual statement revenues, expenditures and changes of the City of Milton-Freewater, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Milton-Freewater, Oregon, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the schedules and notes on pages 95-101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other information

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

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


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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 15, 2023, on our consideration of the City of Milton-Freewater, Oregon’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Barnett & Moro, P.C.

By: 

Cameron W. Anderson
March 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

June 30, 2022

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, 2022. 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 Barnett & Moro, PC. Additional information outside the scope of this analysis can be found in the Letter of Transmittal. This is the nineteenth year the City is reporting under the provisions of GASB Statement No. 34, thirteenth year under GASB Statement No. 45, eleventh year under GASB Statement No.54, the seventh year under GASB No.68 and the fourth year under GASB No. 75 and the first year under GASB 87. We encourage readers to consider the information presented here in conjunction with the information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The City's net position at June 30, 2022 is \$40,631,674. An increase of \$2,161,053 from the prior year, is mainly due to an increase in electricity charges for services due to a rate increase.
- The General Fund's fund balance is \$1,409,446 at the end of the current fiscal year, an increase of \$953,441 over last year. The increase was mainly due to an increase in property taxes and grant money received related to the COVID-19 pandemic. General Fund revenues were \$4,007,838.
- The City's cash, cash equivalents, and investments as of June 30, 2022 are \$16,134,407, an increase of \$9,439,797 mainly due to unspent general obligation bond proceeds for construction of a new police station.
- The City's 2022-23 budget is \$50,574,789, an increase of \$876,961 from the prior year's budget. This is higher due to increased cost of operating and other expenditures.
- For its business-type activities the City generated \$13.3 million in Charges for Services to fund direct expenses of \$10.4 million resulting in a net revenue of \$3.5 million. After investment losses of \$70,015 and transfers out of \$2.7 million, net position from business-type activities increased by almost \$800,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

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

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

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

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

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

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

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

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

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

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

FUND-BASED FINANCIAL STATEMENTS

General Fund

The General Fund ended the year with a fund balance of \$1,409,446. This is an increase of \$953,441 compared to last year. This was mainly a result of grants and increased state revenue sharing. Revenues for fiscal 2022 were \$4,007,838.

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	\$ 1,253,947	31.3%
Utility Tax	190,459	4.8%
Other Taxes	29,244	0.7%
Intergovernmental	1,137,681	28.4%
Franchise Fees	1,111,342	27.7%
Fines, Licenses & System Development	119,116	3.0%
Services	78,101	1.9%
Interest and Investment Income (loss)	(7,564)	-0.2%
Miscellaneous	95,512	2.4%
Total	<u>\$ 4,007,838</u>	<u>100.0%</u>

Expenditures for the fiscal year were \$5,931,387.

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

Beginning Fund Balance	\$ 456,005
Revenues	4,007,838
Transfers In	<u>2,876,990</u>
	7,340,833
Expenditures	5,813,661
Transfers Out	<u>117,726</u>
	<u>5,931,387</u>
Fund Balance June 30, 2022	<u>\$ 1,409,446</u>

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Expenditures were as follows:

General Government	\$ 1,729,845	29.8%
Public Safety	2,673,216	46.0%
Culture and Recreation	455,703	7.8%
Public Works	671,160	11.5%
Community Development	122,809	2.1%
Engineering	42,806	0.7%
Capital Outlay	92,235	1.6%
Debt Service	25,887	0.4%
Total	\$ 5,813,661	100%

Special Revenue Funds

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

Street Fund. The Street Fund controls those revenues which must be spent on streets, primarily from State gas tax revenues. Funds are used to assure that the 30 miles of the street system are maintained in a safe, clean, well prepared manner. The Street Fund ended the year with a balance of \$821,157, an increase of \$178,020 from last year. This increase is due to an increase in state gas tax received, and not transferring any funds to the street improvement fund for capital projects.

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

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

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

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

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

Capital Project Funds

Street Improvement Fund. This fund accounts for revenues from street opening permits, Oregon State STP allocations and grants which are used for major street repairs. The Street Improvement Fund ended the year with a fund balance of \$296,773 an increase of \$87,454 due to unexpended grant money received for ongoing projects.

Police Station Construction Fund. This fund, which was established in the year ending June 30, 2022, accounts for construction of a new police station financed by 2022 bond proceeds. The ending fund balance at June 30, 2022 was \$7,035,060 due to bond proceeds and premiums received totaling \$7,828,007 and \$750,936 expended for capital outlay and bond issue costs.

Debt Service Fund

The City issued General Obligation Bonds in August 2022 of 7,828,007 including premiums to finance the construction of a new police station. The balance of General Obligation Bonded Debt at June 30, 2022 was \$7,740,994. One principal payment of \$55,000 and interest payments totaling \$192,447 were owed and paid in the year ending June 30, 2022.

Enterprise Funds

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

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

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Electric Funds financial comparison to last year is as follows:

	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 9,382,735	\$ 8,666,444
Operating Expenses	<u>7,884,839</u>	<u>8,277,437</u>
Operating Income	1,497,896	389,007
Non-operating		
Revenues (expenses)	(23,000)	30,924
Capital contributions	178,165	158,464
Net Operating Transfers	<u>(1,151,400)</u>	<u>(1,131,765)</u>
Net Income	<u>\$ 501,661</u>	<u>\$ (553,370)</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>2022</u>	<u>2021</u>
Operating Revenues	\$ 1,304,310	\$ 1,403,151
Operating Expenses	736,076	722,798
Operating Income	568,234	680,353
Non-operating		
Revenues (expenses)	(4,246)	3,924
Capital contributions	158,087	773,686
Net Operating Transfers	<u>(640,764)</u>	<u>(625,214)</u>
Net Income	<u>\$ 81,311</u>	<u>\$ 832,749</u>

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Sewer Fund. The sewage control system consists of approximately 30 miles of gravity flow collector lines. The system has been in place since 1947.

Sewer Funds financial comparison to last year is as follows:

Financial comparison to last year is as follows:

	2022	2021
Operating Revenues	\$ 1,315,060	\$ 1,320,450
Operating Expenses	727,688	922,519
Operating Income	587,372	397,931
Non-operating		
Revenues (expenses)	(32,590)	(64,547)
Capital contributions	139,899	134,893
Net Operating Transfers	(537,424)	(527,770)
Net Income (Loss)	\$ 157,257	\$ (59,493)

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 \$132,512 to use on well projects. The sewer fund received revenues of \$118,524 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:

	2022	2021
Operating Revenues	\$ 1,131,387	\$ 1,019,539
Operating Expenses	820,559	824,225
Operating Income	310,828	195,314
Non-operating		
Revenues (expenses)	(2,631)	3,481
Capital contributions	139,899	1,062
Net Operating Transfers	(352,752)	(343,872)
Net Income (Loss)	\$ 95,344	\$ (144,015)

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

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 \$163,743 an increase of \$2,966.

Golf Course Fund. This is the thirty second 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:

	2022	2021
Operating Revenues	\$ 180,705	\$ 219,722
Operating Expenses	207,363	194,550
Operating Income (Loss)	(26,658)	25,172
Non-operating		
Revenues (expenses)	(1,418)	(1,587)
Net Operating Transfers	(96)	(100)
Net Income (Loss)	\$ (28,172)	\$ 23,485

Internal Service Funds

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

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

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

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

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Sick Leave Liability Fund. Only sick leave earned in the current year is budgeted for. This leaves all the previous year's sick leave balance as a possible unfunded liability. This fund collects money to fund a portion of leave not budgeted for. The fund equity is now \$25,833, a decrease of \$21,566 due to some long-time employees retiring and being paid out their accrued leave.

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 \$74,022, an increase of \$17,136.

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 \$40,631,674 at the close of FY22.

Net Position at Year-End
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$11,400	\$2,927	\$12,078	\$11,533	\$23,478	\$14,461
Capital assets	19,766	19,239	18,680	18,804	38,446	38,042
Total assets	<u>31,166</u>	<u>22,166</u>	<u>30,758</u>	<u>30,337</u>	<u>61,924</u>	<u>52,503</u>
Deferred outflows:	<u>2,324</u>	<u>2,578</u>	<u>1,452</u>	<u>1,677</u>	<u>3,777</u>	<u>4,255</u>
Liabilities:						
Current liabilities	957	558	1,620	1,134	2,577	1,691
Noncurrent liabilities	12,807	8,709	4,124	7,040	16,930	15,749
Total liabilities	<u>13,764</u>	<u>9,267</u>	<u>5,744</u>	<u>8,173</u>	<u>19,507</u>	<u>17,440</u>
Deferred inflows:	<u>3,332</u>	<u>452</u>	<u>2,230</u>	<u>395</u>	<u>5,562</u>	<u>847</u>
Net Position:						
Net investment in capital assets	18,327	18,508	17,397	17,376	35,724	35,884
Restricted	8,054	1,004	1,324	1,288	9,379	2,292
Unrestricted	<u>(9,988)</u>	<u>(4,486)</u>	<u>5,517</u>	<u>4,781</u>	<u>(4,471)</u>	<u>295</u>
Total Net Position	<u>\$16,394</u>	<u>\$15,026</u>	<u>\$24,237</u>	<u>\$23,445</u>	<u>\$40,632</u>	<u>\$38,471</u>

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

The largest portion of the City's net position (88%) reflects its investments in capital assets (i.e., land, buildings, infrastructure, and equipment), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and consequently they are not available for current spending. Although the City's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position \$9,378,715 or 23% represents resources that are subject to external restrictions on how they may be used. The remaining net position is a negative unrestricted net position of \$4,471,011.

Analysis of Changes in Net Position:

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

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues						
Charges for service	\$296	\$242	\$13,298	\$12,572	\$13,594	\$12,815
Operating grants and contributions	1,835	1,304	60	57	1,896	1,361
Capital grants and contributions	1,093	1,647	572	1,068	1,664	2,715
General Revenues						
Taxes	1,564	1,186	-	-	1,564	1,186
Franchise Fees	1,544	1,466	-	-	1,544	1,466
Other	(54)	11	(4)	128	(58)	140
Total Revenues	<u>6,277</u>	<u>5,857</u>	<u>13,926</u>	<u>13,826</u>	<u>20,204</u>	<u>19,682</u>
Expenses						
General government	1,938	2,384	-	-	1,938	2,384
Public safety	2,636	2,949	-	-	2,636	2,949
Cultural and recreation	918	852	-	-	918	852
Public Works	742	799	-	-	742	799
Community Development	119	121	-	-	119	121
Engineering	41	47	-	-	41	47
Highways and streets	916	1,163	-	-	916	1,163
Interest on long-term debt	328	10	-	-	328	10
Electricity	-	-	7,902	8,296	7,902	8,296
Water	-	-	742	728	742	728
Sewer	-	-	729	998	729	998
Solid Waste	-	-	825	814	825	814
Golf Course	-	-	206	194	206	194
Total Expenses	<u>7,638</u>	<u>8,325</u>	<u>10,404</u>	<u>11,031</u>	<u>18,043</u>	<u>19,356</u>
Change in net position before transfers:	(1,361)	(2,469)	3,522	2,795	2,161	326
Transfers	2,729	2,675	(2,729)	(2,675)	-	-
Change in net position	<u>1,368</u>	<u>207</u>	<u>793</u>	<u>120</u>	<u>2,161</u>	<u>326</u>
Beginning net position	<u>15,026</u>	<u>14,820</u>	<u>23,445</u>	<u>23,325</u>	<u>38,471</u>	<u>38,145</u>
Ending net position	<u>\$16,394</u>	<u>\$15,026</u>	<u>\$24,237</u>	<u>\$23,445</u>	<u>\$40,632</u>	<u>\$38,470</u>

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Governmental Activities. Property taxes for governmental activities increased approximately \$380,000 due to an increase in taxable property values. Expenses in governmental activities - general government and public safety - decreased approximately \$760,000 due to less grant money available for spending.

Business-type Activities. Charges for services for the business-type activities increased approximately \$730,000 due to utility rate increases. Expenses in business-type funds also decreased approximately \$630,000 due to less grant money available for spending.

Budgetary Highlight. The general fund actual expenditures were \$6,244,019 less than the budgeted amount for a few reasons. The City applied for a State of Oregon Lottery Capital grant for a wine production facility in the amount of \$1.5 million but the State decided against funding the project. The City also budgeted for a \$3 million State of Oregon Lottery Capital grant for the construction of our new police station. The grant was awarded in fiscal year 2023. Lastly, the City budgeted to receive both installments of State and Local Fiscal Recovery Funds as part of the American Rescue Plan Act but only received the first.

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2022, amounts to \$35,723,970 (net of related debt). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, improvements and infrastructure.

The City had \$38.4 million in capital assets net of depreciation at June 30, 2022 allocated as follows:

Net Capital Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and easements	\$ 428	\$ 428	\$ 753	\$ 753	\$ 1,181	\$ 1,181
Construction in progress	2,256	938	229	10	2,486	948
Buildings and systems	2,519	2,648	15,900	16,227	18,420	18,875
Machinery, equipment	367	405	1,797	1,813	2,165	2,218
Street system	14,195	14,820	-	-	14,195	14,820
Total capital assets	\$ 19,766	\$ 19,239	\$ 18,680	\$ 18,804	\$ 38,446	\$ 38,042

In the governmental activities, during the year ended June 30, 2022, the City began construction on a new police station. The \$616,968 expended during the year is included in construction-in-progress. The City also capitalized \$652,407 in road improvements as construction-in-progress at year end.

In the business-type activities, the City capitalized \$218,757 of construction-in-progress for work started on the Braeburn lift replacement. The City also purchased a freightliner truck for \$147,228, and various other vehicles and equipment.

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

CITY OF MILTON-FREEWATER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Debt Administration

At year end, the City had \$9.7 million in long term debt outstanding, including financing leases, compared to \$2.2 million last year. The increase is due to \$7.7 million in general obligations bonds and premiums issued in the current year.

The Sewer fund wastewater improvement loan is \$1,147,540 at year end, a decrease of \$70,376 from the prior year. In addition, as of June 30, 2022, there was a \$478,015 balance outstanding on a promissory note incurred for construction of an elevator in City Hall and a \$209,614 balance outstanding on a promissory note for repairs at the Aquatic Center, a decrease in \$21,960 and \$20,961, respectively. As of June 30, 2022, there was a balance of \$135,713 on financing leases, a decrease in \$74,246 from the prior year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The FY 2022-2023 budget total is The City's 2022-23 budget is \$50,574,789, an increase of \$876,961 from the prior year's budget. This is higher due to increased cost of operating and other expenditures.

Electric: No rate increase

Water: No rate increase

Solid Waste: No rate increase

Sewer: No rate increase

Golf Course: No rate increase

Request for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF NET POSITION

June 30, 2022

ASSETS:	Governmental Activities	Business-Type Activities	Total
Current assets			
Cash and cash equivalents	\$ 7,908,558	\$ 8,225,849	\$ 16,134,407
Investments	2,274,893	2,300,107	4,575,000
Receivables:			
Accounts, net	298,424	1,107,030	1,405,454
Fines and Forfeitures, net	45,267	-	45,267
Property taxes	49,155	-	49,155
Weatherization loans	-	114,599	114,599
Leases	-	42,210	42,210
Internal balances	759,209	(759,209)	-
Inventories	-	942,746	942,746
Total current assets	<u>11,335,506</u>	<u>11,973,332</u>	<u>23,308,838</u>
Noncurrent assets			
Leases receivable	-	104,930	104,930
Other post employment benefits asset	64,703	-	64,703
Capital assets:			
Nondepreciable	2,684,018	982,125	3,666,143
Depreciable assets, net of depreciation	17,081,844	17,697,802	34,779,646
Total noncurrent assets	<u>19,830,565</u>	<u>18,784,857</u>	<u>38,615,422</u>
Total assets	<u>31,166,071</u>	<u>30,758,189</u>	<u>61,924,260</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pension and OPEB	2,324,292	1,452,398	3,776,690
Total assets and deferred outflows of resources	<u>\$ 33,490,363</u>	<u>\$ 32,210,587</u>	<u>\$ 65,700,950</u>
LIABILITIES:			
Current liabilities			
Accounts payable	\$ 639,353	\$ 682,881	\$ 1,322,234
Accrued interest payable	20,819	3,758	24,577
Customer Deposits	-	219,008	219,008
Unearned revenue	-	434,318	434,318
Current portion long-term liabilities	296,938	279,925	576,863
Total current liabilities	<u>957,110</u>	<u>1,619,890</u>	<u>2,577,000</u>
Noncurrent Liabilities			
Other post employment benefits liability	1,019,781	596,806	1,616,587
Net pension liability	3,162,687	1,976,294	5,138,981
Noncurrent portion of long-term liabilities	8,624,095	1,550,599	10,174,694
Total noncurrent liabilities	<u>12,806,563</u>	<u>4,123,699</u>	<u>16,930,262</u>
Total liabilities	<u>13,763,673</u>	<u>5,743,589</u>	<u>19,507,262</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows - leases	-	147,140	147,140
Deferred inflows related to pension and OPEB	3,332,479	2,082,395	5,414,874
Total deferred inflows of resources	<u>3,332,479</u>	<u>2,229,535</u>	<u>5,562,014</u>
NET POSITION:			
Net investment in capital assets	18,327,297	17,396,673	35,723,970
Restricted for:			
Highway and streets	821,156	-	821,156
Culture and recreation	141,475	-	141,475
System development	45,208	1,324,253	1,369,461
Debt Service	1,140	-	1,140
Urban renewal	10,423	-	10,423
Police station construction	7,035,060	-	7,035,060
Unrestricted	(9,987,548)	5,516,537	(4,471,011)
Total net position	<u>16,394,211</u>	<u>24,237,463</u>	<u>40,631,674</u>
Total liabilities, deferred inflows, and net position	<u>\$ 33,490,363</u>	<u>\$ 32,210,587</u>	<u>\$ 65,700,950</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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,937,843	\$ 120,689	\$ 922,848	\$ 301,213	\$ (593,093)	\$ -	\$ (593,093)
Public safety	2,635,784	72,342	60,423	-	(2,503,019)	-	(2,503,019)
Culture and recreation	917,625	91,039	277,594	14,400	(534,592)	-	(534,592)
Public works	742,459	-	-	-	(742,459)	-	(742,459)
Community development	118,619	-	-	-	(118,619)	-	(118,619)
Engineering	41,404	-	-	-	(41,404)	-	(41,404)
Highways and streets	916,107	11,472	574,440	777,189	446,994	-	446,994
Interest on long-term obligations	328,445	-	-	-	(328,445)	-	(328,445)
Total governmental activities	7,638,286	295,542	1,835,305	1,092,802	(4,414,637)	-	(4,414,637)
Business-type activities:							
Electricity	7,902,169	9,382,735	-	178,165	-	1,658,731	1,658,731
Water	741,755	1,304,310	-	158,087	-	720,642	720,642
Sewer	729,194	1,254,804	60,256	139,899	-	725,765	725,765
Solid waste	824,928	1,175,781	-	95,505	-	446,358	446,358
Golf course	206,316	180,705	-	-	-	(25,611)	(25,611)
Total business-type activities	10,404,362	13,298,335	60,256	571,656	-	3,525,885	3,525,885
Total government	\$ 18,042,648	\$ 13,593,877	\$ 1,895,561	\$ 1,664,458	(4,414,637)	3,525,885	(888,752)
General revenues:							
Property taxes levied for:							
General purposes					1,311,487	-	1,311,487
Debt service					252,118	-	252,118
Franchise and transient room taxes					1,544,332	-	1,544,332
Interest and investment earnings (losses)					(54,092)	(70,015)	(124,107)
Miscellaneous					-	53,194	53,194
Gain on sale of capital assets					-	12,781	12,781
Transfers					2,728,952	(2,728,952)	-
Total general revenues and transfers					5,782,797	(2,732,992)	3,049,805
Change in net position					1,368,160	792,893	2,161,053
Net Position, beginning					15,026,051	23,444,570	38,470,621
Net Position, ending					\$ 16,394,211	\$ 24,237,463	\$ 40,631,674

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

CITY OF MILTON-FREEWATER

Fund Financial Statements

June 30, 2022

Major Governmental Funds

General Fund

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

Street Improvement Fund

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

Police Station Construction Fund

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

CITY OF MILTON-FREEWATER, OREGON

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Street Improvement Fund	Police Station Construction Fund	Other Governmental Funds	Total
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 1,285,671	\$ 220,470	5,562,533	\$ 839,884	\$ 7,908,558
Investments	367,932	63,481	1,601,649	241,831	2,274,893
Receivables (net of allowances)					
Property taxes	42,674	-	-	6,481	49,155
Accounts	76,909	98,820	-	122,695	298,424
Fines and forfeitures, net	45,267	-	-	-	45,267
Due from other funds	51,309	-	-	-	51,309
Total assets	<u>\$ 1,869,762</u>	<u>\$ 382,771</u>	<u>\$ 7,164,182</u>	<u>\$ 1,210,891</u>	<u>\$ 10,627,606</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable and accrued liabilities	\$ 371,733	\$ 85,998	129,122	\$ 52,500	\$ 639,353
Total liabilities	<u>371,733</u>	<u>85,998</u>	<u>129,122</u>	<u>52,500</u>	<u>639,353</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenue	88,583	-	-	59,904	148,487
Total deferred inflows of resources	<u>88,583</u>	<u>-</u>	<u>-</u>	<u>59,904</u>	<u>148,487</u>
<u>FUND BALANCES:</u>					
Restricted	55,631	-	7,035,060	963,772	8,054,463
Assigned	-	296,773	-	134,715	431,488
Unassigned	1,353,815	-	-	-	1,353,815
Total fund balances	<u>1,409,446</u>	<u>296,773</u>	<u>7,035,060</u>	<u>1,098,487</u>	<u>9,839,766</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,869,762</u>	<u>\$ 382,771</u>	<u>\$ 7,164,182</u>	<u>\$ 1,210,891</u>	<u>\$ 10,627,606</u>

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

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

June 30, 2022

Fund balances - total governmental funds	\$ 9,839,766
Amounts reported for governmental activities in the Statement of Net Position are different because:	
PERS net pension liability, deferred outflows of resources arising from contributions paid, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position:	
Net pension liability	(3,162,687)
Deferred outflows related to pension	2,160,057
Deferred inflows related to pensions	(3,123,913)
Other post employment benefits liability, deferred outflows of resources arising from contributions paid, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position:	
Other post employment benefits asset	64,703
Other post employment benefits liability	(1,019,781)
Deferred outflows after measurement date	164,235
Deferred inflows from changes of assumptions or inputs	(208,566)
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.	19,765,862
Property taxes and other revenues that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.	148,487
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	131,774
Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(256,973)
PERS accrued transition liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.	(235,437)
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.	(20,819)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and, therefore, are not reported in the fund statements.	(8,428,623)
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.	576,126
Net position of governmental activities	\$ 16,394,211

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	General Fund	Street Improvement Fund	Police Station Construction Fund	Other Governmental Funds	Totals
<u>REVENUES:</u>					
Property taxes	\$ 1,253,947	\$ -	-	\$ 307,048	\$ 1,560,995
Utility tax	190,459	-	-	-	190,459
Other taxes	29,244	-	-	-	29,244
Franchise fees	1,111,342	-	-	-	1,111,342
Licenses and fees	22,780	4,873	-	-	27,653
Charges for services	78,101	-	-	2,823	80,924
Intergovernmental	1,137,681	777,189	-	1,212,305	3,127,175
Fines and forfeitures	81,936	-	-	2,592	84,528
System development charges	14,400	-	-	-	14,400
Interest on investments (losses)	(7,564)	(770)	(42,011)	(5,296)	(55,641)
Miscellaneous	95,512	-	-	24,217	119,729
Total revenues	<u>4,007,838</u>	<u>781,292</u>	<u>(42,011)</u>	<u>1,543,689</u>	<u>6,290,808</u>
<u>EXPENDITURES:</u>					
Current:					
General government	1,729,845	-	-	276,389	2,006,234
Public safety	2,673,216	-	-	28,178	2,701,394
Culture and recreation	455,703	-	-	385,788	841,491
Public works	671,160	-	-	-	671,160
Community Development	122,809	-	-	-	122,809
Engineering	42,806	-	-	-	42,806
Highways and streets	-	-	-	277,106	277,106
Capital outlay	92,235	693,838	616,967	12,287	1,415,327
Debt service	25,887	-	133,969	278,283	438,139
Total expenditures	<u>5,813,661</u>	<u>693,838</u>	<u>750,936</u>	<u>1,258,031</u>	<u>8,516,466</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>					
<u>OVER (UNDER) EXPENDITURES</u>	<u>(1,805,823)</u>	<u>87,454</u>	<u>(792,947)</u>	<u>285,658</u>	<u>(2,225,658)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Issuance of debt	-	-	7,828,007	-	7,828,007
Transfers in	2,876,990	-	-	109,293	2,986,283
Transfers out	(117,726)	-	-	(139,606)	(257,332)
	<u>2,759,264</u>	<u>-</u>	<u>7,828,007</u>	<u>(30,313)</u>	<u>10,556,958</u>
<u>NET CHANGE IN FUND BALANCE</u>	953,441	87,454	7,035,060	255,345	8,331,300
<u>FUND BALANCE, BEGINNING</u>	<u>456,005</u>	<u>209,319</u>	<u>-</u>	<u>843,142</u>	<u>1,508,466</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ 1,409,446</u>	<u>\$ 296,773</u>	<u>\$ 7,035,060</u>	<u>\$ 1,098,487</u>	<u>\$ 9,839,766</u>

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, 2022

Net change in fund balance - governmental funds		\$ 8,331,300
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.		(13,313)
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.		97,921
Issuance of debt is a financial resource in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.		(7,828,007)
Governmental funds report the effect of bond premiums as other financing sources when issued, however, the premiums are deferred and amortized over the life of the bond issue in the statement of activities.		32,013
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		34,613
Change in accrued interest payable		(20,240)
Change in other postemployment benefits		(313,307)
Change in PERS transition liability		38,682
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation.		
Capital asset additions	\$ 1,409,618	
Depreciation expense	<u>(882,434)</u>	527,184
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense/income.		473,498
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds are allocated between governmental and business-type activities.		<u>7,816</u>
Change in net position - governmental activities		<u>\$ 1,368,160</u>

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES:</u>				
Property taxes	\$ 1,241,405	\$ 1,241,405	\$ 1,253,947	\$ 12,542
Utility tax	152,000	152,000	190,459	38,459
Other taxes	10,000	10,000	29,244	19,244
Franchise fees	1,071,146	1,071,146	1,111,342	40,196
Licenses and fees	19,600	19,600	22,780	3,180
Charges for services	85,500	85,500	78,101	(7,399)
Intergovernmental	6,214,321	6,214,321	1,137,681	(5,076,640)
Fines and forfeitures	111,500	111,500	81,936	(29,564)
System development charges	8,000	8,000	14,400	6,400
Interest on investments (loss)	3,500	3,500	(7,564)	(11,064)
Miscellaneous	109,000	109,000	95,512	(13,488)
Total revenues	<u>9,025,972</u>	<u>9,025,972</u>	<u>4,007,838</u>	<u>(5,018,134)</u>
<u>EXPENDITURES:</u>				
Current:				
General government	3,795,752	7,055,472	1,729,845	5,325,627
Public safety	2,729,195	2,890,555	2,673,216	217,339
Culture and recreation	472,643	472,643	455,703	16,940
Public works	686,593	741,690	671,160	70,530
Community Development	118,870	119,707	122,809	(3,102)
Engineering	48,270	48,270	42,806	5,464
Capital outlay	3,684,553	196,273	92,235	104,038
Debt service	33,070	33,070	25,887	7,183
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>12,068,946</u>	<u>12,057,680</u>	<u>5,813,661</u>	<u>6,244,019</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>(3,042,974)</u>	<u>(3,031,708)</u>	<u>(1,805,823)</u>	<u>1,225,885</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	2,876,959	2,876,959	2,876,990	31
Transfers out	(106,887)	(118,153)	(117,726)	427
	<u>2,770,072</u>	<u>2,758,806</u>	<u>2,759,264</u>	<u>458</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(272,902)</u>	<u>(272,902)</u>	<u>953,441</u>	<u>1,226,343</u>
<u>FUND BALANCE, BEGINNING</u>	<u>272,902</u>	<u>272,902</u>	<u>456,005</u>	<u>183,103</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,409,446</u>	<u>\$ 1,409,446</u>

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

CITY OF MILTON-FREEWATER

FUND FINANCIAL STATEMENTS

June 30, 2022

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, 2022

	Business - Type Activities - Enterprise Funds					Business-Type
	All Electric				Other	Activities-
	Funds	Water Fund	All Sewer Funds	Enterprise Funds	Total	Internal Service Funds
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 4,437,039	\$ 517,079	\$ 1,310,332	\$ 480,072	\$ 6,744,522	\$ 883,401
Investments	781,322	-	-	138,229	919,551	254,362
Restricted cash and cash equivalents	236,121	-	-	-	236,121	-
Receivables:						
Accounts, net	652,608	119,779	168,563	164,962	1,105,912	1,118
Leases	-	-	36,210	6,000	42,210	-
Inventories	863,928	67,758	2,663	-	934,349	8,397
Total current assets	<u>6,971,018</u>	<u>704,616</u>	<u>1,517,768</u>	<u>789,263</u>	<u>9,982,665</u>	<u>1,147,278</u>
Noncurrent assets:						
Restricted cash and cash equivalents	-	117,318	117,349	127,138	361,805	-
Restricted investments	495,842	182,665	411,079	36,608	1,126,194	-
Weatherization loans	114,599	-	-	-	114,599	-
Leases receivable	-	-	92,430	12,500	104,930	-
Other post employment benefits asset	23,259	3,519	4,519	5,677	-	3,459
Capital assets:						
Land	112,628	16,313	512,442	111,686	753,069	-
Construction in progress	-	-	229,056	-	229,056	-
Depreciable assets, net of depreciation	6,322,698	4,650,598	5,319,544	190,607	16,483,447	1,214,355
Total noncurrent assets	<u>7,069,026</u>	<u>4,970,413</u>	<u>6,686,419</u>	<u>484,216</u>	<u>19,210,074</u>	<u>1,217,814</u>
Total assets	<u>14,040,044</u>	<u>5,675,029</u>	<u>8,204,187</u>	<u>1,273,479</u>	<u>29,192,739</u>	<u>2,365,092</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred outflows related to pension and OPEB	835,508	126,407	162,293	203,934	1,328,142	124,256
LIABILITIES:						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 558,168	\$ 34,367	\$ 18,565	\$ 37,891	\$ 648,991	\$ 33,890
Accrued interest payable	-	-	1,872	1,208	3,080	678
Unearned revenue	434,318	-	-	-	434,318	-
Due to other funds	-	-	-	51,309	51,309	-
Current portion long-term liabilities	105,732	19,154	88,170	7,722	220,778	59,147
Deposits	219,008	-	-	-	219,008	-
Total current liabilities	<u>1,317,226</u>	<u>53,521</u>	<u>108,607</u>	<u>98,130</u>	<u>1,577,484</u>	<u>93,715</u>
Noncurrent liabilities:						
Advances from other funds	-	-	-	131,774	131,774	-
Long-term debt, net of current portion:						
Due to Bonneville Power Administration	40,200	-	-	-	40,200	-
Landfill closure liability	-	-	-	179,477	179,477	-
Leases Payable	-	-	-	-	-	88,794
Notes and contracts payable	-	-	1,075,750	-	1,075,750	-
Net pension liability	1,136,884	172,004	220,835	277,494	1,807,217	169,077
Transition liability	68,421	12,438	18,228	13,332	112,419	13,655
Compensated absences payable	26,433	4,789	4,095	1,930	37,247	3,057
Other postemployment benefits	366,579	55,461	71,206	89,475	582,721	54,517
Total liabilities	<u>2,955,743</u>	<u>298,213</u>	<u>1,498,721</u>	<u>791,612</u>	<u>5,544,289</u>	<u>422,815</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows - leases	-	-	128,641	18,500	147,141	-
Deferred inflows related to pension and OPEB	1,197,921	181,238	232,692	292,391	1,904,242	178,153
Total deferred inflows of resources	<u>1,197,921</u>	<u>181,238</u>	<u>361,333</u>	<u>310,891</u>	<u>2,051,383</u>	<u>178,153</u>
NET POSITION:						
Net investment in capital assets	6,435,326	4,666,911	4,913,502	314,793	16,330,532	1,078,641
Restricted for system development	495,842	299,983	528,428	-	1,324,253	-
Restricted for landfill closure	-	-	-	(15,731)	(15,731)	-
Unrestricted	3,790,720	355,091	1,064,496	75,848	5,286,155	809,739
Total net position	<u>10,721,888</u>	<u>5,321,985</u>	<u>6,506,426</u>	<u>374,910</u>	<u>22,925,209</u>	<u>1,888,380</u>
Total liabilities, deferred inflows, and net position	<u>\$ 14,875,552</u>	<u>\$ 5,801,436</u>	<u>\$ 8,366,480</u>	<u>\$ 1,477,413</u>	<u>\$ 30,520,881</u>	<u>\$ 2,489,348</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, 2022

Net position - total enterprise funds \$ 22,925,209

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	883,401	
Investments	254,362	
Accounts receivable, net	1,118	
Inventories	8,397	
Internal balances	(576,126)	
Capital assets, net	1,214,355	
Deferred outflows-contributions to PERS	124,256	
Account payable and accrued expenses	(33,890)	
Accrues interest payable	(678)	
Long-term debt, including capital leases	(135,714)	
Compensated absences	(15,284)	
Deferred inflows-pension differences	(178,153)	
Net pension liability	(169,077)	
PERS transition liability	(13,655)	
Other postemployment benefits	(51,058)	
	1,312,254	1,312,254

Net position of business-type activities **\$ 24,237,463**

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

	Business - Type Activities - Enterprise Funds				Totals	Business-Type Activities- Internal Service Funds
	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Funds		
<u>OPERATING REVENUES:</u>						
Charges for services	\$ 9,024,173	\$ 1,289,126	\$ 1,254,574	\$ 1,260,621	\$ 12,828,494	\$ 849,023
Farm income	-	-	60,256	-	60,256	-
Miscellaneous	358,562	15,184	230	51,471	425,447	26,212
Total operating revenues	<u>9,382,735</u>	<u>1,304,310</u>	<u>1,315,060</u>	<u>1,312,092</u>	<u>13,314,197</u>	<u>\$ 875,235</u>
<u>OPERATING EXPENSES:</u>						
Personal services	1,531,334	168,887	273,733	476,631	2,450,585	334,366
Materials and services	6,100,277	405,374	294,577	553,870	7,354,098	311,408
Depreciation	253,228	161,815	159,378	15,654	590,075	173,874
Total operating expenses	<u>7,884,839</u>	<u>736,076</u>	<u>727,688</u>	<u>1,046,155</u>	<u>10,394,758</u>	<u>819,648</u>
<u>OPERATING INCOME</u>	<u>1,497,896</u>	<u>568,234</u>	<u>587,372</u>	<u>265,937</u>	<u>2,919,439</u>	<u>55,587</u>
<u>NON-OPERATING INCOME (EXPENSES):</u>						
Gain(loss) on disposal of capital assets	-	-	-	-	-	12,781
Interest on investments	(23,000)	(4,246)	(9,202)	(3,658)	(40,106)	(5,183)
Interest expense	-	-	(23,388)	(1,418)	(24,806)	(4,101)
Total non-operating income (expenses)	<u>(23,000)</u>	<u>(4,246)</u>	<u>(32,590)</u>	<u>(5,076)</u>	<u>(64,912)</u>	<u>3,497</u>
<u>NET INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</u>	<u>1,474,896</u>	<u>563,988</u>	<u>554,782</u>	<u>260,861</u>	<u>2,854,527</u>	<u>59,084</u>
<u>TRANSFERS:</u>						
Transfers in	6,000	-	-	6,000	12,000	50,094
Transfers out	(1,157,400)	(640,764)	(537,424)	(354,852)	(2,690,440)	(100,606)
<u>CAPITAL CONTRIBUTIONS:</u>						
Intergovernmental	-	-	-	-	-	-
System development charges	178,165	158,087	139,899	139,899	616,050	-
<u>CHANGE IN NET POSITION</u>	<u>501,661</u>	<u>81,311</u>	<u>157,257</u>	<u>51,908</u>	<u>792,137</u>	<u>8,572</u>
<u>NET POSITION, BEGINNING</u>	<u>10,220,227</u>	<u>5,240,674</u>	<u>6,349,169</u>	<u>323,002</u>	<u>22,133,072</u>	<u>1,879,808</u>
<u>NET POSITION, ENDING</u>	<u>\$ 10,721,888</u>	<u>\$ 5,321,985</u>	<u>\$ 6,506,426</u>	<u>\$ 374,910</u>	<u>\$ 22,925,209</u>	<u>\$ 1,888,380</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, EXPENSES, AND CHANGES IN
NET POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
June 30, 2022

Change in net position - total enterprise funds \$ 792,137

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.

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Net position of business-type activities \$ 792,893

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

	Business - Type Activities - Enterprise Funds				Total	Business-Type Activities- Internal Service Funds
	All Electric Funds	Water Funds	All Sewer Funds	Other Enterprise Funds		
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>						
Receipts from customers and users	\$ 9,830,589	\$ 1,383,926	\$ 1,301,709	\$ 1,264,342	\$ 13,780,566	\$ 71,075
Receipts from interfund services provided	-	-	-	-	-	806,328
Payments to suppliers and others	(5,493,520)	(354,795)	(143,902)	(197,739)	(6,189,956)	(312,623)
Payments to employees and others for	(1,866,176)	(308,329)	(407,217)	(500,331)	(3,082,053)	(299,891)
Payments for interfund services used	(934,044)	(143,989)	(167,926)	(327,719)	(1,573,678)	-
Net cash provided by operating activities	<u>1,536,849</u>	<u>576,813</u>	<u>582,664</u>	<u>238,553</u>	<u>2,934,879</u>	<u>264,889</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>						
Transfers in	6,000	-	-	16,423	22,423	50,094
Transfers out	(1,157,400)	(640,764)	(537,424)	(354,852)	(2,690,440)	(100,606)
Net cash provided by (used in) non-capital financing activities	<u>(1,151,400)</u>	<u>(640,764)</u>	<u>(537,424)</u>	<u>(338,429)</u>	<u>(2,668,017)</u>	<u>(50,512)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>						
Weatherization program	(883)	-	-	-	(883)	-
System development	178,165	158,087	139,898	139,899	616,049	-
Proceeds from sale of capital assets	-	-	-	-	-	21,381
Acquisition of capital assets	(179,957)	(41,466)	(218,756)	(22,660)	(462,839)	(103,246)
Principal paid on long-term obligations	-	-	(70,376)	-	(70,376)	(148,492)
Interest	-	-	(23,536)	(1,418)	(24,954)	(5,843)
Net cash provided by (used in) capital and related financing activities	<u>(2,675)</u>	<u>116,621</u>	<u>(172,770)</u>	<u>115,821</u>	<u>56,997</u>	<u>(236,200)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>						
Net sales (purchases) of investments	1,059,988	152,521	450,388	160,838	1,823,735	253,566
Interest on investments	(23,000)	(4,246)	(9,202)	(3,658)	(40,106)	(5,183)
Net cash provided by investing activities	<u>1,036,988</u>	<u>148,275</u>	<u>441,186</u>	<u>157,180</u>	<u>1,783,629</u>	<u>248,383</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>						
	1,419,762	200,945	313,656	173,125	2,107,488	226,560
<u>CASH AND CASH EQUIVALENTS, BEGINNING</u>						
	3,253,398	433,452	1,114,025	434,085	5,234,960	656,841
<u>CASH AND CASH EQUIVALENTS, ENDING</u>						
	<u>4,673,160</u>	<u>634,397</u>	<u>1,427,681</u>	<u>607,210</u>	<u>7,342,448</u>	<u>883,401</u>
<u>COMPRISED AS FOLLOWS:</u>						
Cash and cash equivalents	\$ 4,437,039	\$ 517,079	\$ 1,310,332	\$ 480,072	\$ 6,744,522	\$ 883,401
Restricted cash and cash equivalents - current	236,121	-	-	-	236,121	-
Restricted cash and cash equivalents - noncurrent	-	117,318	117,349	127,138	244,487	-
	<u>\$ 4,673,160</u>	<u>\$ 634,397</u>	<u>\$ 1,427,681</u>	<u>\$ 607,210</u>	<u>\$ 7,225,130</u>	<u>\$ 883,401</u>

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

CITY OF MILTON-FREEWATER, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

	Business - Type Activities - Enterprise Funds				Totals	Business-Type Activities- Internal Service Funds
	All Electric Funds	Water Fund	All Sewer Funds	Other Enterprise Operations		
<u>Reconciliation of operating income to net cash provided by operating activities:</u>						
Operating income	\$ 1,497,896	\$ 568,234	\$ 587,372	\$ 265,937	\$ 2,919,439	\$ 55,587
Adjustments to reconcile operating income to net cash						
Depreciation	253,228	161,815	159,378	15,654	590,075	173,874
(Increase) decrease in assets:						
Receivables	84,935	79,616	(13,351)	(47,750)	103,450	2,168
Deferred inflows related to pension and OPEB	1,106,474	163,836	212,852	260,629	1,743,791	31,641
Inventories	(262,934)	(8,505)	146	-	(271,293)	(2,754)
Increase (decrease) in liabilities						
Deposits	(10,745)	-	-	-	(10,745)	-
Accounts payable and accrued expenses	(64,353)	(84,904)	(17,397)	28,412	(138,242)	1,539
Unearned revenues	373,664	-	-	-	373,664	
Compensated absences payable	2,753	19,461	18,320	(26,169)	14,365	4,902
PERS net pension and transition liability	(1,275,866)	(194,939)	(251,601)	(274,472)	(1,996,878)	(2,068)
Other postemployment benefits	(168,203)	(127,801)	(113,055)	16,312	(392,747)	-
Net cash provided by operating activities	<u>\$ 1,536,849</u>	<u>\$ 576,813</u>	<u>\$ 582,664</u>	<u>\$ 238,553</u>	<u>\$ 2,934,879</u>	<u>\$ 264,889</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial reporting entity:

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

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

B. Government-wide and fund financial statements:

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

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

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

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

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

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

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

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

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

D. Fund Types and Major Funds:

Governmental Funds

Governmental funds are generally used to account for activities supported by taxes and general City revenues. The City reports the following major governmental funds:

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

General Fund:

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

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

Street Improvement Fund:

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

Police Station Construction Fund:

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

D. Fund Types and Major Funds (continued):

Proprietary Funds

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

Electric Funds

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

Water Fund

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

Sewer Funds

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

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

E. Cash, Cash Equivalents, and Investments

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

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

F. Receivables and Payables

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

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

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

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

G. Inventories and Prepaid Expenses

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

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

I. Long-Term Obligations

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

J. Compensated Absences

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

J. Compensated Absences (continued)

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

K. Deferred Outflows/Inflows of Resources:

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in this category. Unavailable revenue from property taxes, municipal court and other general revenues in the General Fund, and grants in special revenue funds reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions and OPEB, as well as leases receivables, in the government-wide Statement of Net Position and/or in the proprietary funds Statement of Net Position. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Property Taxes:

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

M. Income Taxes:

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

N. Pensions:

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

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

O. Credit Risk:

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

P. Fund Equity

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

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

P. Fund Equity (continued)

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

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

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

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

Q. Net Position:

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

R. Leases

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

R. Leases (continued)

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

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

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

S. Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

A. Budgetary Information (Continued):

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, 2022, 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

B. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following amounts:

General Fund	
Planning	\$ 3,102
Solid Waste Fund	
Materials and services	\$ 42,627
Golf Course Fund	
Personal services	\$ 2,666
Vehicle Replacement Fund	
Debt service	\$ 5,477

C. Deficit Fund Balances

Funds having a deficit fund balance at June 30, 2022 are as follows:

Golf Course Fund	\$ (60,688)
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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, 2022. 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

A. Deposits and Investments (Continued):

The City's deposits are comprised of bank demand deposits and certificates of deposit. For the fiscal year ended June 30, 2022, the carrying amount of the City deposits, including certificates of deposit (in the amount of \$245,613) and money market accounts, was \$1,432,101 and the bank balance was \$1,534,458. All deposits are held in the name of the City. Of the bank balance, \$616,850 was covered by federal depository insurance and \$917,608 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

A. Deposits and Investments (Continued):

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

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

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

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

A. Deposits and Investments (Continued):

The City has the following recurring fair value measurements as of June 30, 2022:

Investments measured at Fair Value	Fair Value Measurements Using				Cost Measurement Using
	Totals as of 6/30/2022	Quoted Prices in Active Markets for Identical Assets Level One	Significant Other Observable Inputs Level Two	Significant Unobservable Inputs Level Three	Not Measured at Fair Value
US Government Agency Obligations	\$ 830,166	\$ 830,166	\$ -	\$ -	\$ -
Municipal Bonds	741,380	-	741,380	-	-
Corporate Bonds	2,757,842	-	2,757,842	-	-
Time/Interest Bearing Deposits	400,152	-	-	-	400,152
Local Government Investment Pool	14,837,507	-	-	-	14,837,507
Total Investments	\$ 19,567,047	\$ 830,166	\$ 3,499,222	\$ -	\$ 15,237,659

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

A. Deposits and Investments (Continued):

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

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

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

Investments held by the City at June 30, 2022, and their remaining time to maturity, are as follows:

Investment Type	Weighted Average Maturity	Fair Value
Local Government Investment Pool	0.42	\$ 14,837,507
Money Market Investments	-	126,030
US Government Agency Obligations (79% AA+, 21% AAA)	0.12	830,165
Corporate Bonds (18% BBB+, 36% A-, 20% A+, 13% AA-, 13% AA+)	0.29	2,757,842
Municipal Bonds (52% AA, 42% AA+, 6% AAA)	0.10	741,380
Accrued interest	-	28,509
	0.93	19,321,433
Less amounts classified as cash equivalents	(0.42)	(14,992,046)
Total subject to investment risk	0.51	4,329,387
Time Certificates of Deposit		245,613
Total investments for financial reporting purposes		\$ 4,575,000

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	\$ 1,142,361
Local Government Investment Pool	14,837,507
Money Market Investments	126,030
Accrued interest	28,509
	\$ 16,134,407
Total cash and cash equivalents	\$ 16,134,407

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

A. Deposits and Investments (Continued):

Restricted cash and investments at June 30, 2022 consist of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental Activities:			
Highways and streets	\$ 609,111	\$ 175,384	\$ 784,495
Culture and recreation	120,869	34,802	155,671
System development	-	45,208	45,208
Debt service	482	139	621
Urban renewal	10,423	-	10,423
Police	5,562,533	1,601,649	7,164,182
Total governmental activities	<u>\$ 6,303,418</u>	<u>\$ 1,857,182</u>	<u>\$ 8,160,600</u>
Business-type activities:			
Customer deposits	236,121	-	236,121
System development	234,667	1,089,586	1,324,253
Landfill closure costs	127,138	36,608	163,746
Total business-type activities	<u>597,926</u>	<u>1,126,194</u>	<u>1,724,120</u>
Total restricted cash and investments	<u>\$ 6,901,344</u>	<u>\$ 2,983,376</u>	<u>\$ 9,884,720</u>

B. Receivables

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Property Taxes	\$ 43,722	\$ 6,481	\$ 50,203
Accounts	75,861	122,695	198,556
Fines and forfeitures	150,877	-	150,877
Allowance for doubtful accounts	(105,610)	-	(105,610)
Total receivables	<u>\$ 164,850</u>	<u>\$ 129,176</u>	<u>\$ 294,026</u>

An allowance for uncollectible court receivables has been established of \$105,610. Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectible accounts has been established for those respective receivables.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, non-depreciable:				
Land	\$ 412,540	\$ -	\$ -	\$ 412,540
Easements	15,000	-	-	15,000
Construction in progress	938,153	1,318,325	-	2,256,478
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, non-depreciable	1,365,693	1,318,325	-	2,684,018
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, depreciable:				
Machinery and equipment	964,114	56,784	-	1,020,898
Buildings and improvements	6,418,563	-	-	6,418,563
Infrastructure	26,437,166	34,509	-	26,471,675
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, depreciable	33,819,843	91,293	-	33,911,136
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for:				
Machinery and equipment	(559,038)	(94,643)	-	(653,681)
Buildings and improvements	(3,770,893)	(128,474)	-	(3,899,367)
Infrastructure	(11,616,927)	(659,317)	-	(12,276,244)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(15,946,858)	(882,434)	-	(16,829,292)
	<hr/>	<hr/>	<hr/>	<hr/>
Net depreciable capital assets	17,872,985	(791,141)	-	17,081,844
	<hr/>	<hr/>	<hr/>	<hr/>
Net Governmental activities capital assets, net	\$ 19,238,678	\$ 527,184	\$ -	\$ 19,765,862
	<hr/>	<hr/>	<hr/>	<hr/>

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

Governmental activities:	
General government	\$ 4,419
Public safety	37,254
Culture and recreation	89,050
Public Works	90,490
Highways and streets	661,221
Total depreciation expense - governmental activities	<hr/> <u>\$ 882,434</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

C. Capital Assets (continued)

Capital asset activity for the business-type activities for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>business activities:</u>				
Capital Assets, non-depreciable:				
Land	\$ 753,069	\$ -	\$ -	\$ 753,069
Construction in progress	10,300	218,757	-	229,057
Total capital assets, non-depreciable	<u>763,369</u>	<u>218,757</u>	<u>-</u>	<u>982,126</u>
Capital assets, depreciable:				
Machinery and equipment	6,713,068	241,618	(198,960)	6,755,726
Buildings and improvements	34,257,549	179,957	-	34,437,506
Total capital assets, depreciable	<u>40,970,617</u>	<u>421,575</u>	<u>(198,960)</u>	<u>41,193,232</u>
Less accumulated depreciation for:				
Machinery and equipment	(4,900,149)	(257,198)	198,960	(4,958,387)
Buildings and improvements	(18,030,294)	(506,752)	-	(18,537,046)
Total accumulated depreciation	<u>(22,930,443)</u>	<u>(763,950)</u>	<u>198,960</u>	<u>(23,495,433)</u>
Net depreciable capital assets	<u>18,040,174</u>	<u>(342,375)</u>	<u>-</u>	<u>17,697,799</u>
Net Governmental activities capital assets, net	<u>\$ 18,803,543</u>	<u>\$ (123,618)</u>	<u>\$ -</u>	<u>\$ 18,679,925</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

C. Capital Assets (continued)

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

Business-type activities:

Electric	\$ 253,228
Water	161,815
Sewer	159,379
Solid Waste	12,697
Golf Course	2,957
Warehouse	1,938
Vehicle Maintenance	1,297
Vehicle Replacement	<u>170,639</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 763,950</u></u>

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

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Capital assets	\$ 19,765,862	\$ 18,679,927	\$ 38,445,789
Capital debt:			
Bonds payable (expended amount)	(750,936)	-	(750,936)
Notes payable	(687,629)	(1,147,540)	(1,835,169)
Financing leases	-	(135,714)	(135,714)
Total net investment in capital assets	<u><u>\$ 18,327,297</u></u>	<u><u>\$ 17,396,673</u></u>	<u><u>\$ 35,723,970</u></u>

D. Deferred Outflows/Inflows of Resources

The governmental funds report unavailable revenues from the following sources:

	<u>General</u>	<u>Other</u>	
	<u>Fund</u>	<u>Governmental</u>	
		<u>Funds</u>	<u>Totals</u>
Property taxes	\$ 37,932	\$ 5,732	\$ 43,664
Accounts	12,443	50,592	63,035
Fines and forfeitures	38,208	-	38,208
Assessments/Accounts	-	3,580	3,580
	<u><u>\$ 88,583</u></u>	<u><u>\$ 59,904</u></u>	<u><u>\$ 148,487</u></u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements
June 30, 2022

E. Long-term Obligations

1. Direct Borrowings – Business-Type Activities

Sewer Fund

On December 9, 2013 the City entered into an agreement with the Oregon Infrastructure Finance Authority (IFA) for a wastewater improvement grant reimbursement loan for a total of \$3,305,000. Of the total, \$2,000,000 was grant monies and the remaining \$1,305,000 was a cost reimbursement loan to the City. This loan was refinanced on February 5, 2021 with Truist Bank. The new outstanding debt of \$1,217,916 carries an interest rate of 1.99% per annum and is payable from Sewer Fund revenues in annual installments over 15 years. The loan is backed solely by the future pledged revenue from sewer fees. In the event of an event of default, Truist Bank may exercise any remedy available at law or in equity. The amounts due from the City under this finance agreement, however, shall not be subject to acceleration. Final principal payment is due December 1, 2035.

Future maturities are as follows:

Year Ending June 30	Business-type	
	Principal	Interest
2023	\$ 71,790	\$ 22,122
2024	73,233	20,679
2025	74,705	19,207
2026	76,207	17,705
2027	77,738	16,173
2028-2032	412,769	56,791
2033-2037	361,098	14,551
	<u>\$ 1,147,540</u>	<u>\$ 167,228</u>

2. Direct Borrowings – Governmental Activities

Promissory Notes

On April 30, 2020, the City executed an unsecured promissory note with Community Bank to pay for the construction of an elevator in City Hall. The principal amount of the promissory note is \$520,000 and has a maturity date of June 30, 2030 with no prepayment penalties. Principal and interest is payable in 19 regular payments and one balloon payment at the maturity date. The note carries a variable interest rate based on the Federal Home Loan Bank 5-year Fixed Advance Rate plus a margin of 0.750% and is computed on a 365/360 basis. In the event of an event of default, the lender will increase the interest rate to 18%. Final principal payments is due December 31, 2029.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

2. Direct Borrowings – Governmental Activities (continued)

On April 15, 2021, the City executed an unsecured promissory note with Baker Boyer National Bank to pay for repairs at the aquatic center. The principal amount of the promissory note is \$230,575 and has a maturity date of December 1, 2031 with no prepayment penalties. Principal and interest is payable in 30 payments and the note carries an interest rate of 2% and is computed on a 300/360 simple basis. In the event of an event of default the lender will increase the interest rate to 4% and the lender may accelerate payment immediately of the entire principal amount and other amounts due. Final principal payment is due December 31, 2031.

Future maturities for promissory notes are as follows:

Year Ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2023	\$ 43,316	\$ 12,462
2024	43,698	11,663
2025	44,129	10,811
2026	44,547	9,974
2027	44,972	9,130
<u>2028-2032</u>	<u>466,967</u>	<u>23,102</u>
	<u>\$ 687,629</u>	<u>\$ 77,142</u>

3. General Obligation Bonds - Governmental Activities

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

3. General Obligation Bonds - Governmental Activities (continued)

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

Year ending June 30,	Principal	Interest	Total
2023	\$ 10,000	\$ 254,000	\$ 264,000
2024	20,000	253,700	273,700
2025	30,000	253,100	283,100
2026	40,000	252,200	292,200
2027	50,000	251,000	301,000
2028-2032	420,000	1,226,050	1,646,050
2033-2037	775,000	1,142,500	1,917,500
2038-2042	1,250,000	968,200	2,218,200
2043-2047	1,910,000	668,200	2,578,200
2048-2052	2,135,000	220,800	2,355,800
	<u>\$ 6,640,000</u>	<u>\$ 5,489,750</u>	<u>\$ 12,129,750</u>

4. Interfund Note Payable

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

Interfund notes payable transactions for the year are as follows:

	Original Amount	Outstanding June 30, 2021	Decrease	Outstanding June 30, 2022
Golf course irrigation system note, interest at 1%, principal and interest due annually on August 1, due 2023	\$ 195,846	\$ 141,774	\$ 10,000	\$ 131,774

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

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

Year Ending June 30	Principal	Interest	Total
2023	\$131,774	\$1,418	\$133,192
	<u>\$131,774</u>	<u>\$1,418</u>	<u>\$133,192</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

5. Financing Leases – Business-Type Activities

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

On August 17, 2020, the City entered into a financing lease purchase agreement for a police vehicle for \$50,295 with an effective interest rate of 3.68%. Annual payments of \$13,752 are due in November of each year and the final payment is expected in November of 2023. The equipment is collateral on the agreement.

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 46,920	\$ 1,078	\$ 47,998
2024	45,917	1,947	47,864
2025	33,032	1,034	34,066
2026	9,844	247	10,091
	<u>\$ 135,713</u>	<u>\$ 4,306</u>	<u>\$ 140,019</u>

6. Weatherization Program

The City was involved in two residential weatherization programs in past years. The funds for the program were supplied by BPA in the form of advances, which are noninterest bearing, and are liens against the property weatherized. They are repayable to BPA when the property is sold. At the conclusion of the program on December 31, 1982, approximately \$582,311 had been expended under this program, of which \$40,200 was outstanding as of June 30, 2022.

7. Landfill Closure and Post-Closure Care Cost

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

The \$179,477 reported as landfill closure liability in the landfill closure fund at June 30, 2022, represents the cumulative amount reported-to-date based on the use of the estimated capacity of the landfill.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

The City will recognize the remaining estimated cost of closure and post-closure care of \$246,863 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 32.10% and the City expects to close the landfill in the year 2075, which means a remaining estimated life of 53 years.

8. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Governmental activities:					
General obligation bonds	\$ -	\$ 6,695,000	\$ (55,000)	\$ 6,640,000	\$ 10,000
Adjustment to bonds - bond premium	-	1,133,007	(32,013)	1,100,994	38,044
Total bonds net adjustment	-	7,828,007	(87,013)	7,740,994	48,044
Notes from direct borrowings	730,550	-	(42,921)	687,629	43,316
Other postemployment benefits	659,217	360,564	-	1,019,781	-
Net pension liability	6,753,560	-	(3,590,873)	3,162,687	-
PERS transition liability	274,120	-	(38,682)	235,438	-
Compensated absences	291,585	259,698	(294,311)	256,972	205,578
Total governmental activity long-term obligations	<u>\$ 8,709,032</u>	<u>\$ 8,448,269</u>	<u>\$(4,053,800)</u>	<u>\$ 13,103,501</u>	<u>\$ 296,938</u>
Business-type activities:					
Notes from direct borrowings	\$ 1,217,916	\$ -	\$ (70,376)	\$ 1,147,540	\$ 71,790
Weatherization Program-due to BPA	41,586	-	(1,386)	40,200	-
Landfill closure liability	161,244	18,233	-	179,477	-
Total debt	1,420,746	18,233	(71,762)	1,367,217	71,790
Financing leases payable	209,960	-	(74,246)	135,714	46,920
Other postemployment benefits	938,495	-	(341,689)	596,806	-
Net pension liability (asset)	4,137,857	-	(2,161,564)	1,976,293	-
PERS transition liability	150,245	-	(24,170)	126,075	-
Compensated absences	182,251	242,180	(222,911)	201,520	161,215
Total business-type activity long-term obligations	<u>\$ 7,039,554</u>	<u>\$ 260,413</u>	<u>\$(2,896,342)</u>	<u>\$ 4,403,625</u>	<u>\$ 279,925</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

F. Leases

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

1. Lessor lease receivables:

On March 11, 2020, the City entered into a 5 year lease as lessor for the use of agricultural land and the use of reclaimed water from the waste water treatment facility. The lessee is required to make quarterly fixed payments of \$8,100, for a total of \$32,400 per year. The value of the lease receivable and the deferred inflow of resources on June 30, 2022 was \$110,936. The lease will end on December 31, 2025.

On March 11, 2020, the City entered into a 5 year lease as lessor for the use of agricultural land and the use of reclaimed water from the waste water treatment facility. The lessee is required to make annual payments of \$3,800. The value of the lease receivable and the deferred inflow of resources on June 30, 2022 was \$14,802. The lease will end on December 31, 2025.

On June 24, 2015, the City entered into a 5 year lease as lessor for the use of Municipal Golf Course Restaurant and Lounge facilities. The lessee is required to make monthly fixed payments of \$500. The value of the lease receivable and the deferred inflow of resources as of June 30, 2022 was \$18,207. The lease will end on July 31, 2025.

Lease receivables for the year ended June 30, 2022 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Business-Type activities</u>				
Agricultural land and water	\$ 160,723	\$ -	\$ (34,985)	\$ 125,738
Restaurant facility	24,011	-	(5,804)	18,207
Total business-type activities	<u>\$ 184,734</u>	<u>\$ -</u>	<u>\$ (40,789)</u>	<u>\$ 143,945</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

1. Lessor lease receivables (continued)

Future annual lease receivable as of June 30, 2022 are as follows:

Fiscal Year Ended June 30,	Business-Type	
	Principal	Interest
2023	\$ 40,710	\$ 1,500
2024	41,182	1,028
2025	41,659	551
2026	20,394	116
	<u>\$ 143,945</u>	<u>\$ 3,195</u>

2. Lessor lease inflows

Lessee inflows of resources for the year ended June 30, 2022 are as follows:

	Business-Type	
	Activities	Total
Lease revenue	\$ 40,789	\$ 40,789
Lease interest income	1,420	1,420
	<u>\$ 42,209</u>	<u>\$ 42,209</u>

3. Lessee lease payables

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

G. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Advances from/to other funds:

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

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Course	\$ 51,309

Total	<u>\$ 183,083</u>
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CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

As described in note E.4, the \$131,774 is evidenced by a promissory note between the City's former Urban Renewal Agency and the Golf Course Fund. The remaining balance between the General Fund and the Golf Course Fund is due to periodic cash flow needs of the Golf Course related to its current deficit fund balance.

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers out of the business-type activities and transfers into the governmental activities in the amount of \$2,728,952.

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental activities:</u>		
General	\$ 2,876,990	\$ 117,726
Other governmental funds	109,293	139,606
<u>Business-type activities</u>		
Electric	6,000	1,157,400
Water	-	640,764
Sewer	-	537,424
Other enterprise funds	6,000	354,852
Internal service funds	50,095	100,606
	<u>\$ 3,048,378</u>	<u>\$ 3,048,378</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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements
June 30, 2022

H. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2022 were as follows:

	<u>General Fund</u>	<u>Street Improvement</u>	<u>Police Station Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance					
Restricted for:					
Streets and parks	\$ -	\$ -		\$ 821,157	\$ 821,157
Library	-	-		141,475	141,475
Urban renewal	10,423	-		-	10,423
debt service	-	-		1,140	1,140
System development	45,208	-		-	45,208
Police station construction	-	-	7,035,060	-	7,035,060
Assigned to:					
Streets	-	296,773		-	296,773
Transportation programs	-	-		58,077	58,077
911 service	-	-		76,629	76,629
Drug enforcement	-	-		9	9
Appropriate FB carryover	1,221,052	-		-	1,221,052
Unassigned	132,763	-		-	132,763
 Total fund balance	 <u>\$ 1,409,446</u>	 <u>\$ 296,773</u>	 <u>\$ 7,035,060</u>	 <u>\$ 1,098,487</u>	 <u>\$ 9,839,766</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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 \$350,760 for the year ended June 30, 2022.

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

C. Energy Northwest Project 2

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

C. Energy Northwest Project 2 (continued)

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

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

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

When the City joined the SLGRP there was an excess unfunded actuarial liability attributable to the agent multiple employer plan in which it previously participated, and this excess represents a long-term payable from the City to the SLGRP. The liability is amortized over a fixed period ending December 31, 2027. The City is charged interest based upon the Oregon PERS Board assumed earnings rate (currently 6.90%). The required payments, based on an actuarial study, are intended to result in the elimination of the transition liability within the approved amortization period. The pooled rate for the City is adjusted up or down by an amount sufficient to meet the amortization schedule requirements.

E. Other Postemployment Benefits

Summary of Significant Accounting Policy

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

E. Other Postemployment Benefits (continued)

Health Insurance Continuation (HIC)

Plan Description

The City is required by Oregon Revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees, which is considered a single employer plan. Retired employees receive the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees. GASB Statement 75 is applicable to the City for this implicit rate subsidy. For employees retiring after July 1, 1991, the City pays 50% of the employee only premium for a specified medical benefit plan. For employees retiring before July 1, 1991, the City does not pay any portion of the retirees' healthcare insurance premiums. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. A separate, audited GAAP-basis postemployment benefit plan report is not available for this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of statement 75. The City had 11 retired members, 65 active members and 1 spouses of ineligible members in its plan on July 1, 2020, the date of its actuarial valuation.

Funding Policy

The City collects insurance premiums from all retirees each month and deposits them in the General Fund. The City then pays healthcare insurance premiums for all retirees at the appropriate rate for each family classification. The annual required contribution (ARC) to the plan includes the employer's pay-as-you-go amount and an additional amount calculated to prefund future benefits.

Outline of Plan Provisions

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Financial Statement Presentation

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

	Health Insurance Continuation	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 105,135	\$ 105,135
Deferred outflows of resources			
Change in assumptions	34,073	2,069	36,142
Contributions after MD	134,453	829	135,282
Net difference between projected and actual earnings on investments	-	-	-
Change in proportionate share	81,485	13,953	95,438
Total OPEB liability	(1,657,019)	-	(1,657,019)
Deferred inflows of resources			
Difference in expected and actual experience	(27,867)	(2,925)	(30,792)
Difference in earnings	-	(24,986)	(24,986)
Change in assumptions	(260,716)	(1,564)	(262,280)
Change in proportionate share	-	(20,836)	(20,836)
OPEB Expense/(Income)*	(23,431)	(15,525)	(38,956)

*Included in program expenses on Statement of Activities

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

	Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Income) Expense
Health insurance continuation	\$ (1,657,019)	\$ 250,011	\$ (288,583)	\$ (23,431)
Retirement health insurance account (RHIA)	105,135	16,851	(20,836)	(15,525)
Aggregate amounts related to OPEB	<u>\$ (1,551,884)</u>	<u>\$ 266,862</u>	<u>\$ (309,419)</u>	<u>\$ (38,956)</u>

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

The City's total OPEB liability of \$1,657,019 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

For the fiscal year ended June 30, 2022, the City recognized OPEB income from this plan of \$23,431. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,485	\$ 27,867
Changes of assumptions	34,073	260,716
Total (prior to post-MD contributions)	115,558	288,583
Contributions subsequent to the MD	134,453	-
	<u>\$ 250,011</u>	<u>\$ 288,583</u>
Net deferred outflow/ (inflow) of resources		<u>\$ (38,572)</u>

Deferred outflows of resources related to OPEB of \$134,453 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2023	\$ (42,455)
2024	(42,455)
2025	(42,455)
2026	(40,181)
2027	(26,362)
Thereafter	20,883
	<u>\$ (173,025)</u>
Benefit payments	134,453
Net deferred outflow/ (inflow) of resources	<u>\$ (38,572)</u>

Actuarial Assumptions and Other Inputs

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

Valuation Date	July 1, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Actuarial Assumptions and Other Inputs (continued)

Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount rate	2.16
Project Salary Increases	3.50 percent per year
Retiree Healthcare Participation	40% of eligible employees 60% of male members and 35% of female members will elect spouse
Mortality	Health retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.
Healthcare cost trend rate	Medical and vision: 5.25 percent per year decreasing to 4.00 percent. Dental: 4.00 percent per year

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

Changes in the Total OPEB Liability

Changes in assumptions is the result of the change in the discount rate from 2.21% to 2.16%.

	Total OPEB Liability
Balance as of June 30, 2021	\$ 1,625,597
Changes for the year	
Service cost	116,390
Interest on total OPEB Liability	37,087
Effect of economic/demographic gains or	-
Effect of assumptions changes or inputs	6,353
Benefit payments	<u>(128,408)</u>
Balance as of June 30,2022	<u>\$ 1,657,019</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Sensitivity of the Total OPEB Liability

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

Discount Rate:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Current Discount</u> <u>Rate (2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total OPEB Liability	\$ 1,784,482	\$ 1,657,019	\$ 1,537,409

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health</u> <u>Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,472,699	\$ 1,657,019	\$ 1,878,849

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

Plan Description

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

Contributions

PERS employers contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits.

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

At June 30, 2022, the City reported an asset of \$105,135 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2021, the City’s proportionate share was 0.03061596%, which is an increase from its proportion of 0.01368528% as of June 30, 2020.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Contributions

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

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.06% of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2022, 2021 and 2020 were \$829, \$819 and \$977, respectively, which equaled the required contributions each year.

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

At June 30, 2022, the City reported an asset of \$105,135 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2021, the City's proportionate share was 0.03061596%, which is an increase from its proportion of 0.01368528% as of June 30, 2020.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

For the year ended June 30, 2022, the City recognized OPEB income from this plan of \$14,608. At June 30, 2022, 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	\$ -	\$ 2,925
Changes of assumptions	2,069	1,564
Net difference between projected and actual earnings on investments	-	24,986
Changes in proportionate share	13,953	20,836
Total (prior to post-MD contributions)	<u>16,022</u>	<u>50,311</u>
Contributions subsequent to the MD	829	-
	<u>\$ 16,851</u>	<u>\$ 50,311</u>
Net deferred outflow/ (inflow) of resources		<u>\$ (33,460)</u>

Deferred outflows of resources related to OPEB of \$829 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Year ended June 30,</u>	<u>Amount</u>
	2023	\$ (7,104)
	2024	(13,588)
	2025	(5,704)
	2026	(7,893)
	2027	-
		<u>\$ (34,289)</u>
Contributions subsequent to the measurement date		829
Net deferred outflow/ (inflow) of resources		<u>\$ (33,460)</u>

Actuarial Methods and Assumptions

The total OPEB asset in the December 31, 2018 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed 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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Depletion Date Projection

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

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1- percentage-point lower (5.90%) or 1- percentage-point higher (7.90%) than the current rate:

<u>Discount Rate:</u>	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Total OPEB (asset) liability	<u>\$ 92,977</u>	<u>\$ 105,135</u>	<u>\$ 115,135</u>

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2021 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

F. Pension Plan

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

Pension Benefits

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Pension Benefits (continued)

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Death Benefits

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

Recordkeeping

OPERS contracts with Voya Financial to maintain IAP participant records.

Contributions

1. Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2022 were \$1,227,402, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 27.57 percent for Tier One/Tier Two, 22.46 percent for OPSRP Pension Program General Service Members, 26.82 percent for OPSRP Pension Program Police and Fire Members.

2. Employee Contributions

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

At June 30, 2022, the City reported a liability of \$5,138,980 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2021, the City's proportion was 0.04294479%, which was a decrease from its proportion of 0.04990697% measured as of June 30, 2020.

For the year ended June 30, 2022, the City's recognized pension expense of \$535,626. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 481,042	\$ -
Changes of assumptions	1,286,441	13,525
Net difference between projected and actual earnings on investments	-	3,804,347
Changes in proportion	354,490	1,169,385
Differences between employer contributions and proportionate share of contributions	160,454	88,721
Total (prior to post-MD contributions)	<u>2,282,427</u>	<u>5,075,978</u>
Contributions subsequent to the MD	1,227,402	-
	<u>\$ 3,509,829</u>	<u>\$ 5,075,978</u>
Net deferred outflow / (inflow) of resources		<u>\$ (1,566,149)</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements
June 30, 2022

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

City's contributions subsequent to the measurement date of \$1,227,402 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year ended June 30,	Amount
	2023	\$ (531,231)
	2024	(538,321)
	2025	(665,791)
	2026	(1,094,586)
	2027	36,379
		<hr/>
		(2,793,551)
Contributions subsequent to the measurement date		1,227,402
Net deferred outflow / (inflow) of resources		<hr/> <u>\$ (1,566,149)</u>

Actuarial Assumptions

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

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Actuarial Assumptions (continued)

Mortality	Health retirees and beneficiaries: Pub- 2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Long-term Expected Rate of Return

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

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Opportunity Portfolio	7.5%	17.5%	15.0%
Alternative Portfolios	-	5.0%	-
Risk Parity	-	2.5%	2.5%
Total			<u>100.0%</u>

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Long-term Expected Rate of Return (continued)

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

Depletion Date Projection

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

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

Depletion Date Projection (continued)

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Employers' Net Pension Liability Defined Benefit	\$ 10,091,727	\$ 5,138,980	\$ 995,328

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provision reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the “Effect of plan changes” during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System’s funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure.

G. Commitments and Contingencies

The City is committed under various construction and purchase contracts at June 30, 2022. Major projects in progress at June 30, 2022 are as follows:

The City continued work on pedestrian and road improvements funded through House Bill 2017. In the year ending June 30, 2022 the City entered into a contract with Anderson Perry & Associates for design engineering of the next part of this project. This agreement allowed for up to \$75,000 in design services and \$50,000 in permitting services and costs for a total not to exceed in the amount of \$125,000. There was an unspent obligation to Anderson Perry & Associates of \$34,909 at June 30, 2022. The City also entered into a contract with Eastern Oregon Contracting in the amount of \$927,214 in May 2022 for the road improvements. At June 30, 2022 there was an unspent obligation to the contract of \$857,906.

In June 2022, the City approved an agreement with Bateson Enterprises, LLC for replacement and improvements of the Braeburn Lift Station for \$403,104. At June 30, 2022, \$203,104 was unspent on the agreement.

CITY OF MILTON-FREEWATER, OREGON

Notes to Basic Financial Statements

June 30, 2022

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, 2022.

I. Related Party

In prior years, the Milton-Freewater Urban Renewal Agency loaned \$195,846 to the Golf Fund to pay off existing external debt and refinance previous improvements that benefitted the community. The loan was to be repaid to the Agency over a period of five years and include interest of 1%. The outstanding balance on this loan as of June 30, 2021 was \$131,774. In addition, the Golf Fund owes the General Fund \$1,208 in accrued interest on the loan.

An owner of Humbert Asphalt is related to a board member. The total amount paid to Humbert Asphalt for services and materials in the year ending June 30, 2022 was \$573,257.

J. Subsequent Events

The City is in the process of building a new Police Station. In September 2022, the City awarded the police station construction bid for \$8,240,000. The construction is being financed by bond proceeds issued in the year ending June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS TO PENSION PLAN
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
For The Last Nine Fiscal Years ¹

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percentage of covered payroll
2022	\$ 1,285,719	\$ 1,285,719	-	\$ 5,266,712	24.41%
2021	1,028,562	1,028,562	-	4,761,367	21.60%
2020	1,031,992	1,031,992	-	4,504,607	22.91%
2019	847,359	847,359	-	4,531,545	18.70%
2018	778,180	778,180	-	3,942,528	19.74%
2017	671,923	671,923	-	4,309,636	15.59%
2016	631,981	631,981	-	4,048,202	15.61%
2015	497,983	497,983	-	3,987,926	12.49%
2014	560,334	560,334	-	3,857,755	14.52%

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

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

For The Last Nine Fiscal Years ¹

Measurement ² Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.04294479%	\$ 5,138,980	\$ 4,761,367	107.93%	87.60%
2020	0.04990697%	10,891,417	4,504,607	241.78%	75.80%
2019	0.04597714%	7,952,944	4,531,545	175.50%	80.20%
2018	0.04816572%	7,296,472	3,942,528	185.07%	82.10%
2017	0.05152128%	6,945,088	4,309,636	161.15%	83.10%
2016	0.05304484%	7,963,262	4,048,202	196.71%	80.53%
2015	0.05877367%	3,374,468	3,987,926	84.62%	91.90%
2014	0.06234782%	(1,413,247)	3,857,755	-36.63%	103.60%
2013	0.06234782%	3,181,701	3,939,495	80.76%	91.97%

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

² Measurement date is one year in arrears

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

Measurement ² Date June 30,	(a) City's proportion of the net OPEB pension liability (asset)	(b) City's proportionate share of the net OPEB pension liability (asset)	(c) City's covered- employee payroll	(b/c) City's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.03061596%	\$ (105,135)	\$ 4,761,367	-2.21%	183.90%
2020	0.01368528%	(27,885)	4,504,607	-0.62%	150.10%
2019	0.04257546%	(82,271)	4,531,545	-1.82%	144.40%
2018	0.03965970%	(44,221)	3,942,528	-1.12%	123.99%
2017	0.04242036%	(17,704)	4,309,636	-0.41%	108.88%
2016	0.04258291%	11,564	4,048,202	0.29%	94.15%

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

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

² Measurement date is one year in arrears

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

Year Ended June 30,	(a) Contractually required contributions	(b) City's contributions in relation to the contractually required contribution	(a+b) City's contribution deficiency (excess)	(c) City's covered payroll	(-b/c) City's contribution as a percentage of covered employee payroll
2022	\$ 829	\$ (829)	\$ -	\$ 5,266,712	0.02%
2021	819	(819)	-	4,761,367	0.02%
2020	977	(977)	-	4,504,607	0.02%
2019	21,124	(21,124)	-	4,531,545	0.47%
2018	19,036	(19,036)	-	3,942,528	0.48%
2017	21,119	(21,119)	-	4,309,636	0.49%
2016	18,897	(18,897)	-	4,048,202	0.47%

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

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

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

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILTON-FREEWATER, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Changes in Benefit Terms

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

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012, 2014, 2016, 2018 and 2020 Experience Study for the System, which were published on September 18, 2013, September 23, 2015, July 26, 2017, July 24, 2019, and July 20, 2021. These reports can be found at:

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

OTHER POST-EMPLOYMENT BENEFITS

Changes in Benefit Terms

The City's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the Discount rate. The discount rate in effect for the June 30, 2021 reporting date is 2.21% and the discount rate for the June 30, 2022 reporting date is 2.16%.

Changes of Assumptions

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

SUPPLEMENTAL INFORMATION

CITY OF MILTON-FREEWATER, OREGON
Combining Statements
Non-Major Governmental Funds
June 30, 2022

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

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

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

- **Special Assessment** – Accounts for revenue from residents and payments on Local Improvement District debt the City has incurred to financial institutions, to help provide construction capital for residents.
- **General obligation bond** – Accounts for revenue from residents for the general obligation bond debt the City has incurred to finance the construction of a new police station.

CITY OF MILTON-FREEWATER, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue					Debt Service		Totals
	Street	Library	Senior/ Disabled Transport.	Drug Enforce- ment	911	Special Assessments	General Obligation Bond	
<u>ASSETS:</u>								
Cash and cash equivalents	\$ 609,111	\$ 120,869	\$ 61,734	\$ 7	\$ 47,681	\$ 280	\$ 202	\$ 839,884
Investments	175,384	34,802	17,775	2	13,729	81	58	241,831
Receivables:								-
Property taxes	-	-	2,070	-	-	-	4,411	6,481
Accounts	50,611	5,449	50,592	-	16,043	-		122,695
Total assets	<u>\$ 835,106</u>	<u>\$ 161,120</u>	<u>\$ 132,171</u>	<u>\$ 9</u>	<u>\$ 77,453</u>	<u>\$ 361</u>	<u>\$ 4,671</u>	<u>\$ 1,210,891</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable and accrued liabilities	\$ 10,369	\$ 19,645	\$ 21,662	\$ -	\$ 824	\$ -	\$ -	\$ 52,500
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>10,369</u>	<u>19,645</u>	<u>21,662</u>	<u>-</u>	<u>824</u>	<u>-</u>	<u>-</u>	<u>52,500</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>								
Unavailable revenue	3,580	-	52,432	-	-	-	3,892	59,904
Total deferred inflows of resources	<u>3,580</u>	<u>-</u>	<u>52,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,892</u>	<u>59,904</u>
<u>FUND BALANCES:</u>								
Restricted	821,157	141,475	-	-	-	361	779	963,772
Assigned	-	-	58,077	9	76,629	-	-	134,715
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>821,157</u>	<u>141,475</u>	<u>58,077</u>	<u>9</u>	<u>76,629</u>	<u>361</u>	<u>779</u>	<u>1,098,487</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 835,106</u>	<u>\$ 161,120</u>	<u>\$ 132,171</u>	<u>\$ 9</u>	<u>\$ 77,453</u>	<u>\$ 361</u>	<u>\$ 4,671</u>	<u>\$ 1,210,891</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	Special Revenue					Debt Service		Totals
	Street	Library	Senior/ Disabled Transport.	Drug Enforce- ment	911	Special Assessments	General Obligation Bond	
<u>REVENUES:</u>								
Property taxes	\$ -	\$ -	\$ 58,822	\$ -	\$ -	\$ -	\$ 248,226	\$ 307,048
Charges for services	309	-	2,514	-	-	-	-	2,823
Intergovernmental	574,440	271,562	301,213	-	65,090	-	-	1,212,305
Fines and forfeitures	-	2,592	-	-	-	-	-	2,592
Interest on investments	(3,755)	(1,027)	(275)	-	(239)	-	-	(5,296)
Miscellaneous	7,839	16,378	-	-	-	-	-	24,217
Total revenues	<u>578,833</u>	<u>289,505</u>	<u>362,274</u>	<u>-</u>	<u>64,851</u>	<u>-</u>	<u>248,226</u>	<u>1,543,689</u>
<u>EXPENDITURES:</u>								
Current:								
General government	-	-	276,389	-	-	-	-	276,389
Public safety	-	-	-	-	28,178	-	-	28,178
Culture and recreation	-	385,788	-	-	-	-	-	385,788
Highways and Streets	277,106	-	-	-	-	-	-	277,106
Capital outlay	-	4,478	-	-	7,809	-	-	12,287
Debt Service	-	-	30,836	-	-	-	247,447	278,283
Total expenditures	<u>277,106</u>	<u>390,266</u>	<u>307,225</u>	<u>-</u>	<u>35,987</u>	<u>-</u>	<u>247,447</u>	<u>1,258,031</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>								
<u>OVER (UNDER) EXPENDITURES</u>	<u>301,727</u>	<u>(100,761)</u>	<u>55,049</u>	<u>-</u>	<u>28,864</u>	<u>-</u>	<u>779</u>	<u>285,658</u>
<u>OTHER FINANCING SOURCES (USES):</u>								
Issuance of debt	-	-	-	-	-	-	-	-
Transfers in	659	76,539	30,840	-	1,255	-	-	109,293
Transfers out	(124,366)	(240)	-	-	(15,000)	-	-	(139,606)
Total other financing sources (uses)	<u>(123,707)</u>	<u>76,299</u>	<u>30,840</u>	<u>-</u>	<u>(13,745)</u>	<u>-</u>	<u>-</u>	<u>(30,313)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>178,020</u>	<u>(24,462)</u>	<u>85,889</u>	<u>-</u>	<u>15,119</u>	<u>-</u>	<u>779</u>	<u>255,345</u>
<u>FUND BALANCES, BEGINNING</u>	<u>643,137</u>	<u>165,937</u>	<u>(27,812)</u>	<u>9</u>	<u>61,510</u>	<u>361</u>	<u>-</u>	<u>843,142</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 821,157</u>	<u>\$ 141,475</u>	<u>\$ 58,077</u>	<u>\$ 9</u>	<u>\$ 76,629</u>	<u>\$ 361</u>	<u>\$ 779</u>	<u>\$ 1,098,487</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON

Combining Statements

Non-Major Enterprise Funds

June 30, 2022

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

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

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2022

	Solid Waste	Landfill Closure	Golf Course	Totals
<u>ASSETS:</u>				
Current assets:				
Cash and cash equivalents	\$ 480,072	\$ -	\$ -	\$ 480,072
Investments	138,229	-	-	138,229
Receivables:				
Accounts	164,462	-	500	164,962
Leases	-	-	6,000	6,000
Total current assets:	<u>782,763</u>	<u>-</u>	<u>6,500</u>	<u>789,263</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	127,138	-	127,138
Restricted investments	-	36,608	-	36,608
Leases receivable	-	-	12,500	\$ 12,500
Capital assets:				
Land	50,000	-	61,686	111,686
Depreciable assets, net of depreciation	145,926	-	44,681	190,607
Total noncurrent assets:	<u>195,926</u>	<u>163,746</u>	<u>118,867</u>	<u>478,539</u>
Total assets:	<u>978,689</u>	<u>163,746</u>	<u>125,367</u>	<u>1,267,802</u>
<u>DEFERRED OUTFLOW OF RESOURCES:</u>				
Deferred outflows related to pension and OPEB	172,587	-	31,347	203,934
<u>LIABILITIES:</u>				
Current liabilities:				
Accounts payable and accrued liabilities	28,013	-	9,878	37,891
Accrued interest payable	-	-	1,208	1,208
Due to other funds	-	-	51,309	51,309
Current portion of long-term debt	7,722	-	-	7,722
Total current liabilities	<u>35,735</u>	<u>-</u>	<u>62,395</u>	<u>98,130</u>
Advances from other funds	-	-	131,774	131,774
Long-term debt, net of current portion:				
Landfill closure liability	-	179,477	-	179,477
Net pension liability	234,840	-	42,654	277,494
Transition liability	9,228	-	4,104	13,332
Compensated absences payable	1,930	-	-	1,930
Other postemployment benefits	70,918	-	12,880	83,798
Total noncurrent liabilities	<u>316,916</u>	<u>179,477</u>	<u>191,412</u>	<u>687,805</u>
Total liabilities	<u>352,651</u>	<u>179,477</u>	<u>253,807</u>	<u>785,935</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Deferred inflows - leases	-	-	18,500	18,500
Deferred inflows related to pension and OPEB	247,447	-	44,944	292,391
Total deferred inflows of resources	<u>247,447</u>	<u>-</u>	<u>63,444</u>	<u>310,891</u>
<u>NET POSITION:</u>				
Net investment in capital assets	195,926	-	118,867	314,793
Restricted for landfill closure	-	(15,731)	-	(15,731)
Unrestricted	355,252	-	(279,404)	75,848
Total net position	<u>\$ 551,178</u>	<u>\$ (15,731)</u>	<u>\$ (160,537)</u>	<u>\$ 374,910</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2022

	<u>Solid Waste</u>	<u>Landfill Closure</u>	<u>Golf Course</u>	<u>Totals</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$ 1,079,916	\$ -	\$ 180,705	\$ 1,260,621
Miscellaneous	51,471	-	-	51,471
Total operating revenues:	<u>1,131,387</u>	<u>-</u>	<u>180,705</u>	<u>1,312,092</u>
<u>OPERATING EXPENSES</u>				
Personal services	389,337	-	87,294	476,631
Materials and services	418,525	18,233	117,112	553,870
Depreciation	12,697	-	2,957	15,654
Total operating expenses	<u>820,559</u>	<u>18,233</u>	<u>207,363</u>	<u>1,046,155</u>
<u>OPERATING INCOME (LOSS)</u>	310,828	(18,233)	(26,658)	265,937
<u>NON-OPERATING INCOME (EXPENSES)</u>				
Interest on investments	(2,631)	(1,027)	-	(3,658)
Interest expense	-	-	(1,418)	(1,418)
Total non-operating income (expenses)	<u>(2,631)</u>	<u>(1,027)</u>	<u>(1,418)</u>	<u>(5,076)</u>
<u>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</u>	<u>308,197</u>	<u>(19,260)</u>	<u>(28,076)</u>	<u>260,861</u>
<u>CAPITAL CONTRIBUTIONS</u>				
System development charges	139,899	-	-	139,899
<u>TRANSFERS</u>				
Transfers in	2,004	3,996	-	6,000
Transfers out	(354,756)	-	(96)	(354,852)
CHANGE IN NET POSITION	95,344	(15,264)	(28,172)	51,908
NET POSITION, Beginning	<u>455,834</u>	<u>(467)</u>	<u>(132,365)</u>	<u>323,002</u>
NET POSITION, Ending	<u><u>551,178</u></u>	<u><u>(15,731)</u></u>	<u><u>(160,537)</u></u>	<u><u>374,910</u></u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING CASH FLOW
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2022

	Solid Waste	Landfill Closure	Golf Course	Totals
<u>OPERATING REVENUES</u>				
Receipts from customers and users	\$ 1,083,637	\$ -	\$ 180,705	\$ 1,264,342
Payments to suppliers	(104,886)	-	(92,853)	(197,739)
Payments to employees	(422,458)	-	(77,873)	(500,331)
Payments for interfund services used	(308,831)	-	(18,888)	(327,719)
Net cash provided from (used by) operating activities:	<u>247,462</u>	<u>-</u>	<u>(8,909)</u>	<u>238,553</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Proceeds from internal loans	-	-	-	-
Payments from internal loans	-	-	-	-
Transfers in	2,004	3,996	10,423	16,423
Transfers out	(354,756)	-	(96)	(354,852)
Net cash provided from (used by) non-capital financing activities:	<u>(352,752)</u>	<u>3,996</u>	<u>10,327</u>	<u>(338,429)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Proceeds from intergovernmental revenue	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
System development charges received	139,899	-	-	139,899
Acquisition of capital assets	(22,660)	-	-	(22,660)
Principal paid on long-term obligations	-	-	-	-
Interest paid on long-term obligations	-	-	(1,418)	(1,418)
Net cash provided from (used by) capital and related financing activities:	<u>117,239</u>	<u>-</u>	<u>(1,418)</u>	<u>115,821</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Net sales (purchases) of investments	127,335	33,503	-	160,838
Interest on investments	(2,631)	(1,027)	-	(3,658)
Net Cash provided (used) by investing activities:	<u>124,704</u>	<u>32,476</u>	<u>-</u>	<u>157,180</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>				
	136,653	36,472	-	173,125
<u>CASH AND CASH EQUIVALENTS, Beginning</u>				
	343,419	90,666	-	434,085
<u>CASH AND CASH EQUIVALENTS, Ending</u>				
	<u>\$ 480,072</u>	<u>\$ 127,138</u>	<u>\$ -</u>	<u>\$ 607,210</u>
<u>COMPRISED AS FOLLOWS</u>				
Cash and cash equivalents	\$ 480,072	\$ -	\$ -	\$ 480,072
Restricted cash and cash equivalents	-	127,138	-	127,138
	<u>\$ 480,072</u>	<u>\$ 127,138</u>	<u>\$ -</u>	<u>\$ 607,210</u>
<u>Reconciliation of operating income (loss) to net cash provided</u>				
Operating income (loss)	\$ 310,828	\$ (18,233)	\$ (26,658)	\$ 265,937
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:				
Depreciation	12,697	-	2,957	15,654
(Increase) decrease in assets				-
Receivables	(47,750)	-	-	(47,750)
Deferred inflows related to pension and OPEB Increase (decrease) in liabilities	221,039	-	39,590	260,629
Accounts payable and accrued expenses	4,808	18,233	5,371	28,412
Compensated absences payable	(22,501)	-	(3,668)	(26,169)
PERS net pension and transition liability	(235,091)	-	(39,381)	(274,472)
Other postemployment benefits	3,432	-	12,880	16,312
Net cash provided from operating activities:	<u>\$ 247,462</u>	<u>\$ -</u>	<u>\$ (8,909)</u>	<u>\$ 238,553</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON

Combining Statements

Internal Service Funds

June 30, 2022

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, 2022

	<u>Warehouse</u>	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>Sick Leave Liability</u>	<u>Risk Management</u>	<u>Totals</u>
<u>ASSETS:</u>						
Current assets:						
Cash and cash equivalents	\$ 32,561	\$ 72,987	\$ 698,819	\$ 20,058	\$ 58,976	\$ 883,401
Investments	9,376	21,015	201,215	5,775	16,981	254,362
Receivables:						
Accounts	-	1,118	-	-	-	1,118
Inventories	-	8,397	-	-	-	8,397
Total current assets	<u>41,937</u>	<u>103,517</u>	<u>900,034</u>	<u>25,833</u>	<u>75,957</u>	<u>1,147,278</u>
Noncurrent assets:						
Capital assets:						
Depreciable assets, net of depreciation	8,719	11,133	1,194,503	-	-	1,214,355
Total noncurrent assets	<u>8,719</u>	<u>11,133</u>	<u>1,194,503</u>	<u>-</u>	<u>-</u>	<u>1,214,355</u>
Total assets	<u>50,656</u>	<u>114,650</u>	<u>2,094,537</u>	<u>25,833</u>	<u>75,957</u>	<u>2,361,633</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Deferred outflows related to pension and OPEB	-	124,256	-	-	-	124,256
<u>LIABILITIES:</u>						
Current liabilities:						
Accounts payable and accrued liabilities	150	31,805	-	-	1,935	33,890
Accrued interest payable	-	-	678	-	-	678
Current portion long-term liabilities	-	12,227	46,920	-	-	59,147
Total current liabilities	<u>150</u>	<u>44,032</u>	<u>47,598</u>	<u>-</u>	<u>1,935</u>	<u>93,715</u>
Noncurrent liabilities:						
Long-term debt, net of current portion:						
Leases Payable	-	-	88,794	-	-	88,794
Net pension liability	-	169,077	-	-	-	169,077
Transition liability	-	13,655	-	-	-	13,655
Compensated absences payable	-	3,057	-	-	-	3,057
Other post employment benefits liability	-	51,058	-	-	-	51,058
Total liabilities	<u>150</u>	<u>280,879</u>	<u>136,392</u>	<u>-</u>	<u>1,935</u>	<u>419,356</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Deferred inflows related to pension and OPEB	-	178,153	-	-	-	178,153
<u>NET POSITION:</u>						
Net investment in capital assets	8,719	11,133	1,058,789	-	-	1,078,641
Unrestricted	41,787	(231,259)	899,356	25,833	74,022	809,739
Total net position	<u>\$ 50,506</u>	<u>\$ (220,126)</u>	<u>\$ 1,958,145</u>	<u>\$ 25,833</u>	<u>\$ 74,022</u>	<u>\$ 1,888,380</u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF REVENUES EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2022

	<u>Warehouse</u>	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>Sick Leave Liability</u>	<u>Risk Management</u>	<u>Totals</u>
<u>OPERATING REVENUES:</u>						
Charges for services	\$ -	451,528	\$ 397,495	\$ -	\$ -	\$ 849,023
Miscellaneous	110	377	-	-	25,725	26,212
Total operating revenues	110	451,905	397,495	-	25,725	\$ 875,235
<u>OPERATING EXPENSES:</u>						
Personal services	-	306,129	-	28,237	-	334,366
Materials and services	23,746	279,482	-	-	8,180	311,408
Depreciation	1,937	1,297	170,640	-	-	173,874
Total operating expenses	25,683	586,908	170,640	28,237	8,180	819,648
<u>OPERATING INCOME (LOSS)</u>	<u>(25,573)</u>	<u>(135,003)</u>	<u>226,855</u>	<u>(28,237)</u>	<u>17,545</u>	<u>55,587</u>
<u>NON-OPERATING INCOME (EXPENSES):</u>						
Gain on disposal of capital assets	-	-	12,781	-	-	12,781
Interest on investments	(199)	(334)	(4,144)	(97)	(409)	(5,183)
Interest expense	-	-	(4,101)	-	-	(4,101)
Total non-operating income (expenses)	(199)	(334)	4,536	(97)	(409)	3,497
<u>NET INCOME (LOSS)</u>						
<u>BEFORE TRANSFERS</u>	<u>(25,772)</u>	<u>(135,337)</u>	<u>231,391</u>	<u>(28,334)</u>	<u>17,136</u>	<u>59,084</u>
<u>TRANSFERS:</u>						
Transfers in	42,908	418	-	6,768	-	50,094
Transfers out	(22,763)	(77,843)	-	-	-	(100,606)
<u>CHANGE IN NET POSITION</u>	<u>(5,627)</u>	<u>(212,762)</u>	<u>231,391</u>	<u>(21,566)</u>	<u>17,136</u>	<u>8,572</u>
<u>NET POSITION, BEGINNING</u>	<u>56,133</u>	<u>(7,364)</u>	<u>1,726,754</u>	<u>47,399</u>	<u>56,886</u>	<u>1,879,808</u>
<u>NET POSITION, ENDING</u>	<u>\$ 50,506</u>	<u>\$ (220,126)</u>	<u>\$ 1,958,145</u>	<u>\$ 25,833</u>	<u>\$ 74,022</u>	<u>\$1,888,380</u>

CITY OF MILTON-FREEWATER, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2022

	Warehouse	Vehicle Maintenance	Vehicle Replacement	Sick Leave Liability	Risk Management	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>						
Receipts from customers and users	\$ 110	\$ 45,240	\$ -	\$ -	\$ 25,725	\$ 71,075
Receipts from interfund services provided	-	408,833	397,495	-	-	806,328
Payments to suppliers and others	(24,511)	(278,366)	-	-	(9,746)	(312,623)
Payments to employees and others for	-	(271,654)	-	(28,237)	-	(299,891)
Net cash provided by (used in) operating activities	<u>(24,401)</u>	<u>(95,947)</u>	<u>397,495</u>	<u>(28,237)</u>	<u>15,979</u>	<u>264,889</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>						
Transfers in	42,908	418	-	6,768	-	50,094
Transfers out	(22,763)	(77,843)	-	-	-	(100,606)
Net cash provided from (used by) non-capital financing activities	<u>20,145</u>	<u>(77,425)</u>	<u>-</u>	<u>6,768</u>	<u>-</u>	<u>(50,512)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>						
Proceeds from sale of capital assets	-	-	21,381	-	-	21,381
Acquisition of capital assets	-	-	(103,246)	-	-	(103,246)
Principal paid on long-term obligations	-	-	(148,492)	-	-	(148,492)
Interest	-	-	(5,843)	-	-	(5,843)
Net cash provided from (used by) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(236,200)</u>	<u>-</u>	<u>-</u>	<u>(236,200)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>						
Net sales (purchases) of investments	10,854	95,726	122,739	14,895	9,352	253,566
Interest on investments	(199)	(334)	(4,144)	(97)	(409)	(5,183)
Net cash provided by investing activities	<u>10,655</u>	<u>95,392</u>	<u>118,595</u>	<u>14,798</u>	<u>8,943</u>	<u>248,383</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	<u>6,399</u>	<u>(77,980)</u>	<u>279,890</u>	<u>(6,671)</u>	<u>24,922</u>	<u>226,560</u>
<u>CASH AND CASH EQUIVALENTS, BEGINNING</u>	<u>26,162</u>	<u>150,967</u>	<u>418,929</u>	<u>26,729</u>	<u>34,054</u>	<u>656,841</u>
<u>CASH AND CASH EQUIVALENTS, ENDING</u>	<u>32,561</u>	<u>72,987</u>	<u>698,819</u>	<u>20,058</u>	<u>58,976</u>	<u>883,401</u>

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

Operating income (loss)	\$ (25,573)	\$ (135,003)	\$ 226,855	\$ (28,237)	\$ 17,545	\$ 55,587
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:						
Depreciation	1,937	1,297	170,640	-	-	173,874
(Increase) decrease in assets:						
Receivables	-	2,168	-	-	-	2,168
Deferred inflows related to pension and OPEB	-	31,641	-	-	-	31,641
Inventories	-	(2,754)	-	-	-	(2,754)
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(765)	3,870	-	-	(1,566)	1,539
Compensated absences payable	-	4,902	-	-	-	4,902
PERS Transition liability	-	(2,068)	-	-	-	(2,068)
Net cash provided by (used in) operating activities	<u>\$ (24,401)</u>	<u>\$ (95,947)</u>	<u>\$ 397,495</u>	<u>\$ (28,237)</u>	<u>\$ 15,979</u>	<u>\$ 264,889</u>

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON
BUDGETARY COMPARISON SCHEDULES
June 30, 2022

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

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

CITY OF MILTON-FREEWATER, OREGON
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL, BY DEPARTMENT
GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES:</u>				
City Council	\$ 24,741	\$ 24,741	\$ 20,872	\$ 3,869
City Manager	529,655	530,911	469,387	61,524
City Attorney	15,000	15,000	6,500	8,500
Municipal Court	101,183	101,602	101,274	328
Finance Department	980,042	983,807	972,522	11,285
Planning	119,870	120,707	123,809	(3,102)
Police Department	2,346,299	2,406,057	2,330,599	75,458
Fire Department	410,396	410,396	352,285	58,111
Public Works	1,353,279	1,408,376	1,229,130	179,246
City Hall	5,638,211	5,505,813	163,244	5,342,569
Civil Engineering	50,270	50,270	44,039	6,231
Transfers Out	106,887	118,153	117,726	427
Contingency	500,000	500,000	-	500,000
	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
 Total expenditures	 <u>\$ 12,175,833</u>	 <u>\$ 12,175,833</u>	 <u>\$ 5,931,387</u>	 <u>\$ 6,244,446</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
June 30, 2022

Governmental Budgetary Comparison schedules included the following:

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

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

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

CITY OF MILTON-FREEWATER, OREGON

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

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Charges for service	\$ -	\$ -	\$ 309	\$ 309
Intergovernmental	450,000	450,000	574,440	124,440
Interest and investment earnings (loss)	3,000	3,000	(3,755)	(6,755)
Miscellaneous	300	300	7,839	7,539
Total Revenues	453,300	453,300	578,833	125,533
<u>EXPENDITURES:</u>				
Current:				
Highways and streets:				
Personal services	215,030	215,690	186,820	28,870
Materials and services	127,699	127,699	90,287	37,412
Contingency	585,036	585,036	-	585,036
Total expenditures	927,765	928,425	277,107	651,318
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(474,465)	(475,125)	301,726	776,851
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	660	659	(1)
Transfers out	(124,366)	(124,366)	(124,366)	-
<u>NET CHANGE IN FUND BALANCES</u>				
	(598,831)	(598,831)	178,019	776,850
<u>FUND BALANCE, BEGINNING</u>				
	598,831	598,831	643,137	44,306
<u>FUND BALANCE, ENDING</u>				
	\$ -	\$ -	\$ 821,156	\$ 821,156

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Intergovernmental	\$ 262,882	\$ 262,882	\$ 271,562	\$ 8,680
Fines and forfeitures	4,000	4,000	2,592	(1,408)
Interest and investment earnings (loss)	500	500	(1,027)	(1,527)
Miscellaneous	15,480	15,480	16,378	898
Total revenues	282,862	282,862	289,505	6,643
<u>EXPENDITURES:</u>				
Current:				
Culture and recreation:				
Personal Services	375,376	375,376	337,406	37,970
Materials and services	49,490	51,582	48,382	3,200
Capital outlay	6,000	6,000	4,478	1,522
Contingency	23,555	23,555	-	23,555
Total expenditures	454,421	456,513	390,266	66,247
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(171,559)	(173,651)	(100,761)	72,890
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	74,447	76,539	76,539	-
Transfers out	(240)	(240)	(240)	-
Total other financing sources (uses)	74,207	76,299	76,299	-
<u>NET CHANGE IN FUND BALANCES</u>	(97,352)	(97,352)	(24,462)	72,890
<u>FUND BALANCE, BEGINNING</u>	97,352	97,352	165,937	68,585
<u>FUND BALANCE, ENDING</u>	\$ -	\$ -	\$ 141,475	\$ 141,475

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Property taxes	\$ 60,500	\$ 60,500	\$ 58,822	\$ (1,678)
Charges for services	4,000	4,000	2,514	(1,486)
Intergovernmental	480,644	480,644	301,213	(179,431)
Interest and investment earnings (loss)	3,000	3,000	(275)	(3,275)
Total revenues	548,144	548,144	362,274	(185,870)
<u>EXPENDITURES:</u>				
Current:				
General government:				
Personal services	146,600	146,600	128,396	18,204
Materials and services	288,700	288,700	147,993	140,707
Capital outlay	75,000	75,000	-	75,000
Debt service	30,836	30,836	30,836	-
Contingency	100,848	100,848	-	100,848
Total expenditures	641,984	641,984	307,225	334,759
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	(93,840)	(93,840)	55,049	148,889
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	30,840	30,840	30,840	-
<u>NET CHANGE IN FUND</u>				
<u>BALANCES</u>				
	(63,000)	(63,000)	85,889	148,889
<u>FUND BALANCE, BEGINNING</u>				
	63,000	63,000	(27,812)	(90,812)
<u>FUND BALANCE, ENDING</u>				
	\$ -	\$ -	\$ 58,077	\$ 58,077

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, 2022

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

CITY OF MILTON-FREEWATER, OREGON

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

911 FUND

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Intergovernmental	\$ 39,500	\$ 39,500	\$ 65,090	\$ 25,590
Interest and investment earnings (loss)	450	450	(239)	(689)
Total revenues	<u>39,950</u>	<u>39,950</u>	<u>64,851</u>	<u>24,901</u>
<u>EXPENDITURES:</u>				
Current:				
Public safety:				
Materials and services	44,068	45,323	28,178	17,145
Capital outlay	17,682	17,682	7,809	9,873
Total expenditures	<u>61,750</u>	<u>63,005</u>	<u>35,987</u>	<u>27,018</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(21,800)	(23,055)	28,864	51,919
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	1,255	1,255	-
Transfers out	(15,000)	(15,000)	(15,000)	-
Total other financing sources (uses)	<u>(15,000)</u>	<u>(13,745)</u>	<u>(13,745)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(36,800)	(36,800)	15,119	51,919
<u>FUND BALANCE, BEGINNING</u>				
	<u>36,800</u>	<u>36,800</u>	<u>61,510</u>	<u>24,710</u>
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,629</u>	<u>\$ 76,629</u>

CITY OF MILTON-FREEWATER, OREGON

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

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget-</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Licenses and fees	\$ 1,200	\$ 1,200	\$ 4,873	\$ 3,673
Intergovernmental	2,259,698	2,259,698	777,189	(1,482,509)
Interest and investment earnings (loss)	500	500	(770)	(1,270)
Total revenues	<u>2,261,398</u>	<u>2,261,398</u>	<u>781,292</u>	<u>(1,480,106)</u>
<u>EXPENDITURES:</u>				
Capital outlay	2,259,698	2,259,698	693,838	1,565,860
Contingency	206,524	206,524	-	206,524
Total expenditures	<u>2,466,222</u>	<u>2,466,222</u>	<u>693,838</u>	<u>1,772,384</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	(204,824)	(204,824)	87,454	292,278
<u>FUND BALANCE, BEGINNING</u>	204,824	204,824	209,319	4,495
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,773</u>	<u>\$ 296,773</u>

See auditors' report.

CITY OF MILTON-FREEWATER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE STATION CONSTRUCTION
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Interest on investments	\$ -	\$ -	\$ (42,011)	\$ (42,011)
Total revenues	-	-	(42,011)	(42,011)
<u>EXPENDITURES:</u>				
Capital outlay	7,657,390	7,657,390	750,936	6,906,454
Total expenditures	7,657,390	7,657,390	750,936	6,906,454
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(7,657,390)	(7,657,390)	(792,947)	6,864,443
<u>OTHER FINANCING SOURCES:</u>				
Bond sale proceeds	7,657,390	7,657,390	7,828,007	170,617
<u>NET CHANGE IN FUND BALANCES</u>				
	-	-	7,035,060	7,035,060
<u>FUND BALANCE, BEGINNING</u>				
	-	-	-	-
<u>FUND BALANCE, ENDING</u>				
	\$ -	\$ -	\$ 7,035,060	\$ 7,035,060

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, 2022

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

CITY OF MILTON-FREEWATER, OREGON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

- BUDGET AND ACTUAL

GENERAL OBLIGATION BOND FUND

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes	\$ 260,000	\$ 260,000	\$ 248,226	\$ (11,774)
Total revenues	<u>260,000</u>	<u>260,000</u>	<u>248,226</u>	<u>(11,774)</u>
<u>EXPENDITURES:</u>				
Debt service - principal	104,000	104,000	55,000	49,000
Debt service - interest	156,000	156,000	192,447	(36,447)
Total expenditures	<u>260,000</u>	<u>260,000</u>	<u>247,447</u>	<u>12,553</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	-	-	779	779
<u>FUND BALANCE, BEGINNING</u>	-	-	-	-
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 779</u>	<u>\$ 779</u>

CITY OF MILTON-FREEWATER, OREGON
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
PROPRIETARY FUNDS
June 30, 2022

- **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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Surplus power sales	\$ 197,722	\$ 197,722	\$ 350,760	\$ 153,038
Charges for services	8,978,287	8,978,287	8,921,353	(56,934)
System development charges	173,691	173,691	178,165	4,474
Weatherization loan repayments	41,000	41,000	34,265	(6,735)
Interest and investment earnings (loss)	7,500	7,500	(1,600)	(9,100)
Miscellaneous	150,000	150,000	110,622	(39,378)
Total revenues	<u>9,548,200</u>	<u>9,548,200</u>	<u>9,593,565</u>	<u>45,365</u>
<u>EXPENDITURES:</u>				
Current:				
Personal services	2,082,086	2,082,086	1,866,176	215,910
Materials and services	6,050,445	6,056,447	5,862,975	193,472
Capital outlay	695,000	695,000	452,307	242,693
Contingency	808,104	808,104	-	808,104
Total expenditures	<u>9,635,635</u>	<u>9,641,637</u>	<u>8,181,458</u>	<u>1,460,179</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(87,435)	(93,437)	1,412,107	1,505,544
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	6,002	6,000	(2)
Transfers out	(1,157,400)	(1,157,400)	(1,157,400)	-
Total other financing sources (uses)	<u>(1,157,400)</u>	<u>(1,151,398)</u>	<u>(1,151,400)</u>	<u>(2)</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(1,244,835)	(1,244,835)	260,707	1,505,542
<u>FUND BALANCE, BEGINNING</u>				
	<u>1,244,835</u>	<u>1,244,835</u>	<u>1,409,467</u>	<u>164,632</u>
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,670,174</u>	<u>\$ 1,670,174</u>

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRICAL CAPTIAL REPLACEMENT RESERVE FUND
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest and investment earnings (loss)	\$ 20,000	\$ 20,000	\$ (8,199)	\$ (28,199)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>(8,199)</u>	<u>(28,199)</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>1,772,307</u>	<u>1,772,307</u>	<u>-</u>	<u>1,772,307</u>
Total expenditures	<u>1,772,307</u>	<u>1,772,307</u>	<u>-</u>	<u>1,772,307</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(1,752,307)</u>	<u>(1,752,307)</u>	<u>(8,199)</u>	<u>1,744,108</u>
<u>FUND BALANCE, BEGINNING</u>	<u>1,752,307</u>	<u>1,752,307</u>	<u>1,764,941</u>	<u>12,634</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,756,742</u>	<u>\$ 1,756,742</u>

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRICAL OPERATING AND MAINTENANCE RESERVE FUND
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest and investment earnings (loss)	\$ 30,000	\$ 30,000	\$ (13,201)	\$ (43,201)
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>(13,201)</u>	<u>(43,201)</u>
<u>EXPENDITURES:</u>				
Capital outlay	<u>2,851,409</u>	<u>2,851,409</u>	<u>-</u>	<u>2,851,409</u>
Total expenditures	<u>2,851,409</u>	<u>2,851,409</u>	<u>-</u>	<u>2,851,409</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(2,821,409)	(2,821,409)	(13,201)	2,808,208
<u>FUND BALANCE, BEGINNING</u>	<u>2,821,409</u>	<u>2,821,409</u>	<u>2,841,751</u>	<u>20,342</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,828,550</u>	<u>\$ 2,828,550</u>

CITY OF MILTON-FREEWATER, OREGON

**RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES**

ALL ELECTRIC FUNDS

For the Fiscal Year Ended June 30, 2022

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Electric	\$ 1,670,174
Electric Capital Replacement Reserve	1,756,742
Electric Operating Maintenance Reserve	<u>2,828,550</u>
	6,255,466

Adjustments:

Capital assets, net of depreciation	6,435,326
Weatherization loans receivable	114,599
Compensated absences	(132,165)
PERS transition liability	(68,421)
Net pension liability	(1,136,884)
Deferred outflows related to pension OPEB	835,508
Deferred inflow related to pension and OPEB	(1,197,921)
Due to Bonneville Power Administration	(40,200)
Other Postemployment benefits	<u>(343,320)</u>

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

\$ 10,721,988

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Charges for services	\$ 1,321,950	\$ 1,321,950	\$ 1,289,126	\$ (32,824)
System development charges	143,000	143,000	158,087	15,087
Interest and investment earnings (loss)	5,000	5,000	(4,246)	(9,246)
Miscellaneous	2,600	2,600	15,184	12,584
Total revenues	<u>1,472,550</u>	<u>1,472,550</u>	<u>1,458,151</u>	<u>(14,399)</u>
<u>EXPENDITURES:</u>				
Current:				
Personnel services	338,846	338,846	308,330	30,516
Materials and services	419,769	419,769	298,261	121,508
Capital outlay	292,500	292,500	148,579	143,921
Contingency	489,920	390,861	-	390,861
Total expenditures	<u>1,541,035</u>	<u>1,441,976</u>	<u>755,170</u>	<u>686,806</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(68,485)	30,574	702,981	672,407
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(640,755)</u>	<u>(739,814)</u>	<u>(640,764)</u>	<u>99,050</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(709,240)	(709,240)	62,217	771,457
<u>FUND BALANCE, BEGINNING</u>				
	709,240	709,240	908,015	198,775
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 970,232</u>	<u>\$ 970,232</u>

CITY OF MILTON-FREEWATER, OREGON

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

For the Fiscal Year Ended June 30, 2022

<u>BUDGETARY BASIS FUND BALANCE (NON-GAAP)</u>	\$ 970,232
Adjustments:	
Capital assets, net of depreciation	4,666,911
Compensated absences	(23,943)
PERS transition liability	(12,438)
Net pension liability	(172,004)
Deferred outflows related to pension OPEB	126,407
Deferred inflow related to pension and OPEB	(181,238)
Other Postemployment benefits	(51,942)
	<hr/>
<u>GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS (GAAP) NET POSITION</u>	<u>\$ 5,321,985</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Charges for services	\$ 970,787	\$ 970,787	\$ 1,254,574	\$ 283,787
System development charges	123,000	123,000	118,524	(4,476)
Interest and investment earnings (loss)	10,000	10,000	(5,158)	(15,158)
Miscellaneous	57,510	57,510	60,486	2,976
Total revenues	<u>1,161,297</u>	<u>1,161,297</u>	<u>1,428,426</u>	<u>267,129</u>
<u>EXPENDITURES:</u>				
Current:				
Personal services	447,537	447,537	407,215	40,322
Materials and services	305,330	305,330	294,233	11,097
Contingency	810,104	810,104	-	810,104
Total expenditures	<u>1,562,971</u>	<u>1,562,971</u>	<u>701,448</u>	<u>861,523</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(401,674)	(401,674)	726,978	1,128,652
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(537,424)</u>	<u>(537,424)</u>	<u>(537,424)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	(939,098)	(939,098)	189,554	1,128,652
<u>FUND BALANCE, BEGINNING</u>				
	<u>939,098</u>	<u>939,098</u>	<u>1,232,947</u>	<u>293,849</u>
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,422,501</u>	<u>\$ 1,422,501</u>

CITY OF MILTON-FREEWATER, OREGON

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

SEWER PLANT IMPROVEMENT FUND

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
System development charges	\$ 20,000	\$ 20,000	\$ 21,375	\$ 1,375
Interest and investment earnings (loss)	5,000	5,000	(4,044)	(9,044)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>17,331</u>	<u>(7,669)</u>
<u>EXPENDITURES:</u>				
Capital outlay	250,000	250,000	219,101	30,899
Debt service	93,912	93,912	93,912	-
Contingency	523,297	523,297	-	523,297
Total expenditures	<u>867,209</u>	<u>867,209</u>	<u>313,013</u>	<u>554,196</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(842,209)	(842,209)	(295,682)	546,527
<u>FUND BALANCE, BEGINNING</u>				
	842,209	842,209	864,604	22,395
<u>FUND BALANCE, ENDING</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568,922</u>	<u>\$ 568,922</u>

CITY OF MILTON-FREEWATER, OREGON

**RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES**

ALL SEWER FUNDS

For the Fiscal Year Ended June 30, 2022

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,422,501
Sewer Plant Improvement	<u>568,922</u>
	1,991,423
Adjustments:	
Capital assets, net of depreciation	6,061,042
Compensated absences	(20,475)
PERS transition liability	(18,228)
Accrued interest payable	(1,872)
Net pension liability	(220,835)
Deferred outflows related to pension OPEB	162,293
Deferred inflow related to pension and OPEB	(232,692)
Long-term debt	(1,147,540)
Other Postemployment benefits	<u>(66,688)</u>

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

\$ 6,506,428

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES:</u>				
Charges for service	\$ 909,504	\$ 909,504	\$ 1,175,781	\$ 266,277
System development charges	92,360	92,360	95,505	3,145
Intergovernmental	-	-	-	-
Interest and investment earnings (loss)	5,000	5,000	(2,631)	(7,631)
Miscellaneous	5,000	5,000	-	(5,000)
Total revenues	1,011,864	1,011,864	1,268,655	256,791
<u>EXPENDITURES:</u>				
Current:				
Personal services	488,070	488,070	422,456	65,614
Materials and services	375,898	375,898	418,525	(42,627)
Capital outlay	49,000	49,000	22,660	26,340
Contingency	447,005	447,005	-	447,005
Total expenditures	1,359,973	1,359,973	863,641	496,332
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(348,109)	(348,109)	405,014	753,123
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	2,000	2,000	2,004	4
Transfers out	(354,758)	(354,758)	(354,756)	2
Total other financing sources (uses)	(352,758)	(352,758)	(352,752)	6
<u>NET CHANGE IN FUND BALANCE</u>	(700,867)	(700,867)	52,262	753,129
<u>FUND BALANCE, BEGINNING</u>	700,867	700,867	702,490	1,623
<u>FUND BALANCE, ENDING</u>	\$ -	\$ -	\$ 754,752	\$ 754,752
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			195,926	
Compensated absences			(9,653)	
PERS transition liability			(9,228)	
Net pension liability			(234,840)	
Deferred outflows related to pension OPEB			172,587	
Deferred inflow related to pension and OPEB			(247,447)	
Other Postemployment benefits			(70,918)	
<u>NET POSITION, ENDING</u>			\$ 551,179	

See auditor's report.

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LANDFILL CLOSURE FUND
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Interest and investment earnings (loss)	\$ 1,700	\$ 1,700	\$ (1,027)	\$ (2,727)
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	1,700	1,700	(1,027)	(2,727)
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	4,000	4,000	3,996	(4)
<u>NET CHANGE IN FUND</u>				
<u>BALANCES</u>	5,700	5,700	2,969	(2,731)
<u>FUND BALANCE, BEGINNING</u>	161,342	161,342	160,777	(565)
<u>FUND BALANCE, ENDING</u>	\$ 167,042	\$ 167,042	\$ 163,746	\$ (3,296)
<u>RECONCILIATION TO GENERALLY</u>				
<u>ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Landfill closure liability			(179,477)	
NET POSITION, ENDING			\$ (15,731)	

CITY OF MILTON-FREEWATER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GOLF COURSE FUND
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Charges for services	237,450	237,450	180,705	(56,745)
Total revenues	<u>337,450</u>	<u>337,450</u>	<u>180,705</u>	<u>(156,745)</u>
<u>EXPENDITURES:</u>				
Current:				
Personal services	75,208	75,208	77,874	(2,666)
Materials and services	125,115	125,115	116,937	8,178
Capital outlay	122,500	122,500	175	122,325
Debt service	11,418	11,418	1,418	10,000
Contingency	4,412	4,412	-	4,412
Total expenditures	<u>338,653</u>	<u>338,653</u>	<u>196,404</u>	<u>142,249</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
	(1,203)	(1,203)	(15,699)	(14,496)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(100)	(100)	(96)	4
<u>NET CHANGE IN FUND BALANCE</u>	<u>(1,303)</u>	<u>(1,303)</u>	<u>(15,795)</u>	<u>(14,492)</u>
<u>FUND BALANCE, BEGINNING</u>	<u>1,303</u>	<u>1,303</u>	<u>(44,893)</u>	<u>(46,196)</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,688)</u>	<u>\$ (60,688)</u>
<u>RECONCILIATION TO GENERALLY</u>				
<u>ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			106,368	
PERS transition liability			(4,104)	
Accrued interest payable			(1,208)	
Net pension liability			(42,654)	
Deferred outflows related to pension OPEB			31,347	
Deferred inflow related to pension and OPEB			(44,944)	
Advances from other funds			(131,774)	
Other Postemployment benefits			(12,880)	
<u>NET POSITION, ENDING</u>			<u>\$ (160,537)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Interest and investment earnings (loss)	\$ 600	\$ 600	\$ (199)	\$ (799)
Misc.	-	-	110	110
Total revenues	<u>600</u>	<u>600</u>	<u>(89)</u>	<u>(689)</u>
<u>EXPENDITURES:</u>				
Current:				
Materials and services	28,950	29,369	23,746	5,623
Capital outlay	12,000	12,000	-	12,000
Contingency	19,834	19,834	-	19,834
Total expenditures	<u>60,784</u>	<u>61,203</u>	<u>23,746</u>	<u>37,457</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>(60,184)</u>	<u>(60,603)</u>	<u>(23,835)</u>	<u>36,768</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	42,491	42,910	42,908	(2)
Transfers out	<u>(22,763)</u>	<u>(22,763)</u>	<u>(22,763)</u>	<u>-</u>
Total other financing sources (uses)	<u>19,728</u>	<u>20,147</u>	<u>20,145</u>	<u>(2)</u>
<u>NET CHANGE IN FUND</u>				
<u>BALANCES</u>	<u>(40,456)</u>	<u>(40,456)</u>	<u>(3,690)</u>	<u>36,766</u>
<u>FUND BALANCE, BEGINNING</u>	<u>40,456</u>	<u>40,456</u>	<u>45,477</u>	<u>5,021</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,787</u>	<u>\$ 41,787</u>
<u>RECONCILIATION TO GENERALLY</u>				
<u>ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			<u>8,719</u>	
NET POSITION, Ending			<u>\$ 50,506</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, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>REVENUES:</u>				
Charges for service	\$ 491,811	\$ 491,811	\$ 451,528	\$ (40,283)
Interest and investment earnings (loss)	2,500	2,500	(334)	(2,834)
Miscellaneous	-	-	377	377
Total revenues	494,311	494,311	451,571	(42,740)
<u>EXPENDITURES:</u>				
Current:				
Personal services	285,386	285,386	271,653	13,733
Materials and services	288,803	289,222	279,482	9,740
Contingency	144,085	144,085	-	144,085
Total expenditures	718,274	718,693	551,135	167,558
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(223,963)	(224,382)	(99,564)	124,818
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	419	418	(1)
Transfers out	(77,843)	(77,843)	(77,843)	-
Total other financing sources (uses)	(77,843)	(77,424)	(77,425)	(1)
<u>NET CHANGE IN FUND BALANCES</u>	(301,806)	(301,806)	(176,989)	124,817
<u>FUND BALANCE, BEGINNING</u>	301,806	301,806	248,702	(53,104)
<u>FUND BALANCE, ENDING</u>	\$ -	\$ -	\$ 71,713	\$ 71,713
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			11,133	
Compensated absences			(15,284)	
PERS transition liability			(13,655)	
Net pension liability			(169,077)	
Deferred outflows related to pension OPEB			124,256	
Deferred inflow related to pension and OPEB			(178,153)	
Other Postemployment benefits			(51,058)	
<u>NET POSITION, ENDING</u>			\$ (220,125)	

See auditor's report.

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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Charges for service	\$ 435,606	\$ 435,606	\$ 397,495	\$ (38,111)
Interest and investment earnings (loss)	1,500	1,500	(4,144)	(5,644)
Miscellaneous	-	-	12,781	12,781
Total revenues	<u>437,106</u>	<u>437,106</u>	<u>406,132</u>	<u>(30,974)</u>
<u>EXPENDITURES:</u>				
Materials and services	-	419	-	419
Capital outlay	65,000	200,000	177,492	22,508
Debt service	110,554	74,613	80,090	(5,477)
Total expenditures	<u>175,554</u>	<u>275,032</u>	<u>257,582</u>	<u>17,450</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	261,552	162,074	148,550	(13,524)
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	-	99,478	-	(99,478)
<u>NET CHANGE IN FUND BALANCES</u>				
	261,552	261,552	148,550	(113,002)
<u>FUND BALANCE, BEGINNING</u>				
	723,540	723,540	751,484	27,944
<u>FUND BALANCE, ENDING</u>				
	<u>\$ 985,092</u>	<u>\$ 985,092</u>	<u>\$ 900,034</u>	<u>\$ (85,058)</u>
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:</u>				
Capital assets, net of depreciation			1,194,503	
Accrued interest payable			(678)	
Capital leases payable			<u>(135,714)</u>	
<u>NET POSITION, ENDING</u>			<u>\$ 1,958,145</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Interest and investment earnings (loss)	\$ 500	\$ 500	\$ (97)	\$ (597)
Total revenues	<u>500</u>	<u>500</u>	<u>(97)</u>	<u>(597)</u>
<u>EXPENDITURES:</u>				
Current:				
Personal services	<u>40,276</u>	<u>40,276</u>	<u>28,237</u>	<u>12,039</u>
Total expenditures	<u>40,276</u>	<u>40,276</u>	<u>28,237</u>	<u>12,039</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(39,776)	(39,776)	(28,334)	11,442
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>6,776</u>	<u>6,776</u>	<u>6,768</u>	<u>(8)</u>
<u>NET CHANGE IN FUND BALANCES</u>	(33,000)	(33,000)	(21,566)	11,434
<u>FUND BALANCE, BEGINNING</u>	<u>33,000</u>	<u>33,000</u>	<u>47,399</u>	<u>14,399</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,833</u>	<u>\$ 25,833</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest and investment earnings (loss)	\$ 600	\$ 600	\$ (409)	\$ (1,009)
Miscellaneous	10,000	10,000	25,724	15,724
Total revenues	10,600	10,600	25,315	14,715
<u>EXPENDITURES:</u>				
Current:				
Materials and services	45,600	45,600	8,180	37,420
Total expenditures	45,600	45,600	8,180	37,420
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(35,000)	(35,000)	17,135	52,135
<u>FUND BALANCE, BEGINNING</u>	35,000	35,000	56,886	21,886
<u>FUND BALANCE, ENDING</u>	\$ -	\$ -	\$ 74,021	\$ 74,021

STATISTICAL SECTION

CITY OF MILTON-FREEWATER, OREGON

STATISTICAL SECTION

June 30, 2022

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

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

Sources: Unless otherwise noted, the information contained in these schedules is derived from the annual comprehensive financial report for the relevant year.

FINANCIAL TRENDS

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 14,877,601	\$ 14,235,561	\$ 13,946,180	\$ 13,520,875	\$ 19,735,512	\$ 19,091,342	\$ 18,575,664	\$ 18,043,070	\$ 18,508,129	\$ 18,327,297
Restricted	888,353	914,197	903,887	701,706	677,401	689,825	852,892	976,784	1,003,576	8,054,462
Unrestricted	816,015	724,553	(150,999)	(1,680,809)	(2,477,191)	(3,760,547)	(3,946,223)	(4,200,353)	(4,485,654)	(9,987,548)
Total governmental activities net position	16,581,969	15,874,311	14,699,068	12,541,772	17,935,722	16,020,620	15,482,333	14,819,501	15,026,051	16,394,211
Business-type activities										
Net investment in capital assets	16,766,176	16,365,814	16,027,794	17,885,072	17,697,139	17,820,977	17,656,619	17,195,784	17,375,667	17,396,673
Restricted	278,904	486,665	776,629	1,019,402	1,194,673	1,200,133	1,318,514	1,223,240	1,288,282	1,324,253
Unrestricted	8,178,689	7,877,222	7,057,538	5,984,371	5,713,568	5,360,561	5,141,696	4,905,769	4,780,621	5,516,537
Total business-type activities net position	25,223,769	24,729,701	23,861,961	24,888,845	24,605,380	24,381,671	24,116,829	23,324,793	23,444,570	24,237,463
Primary government										
Net investment in capital assets	31,643,777	30,601,375	29,973,974	31,405,947	37,432,651	36,912,319	36,232,283	35,238,854	35,883,796	35,723,970
Restricted	1,167,257	1,400,862	1,680,516	1,721,108	1,872,074	1,889,958	2,171,406	2,200,024	2,291,858	9,378,715
Unrestricted	8,994,704	8,601,775	6,906,539	4,303,562	3,236,377	1,600,014	1,195,473	705,416	294,967	(4,471,011)
Total primary government net position	\$ 41,805,738	\$ 40,604,012	\$ 38,561,029	\$ 37,430,617	\$ 42,541,102	\$ 40,402,291	\$ 39,599,162	\$ 38,144,294	\$ 38,470,621	\$ 40,631,674

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
General government	\$ 1,536,293	\$ 1,563,908	\$ 1,380,640	\$ 2,261,372	\$ 1,959,138	\$ 1,984,828	\$ 1,930,495	\$ 2,496,674	\$ 2,383,689	\$ 1,937,843
Public safety	2,070,078	2,011,173	1,585,311	2,948,737	2,445,720	2,628,204	2,573,873	2,722,041	2,948,602	2,635,784
Culture and recreation	874,760	865,910	733,273	1,038,372	866,425	878,063	895,815	855,695	852,030	917,625
Public Works	449,596	459,647	368,411	621,400	582,470	532,213	601,316	627,569	798,540	742,459
Community development	497,855	636,052	209,378	432,463	381,356	287,197	100,139	46,475	121,359	118,619
Engineering	91,313	90,451	51,771	107,548	83,747	93,101	37,739	46,884	47,412	41,404
Highways and streets	820,680	932,701	714,161	849,877	1,259,648	924,605	936,537	975,475	1,163,093	916,107
Interest in long term obligations	25,582	14,971	3,000	375	-	-	-	-	10,398	328,445
Total governmental activities expenses	6,366,157	6,574,813	5,045,945	8,260,144	7,578,504	7,328,211	7,075,914	7,770,813	8,325,123	7,638,286
Business-type activities:										
Electric	6,239,208	6,936,488	6,442,798	7,512,041	7,341,831	7,044,097	7,733,563	7,903,614	8,296,331	7,902,169
Water	773,814	850,276	805,035	951,888	785,710	817,925	729,528	947,684	728,492	741,755
Sewer	758,503	803,378	732,318	935,950	825,032	837,572	876,624	1,023,046	998,123	729,194
Solid Waste	572,881	555,565	485,325	704,310	659,340	711,289	734,545	702,396	814,065	824,928
Golf Course	215,601	179,148	180,344	202,147	151,473	179,228	167,555	171,856	193,845	206,316
Total business-type activities expenses	8,560,007	9,324,855	8,645,820	10,306,336	9,763,386	9,590,111	10,241,815	10,748,596	11,030,856	10,404,362
Total primary government expenses	14,926,164	15,899,668	13,691,765	18,566,480	17,341,890	16,918,322	17,317,729	18,519,409	19,355,979	18,042,648
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	288,704	224,243	244,325	268,279	204,744	222,300	274,593	29,239	75,215	120,689
Public Safety	-	-	-	-	-	-	-	166,452	123,303	72,342
Cultural and recreation	161,121	145,584	172,193	144,155	131,438	103,563	121,440	29,718	38,584	91,039
Highways and streets	2,098	1,081	1,953	780	720	1,116	2,419	8,091	5,338	11,472
Operating grants and contributions	738,013	767,451	754,369	816,892	879,631	878,399	919,730	1,303,042	1,304,031	1,835,305
Capital grants and contributions	416,466	53,946	285,315	131,953	242,893	26,207	21,720	361,735	1,647,027	1,092,802
Total governmental activities program revenues	1,606,402	1,192,305	1,458,155	1,362,059	1,459,426	1,231,585	1,339,902	1,898,277	3,193,498	3,223,649
Business-type activities:										
Charges for services:										
Electric	6,884,263	7,018,128	7,033,057	7,281,450	7,691,691	7,976,810	8,030,639	8,061,674	8,666,444	9,382,735
Water	1,202,639	1,181,796	1,237,185	1,205,216	1,229,766	1,298,240	1,267,685	1,288,681	1,403,151	1,304,310
Sewer	1,041,235	1,060,795	1,175,433	1,208,592	1,201,125	1,225,428	1,211,961	1,238,611	1,263,633	1,254,804
Solid Waste	832,589	845,996	902,070	914,084	956,558	1,020,736	1,002,919	1,006,008	1,019,539	1,175,781
Golf Course	193,373	177,350	167,208	168,655	150,423	170,569	150,834	214,925	219,722	180,705
Operating grants	50,169	50,008	50,768	50,457	49,387	52,497	48,740	57,009	56,817	60,256
Capital grants	527,340	390,920	368,304	2,608,406	751,801	311,838	327,744	374,765	1,068,105	571,656
Total business-type activities program revenues	10,731,608	10,724,993	10,934,025	13,436,860	12,030,751	12,056,118	12,040,522	12,241,673	13,697,411	13,930,247
Total primary government program revenues	12,338,010	11,917,298	12,392,180	14,798,919	13,490,177	13,287,703	13,380,424	14,139,950	16,890,909	17,153,896
Net (expense)/revenue:										
Governmental activities	(4,759,755)	(5,382,508)	(3,587,790)	(6,898,085)	(6,119,078)	(6,096,626)	(5,736,012)	(5,872,536)	(5,131,625)	(4,414,637)
Business-type activities	2,171,601	1,400,138	2,288,205	3,130,524	2,267,365	2,466,007	1,798,707	1,493,077	2,666,555	3,525,885
Total primary government net expense	\$ (2,588,154)	\$ (3,982,370)	\$ (1,299,585)	\$ (3,767,561)	\$ (3,851,713)	\$ (3,630,619)	\$ (3,937,305)	\$ (4,379,459)	\$ (2,465,070)	\$ (888,752)

Continued on following page

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

Continued from previous page

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>General Revenues and Other Changes in Net Position:</u>										
General revenues:										
Property taxes levied for:										
General purposes	\$ 1,345,542	\$ 1,366,983	\$ 1,006,765	\$ 1,068,778	\$ 1,032,358	\$ 1,059,669	\$ 1,233,582	\$ 1,236,146	\$ 1,186,141	\$ 1,311,487
Debt service	107,869	111,200	115,182	107,849	-	-	-	-	-	252,118
Franchise and public service taxes	1,168,930	1,207,173	1,225,903	1,355,646	1,349,354	1,339,582	1,396,681	1,381,913	1,465,612	1,544,332
Interest and investment earnings	9,343	11,403	24,230	7,729	14,111	14,507	26,605	25,825	11,345	(54,092)
Miscellaneous	-	-	-	1,432	921	5,384	(66,823)	-	-	-
Refund of property taxes to county	-	(74,628)	-	-	-	-	-	-	-	-
Transfers	1,964,986	2,052,719	2,145,443	2,198,455	2,258,700	2,365,725	2,419,964	2,565,820	2,675,077	2,728,952
Total governmental activities	4,596,670	4,674,850	4,517,523	4,739,889	4,655,444	4,784,867	5,010,009	5,209,704	5,338,175	5,782,797
Business-type activities:										
Interest on investment earnings	55,155	56,716	48,664	43,146	68,824	125,664	236,659	199,702	70,659	(70,015)
Miscellaneous	116,893	101,797	108,784	76,076	77,403	122,736	92,116	81,005	57,640	65,975
Transfers	(1,964,986)	(2,052,719)	(2,145,443)	(2,198,455)	(2,258,700)	(2,365,725)	(2,419,964)	(2,565,820)	(2,675,077)	(2,728,952)
Total business-type activities	(1,792,938)	(1,894,206)	(1,987,995)	(2,079,233)	(2,112,473)	(2,117,325)	(2,091,189)	(2,285,113)	(2,546,778)	(2,732,992)
Total primary government	2,803,732	2,780,644	2,529,528	2,660,656	2,542,971	2,667,542	2,918,820	2,924,591	2,791,397	3,049,805
<u>Change in Net Position:</u>										
Governmental activities	(163,085)	(707,658)	929,733	(2,158,196)	(1,463,634)	(1,311,759)	(726,003)	(662,832)	206,550	1,368,160
Business-type activities	378,663	(494,068)	300,210	1,051,291	154,892	348,682	(292,482)	(792,036)	119,777	792,893
Total primary government	215,578	(1,201,726)	1,229,943	(1,106,905)	(1,308,742)	(963,077)	(1,018,485)	(1,454,868)	326,327	2,161,053
<u>Net Position Beginning:</u>										
Governmental activities (previously reported)	16,745,054	16,581,969	15,874,311	14,699,068	12,541,772	17,935,721	16,020,620	15,482,333	14,819,501	15,026,051
Business-type activities (previously reported)	24,845,106	25,223,769	24,729,701	23,861,961	24,888,845	24,605,382	24,381,671	24,116,829	23,324,793	23,444,570
Total primary government - beginning	41,590,160	41,805,738	40,604,012	38,561,029	37,430,617	42,541,103	40,402,291	39,599,162	38,144,294	38,470,621
Governmental activities change from GASB	-	-	(2,104,976)	-	-	(603,342)	215,356	-	-	-
Business-type activities change from GASB	-	-	(1,167,950)	-	-	(572,393)	-	-	-	-
Prior-period adjustment	-	-	-	(24,407)	6,419,223	-	-	-	-	-
<u>Net Position Ending:</u>										
Governmental activities	16,581,969	15,874,311	14,699,068	12,541,772	11,078,138	16,020,620	15,509,973	14,819,501	15,026,051	16,394,211
Business-type activities	25,223,769	24,729,701	23,861,961	24,913,252	25,043,737	24,381,671	24,089,189	23,324,793	23,444,570	24,237,463
<u>Total Primary Government Net Position</u>	\$ 41,805,738	\$ 40,604,012	\$ 35,288,103	\$ 37,430,617	\$ 42,541,098	\$ 39,226,556	\$ 39,814,518	\$ 38,144,294	\$ 38,470,621	\$ 40,631,674

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ -	\$ 30,645	\$ -	\$ 141,774	\$ -	\$ 141,774	\$ 141,774	\$ 141,774	\$ -	\$ -
Committed	157	157	158	-	-	-	-	-	-	-
Restricted				357,807	326,370	91,641	76,219	62,478	62,367	55,631
Assigned	197,180	203,207	243,818	149,651	113,750	-	-	-	-	-
Unassigned	-	-	65,921	-	-	(55,626)	(3,214)	68,650	393,638	1,353,815
Total general fund	197,337	234,009	309,897	649,232	440,120	177,789	214,779	272,902	456,005	1,409,446
All other governmental funds										
Nonspendable	-	628,846	410,595	-	-	-	-	-	-	-
Restricted	888,196	359,499	493,363	343,899	351,031	456,410	634,899	772,532	809,435	7,998,832
Assigned	366,786	369,572	387,174	528,995	265,558	410,358	142,556	120,094	270,838	431,488
Unassigned	(30,663)	(106,801)	(2,250)	-	-	-	-	-	(27,812)	-
Total all other governmental funds	1,224,319	1,251,116	1,288,882	872,894	616,589	866,768	777,455	892,626	1,052,461	8,430,320
Total all funds	\$ 1,421,656	\$ 1,485,125	\$ 1,598,779	\$ 1,522,126	\$ 1,056,709	\$ 1,044,557	\$ 992,234	\$ 1,165,528	\$ 1,508,466	\$ 9,839,766

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes/special assessments	\$ 1,610,543	\$ 1,680,489	\$ 1,294,425	\$ 1,323,645	\$ 1,207,424	\$ 1,242,558	\$ 1,376,022	\$ 1,395,381	\$ 1,458,138	\$ 1,795,098
Intergovernmental	1,323,223	989,589	1,221,539	1,216,031	1,130,895	1,256,433	1,125,235	1,859,546	3,005,739	3,127,175
Franchise fees	851,657	873,574	896,789	915,063	950,319	959,915	978,809	983,253	1,049,485	1,111,342
Licenses & fines	174,527	137,197	126,866	139,165	135,602	116,901	150,551	137,861	155,629	112,181
Charges for services	178,220	158,916	183,176	149,274	128,201	104,231	96,019	36,385	48,160	80,924
Interest on investments	9,344	11,404	24,230	7,729	14,111	14,508	26,605	25,825	11,344	(55,641)
Miscellaneous revenues	98,839	112,623	101,775	100,179	113,621	118,187	141,925	133,615	197,967	119,729
Total revenues	4,246,353	3,963,792	3,848,800	3,851,086	3,680,173	3,812,733	3,895,166	4,571,866	5,926,462	6,290,808
Expenditures:										
Current:										
General government	1,454,853	1,484,678	1,619,098	1,713,108	1,817,704	1,769,316	1,855,317	2,312,042	2,198,049	2,006,234
Public safety	2,046,083	1,994,110	2,067,077	2,235,366	2,280,176	2,376,861	2,524,336	2,521,590	2,616,318	2,701,394
Culture and recreation	734,084	724,460	718,644	755,307	753,482	772,917	777,425	698,896	700,805	841,491
Public Works	438,464	454,070	471,760	475,004	540,436	518,627	593,875	626,654	632,614	671,160
Community development	400,848	424,740	269,043	340,998	279,864	259,166	104,057	104,536	107,044	122,809
Engineering	91,372	88,313	72,291	75,767	77,839	87,145	39,784	34,210	41,676	42,806
Highways and streets	234,738	232,899	238,770	268,721	284,137	278,656	278,068	287,169	277,707	277,106
Capital outlay	531,886	261,327	297,156	139,673	370,652	127,923	289,064	899,295	1,751,779	1,415,327
Debt service (Principle)	199,230	199,117	120,000	120,000	-	-	-	-	20,025	97,921
Debt service (Interest)	29,104	14,700	6,750	2,250	-	-	-	-	11,385	340,218
Total expenditures	6,160,662	5,878,414	5,880,589	6,126,194	6,404,290	6,190,611	6,461,926	7,484,392	8,357,402	8,516,466
Excess (deficiency) of revenues over (under) expenditures	(1,914,309)	(1,914,622)	(2,031,789)	(2,275,108)	(2,724,117)	(2,377,878)	(2,566,760)	(2,912,526)	(2,430,940)	(2,225,658)
Other financing sources (uses):										
Issuance of debt	-	-	-	-	-	-	-	520,000	240,575	7,828,007
Sales of assets	-	-	-	-	-	-	94,473	-	-	-
Transfers in	2,185,651	2,270,399	2,437,837	3,031,595	2,537,032	2,597,574	2,650,412	2,813,913	3,150,674	2,986,283
Transfers out	(220,665)	(217,680)	(292,394)	(833,140)	(278,332)	(231,849)	(230,448)	(248,093)	(475,597)	(257,332)
Total other financing sources (uses)	1,964,986	2,052,719	2,145,443	2,198,455	2,258,700	2,365,725	2,514,437	3,085,820	2,915,652	10,556,958
Refund of property taxes received	-	(74,628)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 50,677	\$ 63,469	\$ 113,654	\$ (76,653)	\$ (465,417)	\$ (12,153)	\$ (52,323)	\$ 173,294	\$ 484,712	\$ 8,331,300
Debt service as a percentage of non-capital expenditures (debt/Other Exp) - Capital Additions)	4.1%	3.8%	2.3%	2.0%	0.0%	0.0%	0.0%	0.0%	0.5%	6.2%

REVENUE CAPACITY

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

Function/Program:	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
General government	\$ 409,228	\$ 375,597	\$ 359,972	\$ 440,047	\$ 461,600	\$ 387,045	\$ 405,508	\$ 843,579	\$ 722,467	\$ 1,344,750
Public safety	68,892	42,154	52,008	34,700	50,048	77,680	51,421	214,359	231,599	132,765
Culture and recreation	340,123	363,313	377,762	337,641	371,771	319,792	352,697	297,409	354,117	383,033
Highways and streets	788,159	411,241	668,413	549,671	576,007	457,068	530,276	542,930	1,885,315	1,363,101
Total governmental activities	1,606,402	1,192,305	1,458,155	1,362,059	1,459,426	1,241,585	1,339,902	1,898,277	3,193,498	3,223,649
Business-type activities:										
Electric	7,150,618	7,202,841	7,201,401	7,406,129	7,815,770	8,102,212	8,155,073	8,188,591	8,824,908	9,560,900
Water	1,296,077	1,232,534	1,262,180	1,250,626	1,274,616	1,383,280	1,368,628	1,425,238	2,176,837	1,462,397
Sewer	1,248,951	1,247,183	1,401,166	3,697,366	1,833,384	1,379,321	1,363,068	1,406,911	1,455,343	1,454,959
Solid Waste	832,589	845,996	902,070	914,084	956,558	1,020,736	1,002,919	1,006,008	1,020,601	1,271,286
Golf Course	203,373	196,439	167,208	168,655	150,423	170,569	150,834	214,925	219,722	180,705
Total business-type activities	10,731,608	10,724,993	10,934,025	13,436,860	12,030,751	12,056,118	12,040,522	12,241,673	13,697,411	13,930,247
Total primary government	\$ 12,338,010	\$ 11,917,298	\$ 12,392,180	\$ 14,798,919	\$ 13,490,177	\$ 13,297,703	\$ 13,380,424	\$ 14,139,950	\$ 16,890,909	\$ 17,153,896

Source: Current and prior years' financial statements

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

Fiscal Year Ended June 30,	Property Taxes	Transient Room Taxes	Utility Taxes
2013	\$ 1,462,014	\$ 14,430	\$ 134,099
2014	1,523,708	18,121	138,660
2015	1,147,166	7,431	139,828
2016	1,151,298	26,639	145,708
2017	1,035,196	16,933	155,295
2018	1,063,350	22,302	156,906
2019	1,189,945	20,280	165,797
2020	1,219,231	14,063	162,087
2021	1,258,358	15,991	183,789
2022	1,560,995	29,244	190,459

Source: Current and prior years' financial statements

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

Fiscal Year Ended June 30,	Total Taxable Assessed Value ¹	Total Direct Tax Rate	Measure 5 Real Market Value ²
2013	\$ 242,266,716	6.12	\$ 309,694,430
2014	252,318,776	6.16	310,240,684
2015	259,211,080	4.44	334,986,321
2016	268,188,919	4.43	311,551,824
2017	274,904,381	3.98	351,916,966
2018	282,588,912	3.97	362,474,475
2019	293,817,159	4.31	385,153,289
2020	289,466,459	4.29	379,375,989
2021	301,741,347	4.28	396,772,553
2022	316,047,618	5.08	424,695,834

Source: Umatilla County Assessment and Taxation

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

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

CITY OF MILTON-FREEWATER, OREGON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING DEBT SCHEDULE
(per \$1,000 of assessed valuation)
June 30, 2022

	Fiscal Year Ended June 30,									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Direct rates:</u>										
City of Milton-Freewater - general	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.16	3.18
City of Milton-Freewater - bond	0.83	-	-	-	-	-	0.45	0.46	0.44	0.45
City of Milton-Freewater - Local Option	0.51	0.53	0.54	0.56	0.22	0.23	0.23	0.23	0.24	0.25
Milton-Freewater Urban Renewal District	-	-	-	-	-	-	-	-	2.32	2.24
Total direct rates	<u>5.08</u>	<u>4.28</u>	<u>4.29</u>	<u>4.31</u>	<u>3.97</u>	<u>3.98</u>	<u>4.43</u>	<u>4.44</u>	<u>6.16</u>	<u>6.12</u>
<u>Overlapping rates:</u>										
Umatilla County	2.85	2.85	2.85	2.85	2.85	2.86	3.04	3.04	2.57	2.62
Blue Mountain Community College	0.86	0.87	0.88	0.87	0.87	0.87	0.89	0.66	0.81	0.81
Milton-Freewater School District #7	5.86	5.93	5.89	5.92	5.92	5.92	5.79	5.79	5.04	4.06
Miscellaneous Small Districts	3.01	3.00	1.54	2.18	2.18	2.18	2.18	2.22	1.91	1.95
Total overlapping rates	<u>12.58</u>	<u>12.65</u>	<u>11.16</u>	<u>11.82</u>	<u>11.82</u>	<u>11.83</u>	<u>11.90</u>	<u>11.71</u>	<u>10.33</u>	<u>9.44</u>
Total Rates	<u><u>17.67</u></u>	<u><u>16.93</u></u>	<u><u>15.45</u></u>	<u><u>16.13</u></u>	<u><u>15.79</u></u>	<u><u>15.81</u></u>	<u><u>16.33</u></u>	<u><u>16.15</u></u>	<u><u>16.49</u></u>	<u><u>15.56</u></u>

Source: Umatilla County Department of Assessment and Taxation

CITY OF MILTON-FREEWATER, OREGON
REPRESENTATIVE
FISCAL YEAR 2022 LEVY RATES
(per \$1,000 of assessed valuation)

General Government	Billing Rate	Bond Levy Rate	Local Option Rate	Consolidated Rate
City of Milton-Freewater	3.7499	0.8254	0.5078	5.0831
Umatilla County	2.8487	-	-	2.8487
Port of Umatilla	0.1539	-	-	0.1539
Cemetery District 3 Milton-Freewater	0.0566	-	-	0.0566
East Umatilla Chemical Ctrl District	0.0211	-	-	0.0211
Milton-Freewater Ctrl District	0.0737	0.6239	-	0.6976
Milton-Freewater Valley Ambulance District	1.1000	-	-	1.1000
Umatilla Special Library District	0.3682	-	-	0.3682
Total General Government	8.3721	1.4493	0.5078	10.3292
Education				
Milton-Freewater School District No. 7	4.7953	1.0661	-	5.8614
Blue Mountain Community College	0.6611	0.1978	-	0.8589
Intermountain E.S.D.	0.6156	-	-	0.6156
Total Education	6.0720	1.2639	-	7.3359
Total Tax Rate	14.4441	2.7132	0.5078	17.6651

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

General Government	Debt Outstanding	Percentage Applicable	Applicable to City
<u>Direct Debt</u>			
City of Milton-Freewater	\$ 8,428,623	100.00%	\$ 8,428,623
<u>Overlapping Debt</u>			
Umatilla County	8,136,242	4.18%	340,095
Umatilla County School District 7	27,393,473	37.63%	10,308,164
Blue Mountain Community College	21,745,000	2.25%	489,263
Intermountain E.S.D.	5,497,222	1.92%	105,547
Milton-Freewater Water Control District	1,449,864	64.55%	935,887
Total Overlapping Debt	<u>64,221,801</u>		<u>12,178,955</u>
Total Direct and Overlapping Debt	<u>\$ 72,650,424</u>		<u>\$ 20,607,578</u>

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

2021-2022 data;

RMV	\$429,310,249
Assessed Value	\$314,991,273
Estimated City Population	7,144

Bonded Debt Ratios

Direct Debt to RMV	1.96%
Direct and Overlapping Debt to RMV	4.80%
Per Capita RMV	\$ 60,094
Per Capita Direct Debt	\$ 1,180
Per Capita Direct and Overlapping Debt	\$ 2,885

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

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

Tax Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in subsequent years	Percentage	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 939,891	\$ 883,872	94.04%	\$ 55,923	\$ 939,795	99.99%
2014	966,322	906,661	93.83%	59,533	966,194	99.99%
2015	972,018	945,969	97.32%	25,840	971,809	99.98%
2016	1,005,676	948,653	94.33%	56,909	1,005,562	99.99%
2017	996,387	938,098	94.15%	57,937	996,035	99.96%
2018	1,030,827	968,825	93.99%	61,225	1,030,050	99.92%
2019	1,059,657	1,001,474	94.51%	54,987	1,056,461	99.70%
2020	1,104,404	1,075,076	97.34%	22,476	1,097,552	99.38%
2021	1,291,963	1,270,581	98.34%	15,322	1,285,903	99.53%
2022	1,601,000	1,510,706	94.36%	-	1,510,706	94.36%

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

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

	2021-2022			2012-2013		
	Real Property Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Real Property Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Taxpayer						
Brown Earl E & Sons Inc	\$ 11,545,110	1	3.65%			
Earl E Brown & Sons Inc	8,047,930	2	2.55%			
Earl Brown & Sons Inc	5,526,470	3	1.75%	\$ 6,264,140	2	2.59%
Milton-Freewater Holdings LLC	5,544,890	4	1.75%	5,810,840	3	2.40%
Charter Communications	5,176,000	5	1.64%	2,771,000	6	1.14%
Rocks Wine & Cider Studio LLC	4,247,850	6	1.34%			
Key Meadowbrook Village LLC	4,159,880	7	1.32%	3,494,970	5	1.44%
Jenkins Kenneth S	3,778,020	8	1.20%			
Legacy Land Development LLC	3,748,000	9	1.19%			
Freewater Oregon LLC	3,686,360	10	1.17%	2,310,190	7	0.95%
Blue Mountain Growers, Inc.				7,030,550	1	2.90%
Sykes Realty Inc.				3,889,850	4	1.61%
Cub Investors LLC				1,719,650	8	0.71%
Stadelman Fruit, Co.				1,342,950	9	0.55%
Verizon Wireless VAW LLC				1,293,400	10	0.53%
Subtotal - Ten largest taxpayers	<u>\$ 55,460,510</u>		<u>17.55%</u>	<u>\$ 35,927,540</u>		<u>14.83%</u>
All other city taxpayers	<u>\$ 260,587,108</u>		<u>82.45%</u>	<u>\$ 206,339,176</u>		<u>85.17%</u>
Total Assessed Valuation	<u><u>\$ 316,047,618</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 242,266,716</u></u>		<u><u>100.00%</u></u>

Source: Umatilla County Department of Assessment and Taxation

DEBT CAPACITY

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

Fiscal Year	Governmental Activities			Business - Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment	Loans Payable	Revenue Bonds	Loans Payable			
2013	\$ 350,000	\$ -	\$ 89,184	\$ -	\$ 875,405	\$ 1,314,589	N/A	186
2014	240,000	-	-	-	605,069	845,069	N/A	120
2015	120,000	-	-	-	723,557	843,557	N/A	119
2016	-	-	-	-	1,631,050	1,631,050	N/A	231
2017	-	-	-	-	1,564,514	1,564,514	N/A	221
2018	-	-	-	-	1,390,458	1,390,458	N/A	196
2019	-	-	-	-	1,240,659	1,240,659	N/A	174
2020	-	-	520,000	-	1,807,771	2,327,771	N/A	320
2021	-	-	730,550	-	1,427,876	2,158,426	N/A	304
2022	7,740,994	-	687,629	-	1,283,223	9,711,846	N/A	1,359

Notes:

- N/A Information at City level not available.

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

CITY OF MILTON-FREEWATER, OREGON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>	<u>Population</u>	<u>Total Taxable Assessed Value (000)'s</u>
2013	\$ 350,000	0.18%	50	7,050	\$ 242,266
2014	240,000	0.13%	34	7,060	252,318
2015	120,000	0.05%	17	7,060	259,211
2016	-	0.00%	-	7,070	268,188
2017	-	0.00%	-	7,070	274,904
2018	-	0.00%	-	7,105	282,588
2019	-	0.00%	-	7,145	293,817
2020	-	0.00%	-	7,278	289,466
2021	-	0.00%	-	7,098	301,741
2022	7,740,994	2.45%	1,084	7,144	316,048

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

CITY OF MILTON-FREEWATER, OREGON
OUTSTANDING LONG-TERM
BORROWINGS
As of June 30, 2022

Issue	Issue Date	Final Maturity	Original Amount	Outstanding Amount
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>Full Faith and Credit Obligations</u>				
City Hall Elevator Loan	4/30/2020	6/30/2030	\$ 530,000	\$ 478,015
Aquatic Center Loan	4/15/2021	12/1/2031	230,575	209,614
Subtotal Full Faith and Credit Obligations			<u>760,575</u>	<u>687,629</u>
<u>General Obligation Bonds</u>				
General Obligation Bonds Series 2021	8/31/2021	6/1/2051	6,695,000	6,640,000
Subtotal General Obligations			<u>6,695,000</u>	<u>6,640,000</u>
Total Government Activities			<u>7,455,575</u>	<u>7,327,629</u>
<u>BUSINESS- TYPE ACTIVITIES</u>				
<u>Full Faith and Credit Refunding Obligations</u>				
Refunding obligations, series 2021 (sewer)	2/5/2021	12/1/2035	1,217,916	1,147,540
Subtotal Full Faith and Credit Obligations			<u>1,217,916</u>	<u>1,147,540</u>
<u>Capital Leases</u>				
Bucket Truck	2/26/2021	1/1/2026	190,000	111,089
Dodge Durango Pursuit Police Vehicle	8/17/2020	11/10/2023	50,295	24,624
Subtotal Capital Leases			<u>240,295</u>	<u>135,713</u>
Total Business-type activities			<u>1,458,211</u>	<u>1,283,253</u>
Total Borrowings			<u>\$ 8,913,786</u>	<u>\$ 8,610,882</u>

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

True Cash Value (1)		\$ 429,310,249
		x 3%
General Obligation Debt Limit		12,879,307
Gross bonded debt subject to limitation		7,740,994
Legal debt margin available for future indebtedness		\$ 5,138,313
Total net debt applicable to the limit as a percentage of debt limit		60.10%

Fiscal Year	Real Market Value	Debt Limit Rate	Debt Limit	Less General Bonded Debt June 30,	Legal Debt Margin	Total net debt applicable to the limit as a percentage of the debt limit
2013	309,694,430	3%	9,290,833	350,000	8,940,833	0.11%
2014	310,240,684	3%	9,307,221	240,000	9,067,221	0.08%
2015	334,986,321	3%	10,049,590	120,000	9,929,590	0.04%
2016	311,551,824	3%	9,346,555	-	9,346,555	0.00%
2017	351,916,966	3%	10,557,509	-	10,557,509	0.00%
2018	362,474,475	3%	10,874,234	-	10,874,234	0.00%
2019	385,153,289	3%	11,554,599	-	11,554,599	0.00%
2020	379,375,959	3%	11,381,279	-	11,381,279	0.00%
2021	399,252,005	3%	11,977,560	-	11,977,560	0.00%

Sources:

(1) From Umatilla County Assessment and Taxation

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate * (2)</u>
2013	7,050	\$ 16,682	2,061	7.80%
2014	7,060	16,752	2,002	7.30%
2015	7,060	16,814	1,910	6.00%
2016	7,070	17,161	1,881	5.30%
2017	7,070	17,299	1,724	5.00%
2018	7,105	17,348	1,763	4.00%
2019	7,145	17,547	1,676	4.80%
2020	7,278	17,769	1,646	6.60%
2021	7,098	19,361	1,609	6.08%
2022	7,197	20,198	1,609	3.80%

Notes:

* - Unemployment Rate is at the County level.

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

Sources:

- (1) US Census
- (2) Center for Population Research, Census at Portland State University
- (3) ODE

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

Employer	2021-22			2012-13		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sykes				456	1	6.59%
M-F Unified School District	305	1	4.40%	245	2	3.54%
Horizen Project	200	2	2.89%			
Earl Brown and Sons	150	3	2.17%	206	3	2.98%
City of Milton-Freewater	108	4	1.56%	74	6	1.07%
Safeway	89	5	1.29%			
Blue Mtn Growers				140	4	2.02%
OR Coalition of Child Develop.				102	5	1.47%
	852		12.31%	1,223		17.66%

Source:

Oregon Department of Economic Community Development

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

Full-time Equivalent Employees as of December 31,

Function/Program	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities:										
General Government	27.23	26.66	26.66	26.70	26.33	26.25	24.78	24.78	20.40	19.67
Public Safety and Justice	19.86	19.68	19.68	19.78	19.78	20.78	19.23	19.23	19.23	19.23
Community Services	0.70	0.70	0.70	0.70	0.70	0.75	1.05	1.05	1.05	1.05
Highways and streets	1.80	1.80	1.80	2.20	2.20	2.20	2.05	2.05	2.05	2.05
Library	3.93	3.93	3.93	3.93	3.93	3.96	3.93	3.93	3.93	3.93
Total Governmental activities	<u>53.52</u>	<u>52.77</u>	<u>52.77</u>	<u>53.31</u>	<u>52.94</u>	<u>53.94</u>	<u>51.04</u>	<u>51.04</u>	<u>46.66</u>	<u>45.93</u>
Business-type activities										
Water	2.63	2.63	2.63	2.63	2.63	2.63	3.06	3.06	3.06	3.06
Wastewater	3.45	3.45	3.45	3.45	3.45	3.45	3.79	3.79	3.79	3.79
Sanitation	2.84	2.84	2.84	3.09	3.09	3.09	4.15	4.15	4.42	4.50
Gold Course	1.94	1.94	1.94	1.69	1.69	1.69	1.21	1.21	1.21	1.09
Electric	9.70	9.70	10.15	10.05	10.05	10.05	11.70	11.70	11.80	11.80
Total business-type activities	<u>20.56</u>	<u>20.56</u>	<u>21.01</u>	<u>20.91</u>	<u>20.91</u>	<u>20.91</u>	<u>23.91</u>	<u>23.91</u>	<u>24.28</u>	<u>24.24</u>
Total primary government budgeted	<u>74.08</u>	<u>73.33</u>	<u>73.78</u>	<u>74.22</u>	<u>73.85</u>	<u>74.85</u>	<u>74.95</u>	<u>74.95</u>	<u>70.94</u>	<u>70.17</u>
City of Milton-Freewater Employees										
Management and exempt	<u>11.42</u>	<u>11.42</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>12.34</u>	<u>9</u>
Temporary employees	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>	<u>1</u>
Total Employees in Six Bargaining Units (Clerical, Teamsters, Police, Linemen, Dept Heads, Supervisory/Tech)	<u>74.08</u>	<u>73.33</u>	<u>73.78</u>	<u>74.22</u>	<u>73.85</u>	<u>74.85</u>	<u>74.95</u>	<u>74.95</u>	<u>70.94</u>	<u>70.17</u>
Volunteer employees	<u>42</u>	<u>33</u>	<u>30</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>25</u>	<u>23</u>	<u>21</u>

Source: City Administration Department

OPERATING INFORMATION

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Public Safety and Justice										
Police ¹										
Calls for police services	7,712	5,613	6,212	4,068	6,155	7,583	6,833	6,028	5,612	7,010
Number of arrests	696	661	649	459	367	463	380	334	305	347
Municipal Court										
Traffic Cases (Non-Criminal)	645	535	606	483	480	423	463	312	288	200
Traffic Cases (Criminal)	39	32	54	55	57	30	35	24	23	20
Criminal Cases	131	198	128	59	58	72	94	70	48	45
Other Violations	53	62	71	62	63	12	15	28	42	13
Library										
Number of registered borrowers **	4,248	4,604	4,273	4,015	4,276	4,100	4,197	3,828	3,378	3,150
Total circulation	42,177	41,467	48,616	48,036	51,667	50,542	53,121	42,121	32,056	34,272
PUBLIC PROGRAMS	94	168	133	148	158	165	141	67	9	120
Program attendance	899	1,199	2,637	2,381	2,919	4,003	3,586	1,766	90	3,000
Books added	7,573	4,172	2,088	5,432	8,509	7,316	2,843	2,014	1,219	1,655
Computer Use			4,070	5,400	4,430	4,500	4,545	4,440	1,000	2,750
Business-type activities										
Water										
Average Active Metered Connections	2,715	2,732	2,686	2,680	2,668	2,631	2,346	2,375	2,621	2,402
Average Daily Water Consumption **	1,387,285	1,138,455	1,415,782	1,363,353	1,227,960	1,299,279	1,333,908	1,207,623	1,357,305	1,267,942

Notes:

- **All library numbers greatly impacted by Covid 19 closure & restrictions in 2021
- **Note in 2016 books added change, now includes ebooks, DVDs & Audiobooks
- ¹ Police statistics are for the calendar year.
- **2017 new system includes 1288 traffic stops under calls for service

Source: City Departments

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
General government										
Administrative buildings	37	37	37	37	37	37	36	36	36	36
Vehicles/Equipment	23	23	23	23	23	23	23	23	23	33
Vehicles - excluding police	18	18	18	18	18	18	18	18	18	22
Vehicles - excluding fire	17	17	17	17	17	17	17	17	17	18
Heavy equipment	9	9	9	9	9	9	9	9	9	9
Public Safety and Justice										
Police										
Vehicular patrol units	7	8	8	9	10	10	10	10	11	7
Fire										
Vehicular apparatus units	8	8	8	9	9	9	9	9	9	6
Highways and streets										
Paved - Streets (miles)	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90
Unpaved - Streets (miles)	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66
Bridges and underpasses	0	0	0	0	0	0	0	0	0	0
Business-type activities										
Water										
Miles of city water line (estim.)	36.87	36.87	36.87	36.87	36.87	36.87	36.87	36.87	37.50	39.50
Reservoirs	3	3	3	3	3	3	3	3	3	3
Water treatment plant	0	0	0	0	0	0	0	0	0	0
Wells	7	7	7	7	7	7	7	7	7	7
Wastewater										
Miles of sewer lines (estim.)	28.23	28.23	28.23	28.23	28.23	28.23	28.23	28.23	28.23	29.66
Lift stations	2	2	2	2	2	2	2	2	2	2
Electric										
Substations	3	3	3	3	3	3	3	3	3	3
Miles of underground line	15	15	15	15	14	14	14	14	14	15
Miles of overhead line	80	80	80	80	80	80	80	80	80	80

Source: City of Milton-Freewater Departments

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Barnett & Moro, P.C.

Certified Public Accountants

DENNIS L. BARNETT, C.P.A.
KRISTIE L. SHASTEEN, C.P.A.
CAMERON W. ANDERSON, C.P.A.
RICHARD L. STODDARD, C.P.A.
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REBECCA K. RAMOS BAUTISTA, C.P.A.
MITCHELL L. BOYLAN, C.P.A.
DAVID J. BARNETT, C.P.A.

INDEPENDENT AUDITORS' REPORT **REQUIRED BY OREGON STATE REGULATIONS**

Mayor and City Council
City of Milton-Freewater, Oregon

We have audited the basic financial statements of the City of Milton-Freewater, Oregon as of and for the year ended June 30, 2022, and have issued our report thereon dated March 15, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

Expenditures exceeded appropriations in the following amounts for the year ended June 30, 2022:

General Fund		
	Planning	<u>\$ 3,102</u>
Solid Waste Fund		
	Materials and services	<u>\$ 42,627</u>
Golf Course Fund		
	Personal services	<u>\$ 2,666</u>
Vehicle Replacement Fund		
	Debt service	<u>\$ 5,477</u>

As of June 30, 2022, the following funds had a deficit fund balance:

Golf Course Fund	<u>\$ (60,688)</u>
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OAR 162-10-0230 Internal Control

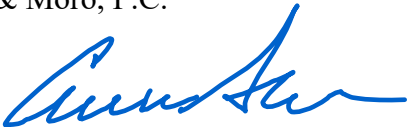
In planning and performing our audit, we considered City of Milton-Freewater, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on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

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

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

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

Barnett & Moro, P.C.

By: 

Cameron W. Anderson, Shareholder
Hermiston, Oregon
March 15, 2023