



CITY OF INDEPENDENCE, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

City of Independence, Oregon

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2021

Prepared by
The Finance and Administration Department
City of Independence, Oregon

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INDEPENDENCE

Oregon's Story Begins Here

CITY OF INDEPENDENCE

January 18, 2021

To the Honorable Mayor, City Council, City Manager and citizens of Independence:

I am pleased to submit the Comprehensive Annual Financial Report (Annual Report) of the City of Independence, Oregon for the fiscal year ended June 30, 2021. This report is published to provide the City Council, city staff, citizens, and other readers with detailed information concerning the financial position and activities of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management team. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The State of Oregon requires an annual audit of the fiscal affairs of the City by independent, certified public accountants. The City's financial statements have been audited by Merina & Company, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements included in this report are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Independence's financial statements for the fiscal year ended June 30, 2021, and are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. It complements this letter of transmittal and should be read in conjunction with it and the notes to the financial statements.

City Profile

The City of Independence, founded in 1845 and incorporated in 1874, is located in the Mid-Willamette Valley, just southwest of Salem, Oregon, the state's capitol. The City currently occupies a land area of approximately 2.8 square miles and serves an estimated population of 9,828 per Portland State University. The City of Independence is empowered to levy a property tax on real properties located within its boundaries.

The City of Independence operates under the council-manager form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager, city recorder and the municipal judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a two-year term.

The City provides a full range of services, including police protection, library services, a museum and historical preservation services, parks and recreational activities, land use planning, economic development, building inspection services, and a municipal court. The City also operates municipal water, sanitary sewer and storm drain utilities. These utilities function as departments of the City of Independence and have been included as an integral part of the financial statements. The financial statements also include the Independence Urban Renewal Agency, a legally separate blended component unit of the City of Independence.

The City of Independence sponsors many opportunities for citizens to gather as well as to generate interest in Independence as a travel destination. The City maintains the annual River's Edge Summer Series which includes Thursday night "Movie in the Park" and Friday night "Concert Series" both of which are held in the beautiful downtown amphitheater nestled along the Willamette River in the Independence Riverview Park. There is also the annual Independence Days celebration which is held during the 4th of July holiday, Community Fiesta in September and the Hops & Heritage Festival, also held in September. The City police department, in partnership with the public works department and the Monmouth police and public works departments, host an annual "Clean-Up Day" event in May that gives citizens the opportunity to dispose of yard debris and other garbage and litter that has accumulated during the winter. These are just a highlight of events that enjoy high attendance. The City also works with local promoters and organizations to host additional events such as car shows, bike rides, raft races and more.

Sadly, these events and activities were either altered significantly or canceled for the end of FY2020 and much of FY2021. For the Winter and Spring of 2020/2021, the City sponsored several alternate events to help boost local businesses and give citizens safe opportunities to be out in the community. The City is hopeful that Summer 2022 will see the end of the COVID-19 pandemic and be back to "normal".

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Independence operates.

Local Economy

The City's local economy continues to develop and diversify at a faster pace than most other communities in the region. In 2018, Independence was identified as the 4th fastest growing city in Oregon since 2010, behind only Bend, Happy Valley and Wilsonville. This trend has continued through FY2021, even as the nation is experiencing an economic slowdown and pandemic-induced supply-chain challenges. Two new subdivisions are actively building houses and 70 acres was annexed in 2019 and is being prepared for additional residential development.

According to the most recent economic data, business growth, job creation and total payroll continues to exceed that of peer cities like Dallas and Monmouth. The number of jobs in Independence is growing at a

rate of 7% per year and many local businesses face difficulties in filling job openings. The average home value in Independence rose over 9% in each of the last 2 years.

While downtown Independence has experienced a revitalization over the past decade, 2019 saw several projects which has accelerated the revival and spur regional economic growth. The Independence Hotel, a 75-room boutique lodging property, opened in October 2019 and has been the focal point for a variety of efforts to increase regional tourism. The same developer broke ground on 124 units of high-density residential on an adjacent property in the Fall of 2019 and completed in Summer 2021. The new residents and hotel visitors are anticipated to generate over \$6 million in new spending annually in Independence alone. With the onset and continuation of the COVID-19 crisis, this influx of economic stimulus has been an important lifeline, helping many of our downtown businesses weather the COVID storm. An additional 40-unit mixed-use building also broke ground across the street from the hotel, which will create additional economic benefits when it is completed in Winter 2021/2022.

While COVID has slowed economies nationwide, these keystone developments have improved the resiliency of Independence economy. After struggling early in the COVID crisis, the new hotel is now meeting pre-COVID performance goals. Vacancy remains low downtown and three restaurant/pubs opened during these challenging times. The brewery in the old city hall building opened their long-awaited taproom, Gilgamesh opened their restaurant and pub, and Silk Thai brought Thai food back to downtown. Coho Realty completed an extensive renovation of the former Main Street Antiques building, and Indy Commons added a shared-use commercial kitchen and locally-sourced marketplace to its co-working facility. Participation has been strong in City entrepreneurship and technical assistance programs, and the Independence Downtown Association has been a strong partner supporting Buy Local promotions to support local businesses. The large vacant space at Central Plaza is being filled with two retail tenants – a Dollar Tree which opened in 2021, and an as-yet unnamed tenant that will open in 2022. Local industries are continuing to add new jobs and one will complete an expansion of their facility in 2021. The long-dormant Independence Station development has been renamed and is working its way through the permitting process with an eye toward starting construction in 2022. While nothing can be taken for granted with this long-suffering project, the fact that it has been revived is an indicator of the overall positive perception of Independence's local economy and the community's future.

Long-Term Planning

In May 2019, the City of Independence began a Vision 2040 process. Beginning with meetings with citizens and stakeholders. There was also a survey conducted with citizens and visitors. Completion of the visioning process was in early 2020 and lead into the Council Goal Setting and a Strategic Planning process. This too was put on pause in March 2020, while staff responded to "Stay Home" orders while still maintaining and providing essential city services. In early 2021, Council and staff completed the goal setting and planning process, which was implemented into the FY2022 budget.

Ahead of budget development for the fiscal year, staff updates the five-year Capital Improvement Plan which lays out by year the infrastructure projects needed to continue to provide quality service to the community, as defined in the recently completed water, sewer, transportation, and parks master plans.

Independence remains committed to providing essential services and infrastructure to its residential and commercial population. With concern over the rising costs of operating materials like asphalt and fuel, and personnel services costs, City officials remain careful with spending over the years. While revenue came in mostly as expected, in spite of the pandemic, costs were kept to essentials in the later part of the fiscal year due to unknown impacts caused by the pandemic. Over the past few years, this conservative approach has been a good strategy to rebuild financial reserves for cash flow purposes and unforeseen expenses. But, in order to keep pace with the rising costs, the city is in constant pursuit of new revenue.

In support of long-term planning, the City of Independence has an aggressive economic development program. The city has partnered with Travel Oregon, SEDCOR, Business Oregon, the Regional Solutions Team and leaders in technology and hospitality to bring business, technology, housing and hospitality industries to Independence.

Financial Information

Internal Controls

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 are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Since the cost of internal controls should not outweigh the benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

Policies and procedures were written and implemented in 2011 and 2012, which are reviewed and updated annually. In Spring 2021, City Council reviewed and adopted the updated Comprehensive Financial Policies. The City converted its financial software in 2014 and it has internal auditing capability to record and track changes made by staff. City staff has completed the addition of software modules for community development functions and backflow management which help streamline workflow and reporting.

Budget Process

The annual budget serves as the foundation for the City of Independence's financial planning and control. All departments of the City are required to submit requests for appropriations to the Finance Director in March of each year. The Finance Director serves as the budget officer and coordinates the development of the proposed budget. The proposed budget and budget message are presented to the budget committee in an open public meeting where citizen comments are encouraged. After the budget committee approves the proposed budget, it is presented to the City Council through a public hearing process. The City Council is required to adopt a final budget by no later than June 30, the close of the fiscal year. The budget for the General Fund is appropriated at the department level, while all other funds are appropriated at the object classification level. Once adopted, increases of appropriations in the budget may only be made by the approval of City Council. Budget-to actual comparisons are provided in this report for all funds.

Relevant Financial Policies

In 2013 the City adopted Comprehensive Financial Policies. These were adopted at the City Council level. These policies were reviewed and updated by Council in Spring 2021. Financial Policies and Procedures have also been adopted and implemented at the administrative level to offer staff more defined guidance in the day-to-day functions of the City.

The City maintains a general checking account to fund daily operations. Cash in excess of daily operating needs is typically pooled and invested in the Local Government Investment Pool (LGIP). In the past 7 years, with banking fees increasing on the general checking account and interest at the LGIP continuing to stay low, city staff maintains a higher balance in the general checking account to help offset bank fees. In the last 24 months, with the increasing interest rates, we are maintaining a higher balance in the LGIP and deploying various strategies to keep banking fees at a minimum.

The City has risk management policies and a formal safety committee to address issues of employee safety, health and injury. The committee implements policies and procedures that include employee and employer accountability for safety and employee accident prevention training. The City participates in an insurance trust pool of Oregon cities and county governments for property, automobile, and liability insurance. The City has worker's compensation insurance coverage through SAIF. There is also staff involved in the Oregon Chapter of the Public Risk Management Association (PRIMA), which provides training and support for entity Risk Managers.

Major Initiatives

The City has continued to establish and work toward clearly defined goals and objectives. During the budget review process, goals and objectives are developed and prioritized by the City Council and staff. The process is a continuing cycle of setting goals and objectives, reviewing short and long-term goals, evaluating results, and reassessing goals and their priorities.

To prepare for the budget, the City Council defines and adopts new goals as part of its regular Strategic Plan Update process, the Vision 2040 completion process was completed in Spring 2021. The list of goals during the 2021-22 fiscal year included these major policy areas: Maintain and improve financial stability; Sustain public services and assets; Identify strategies to strengthening economic and community development efforts; Explore barriers to participation; Develop additional quality of life and livability strategies; and Explore opportunities for and barriers to cooperation.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the 6th year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this report would not have been possible without the dedicated services of all City staff. I sincerely appreciate their efforts. I also extend appreciation to the Mayor, City Council, and the City Manager, whose continuing support and dedication is vital to the financial health of the City of Independence, Oregon.

Respectfully submitted,

Gloria Butsch
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Independence
Oregon**

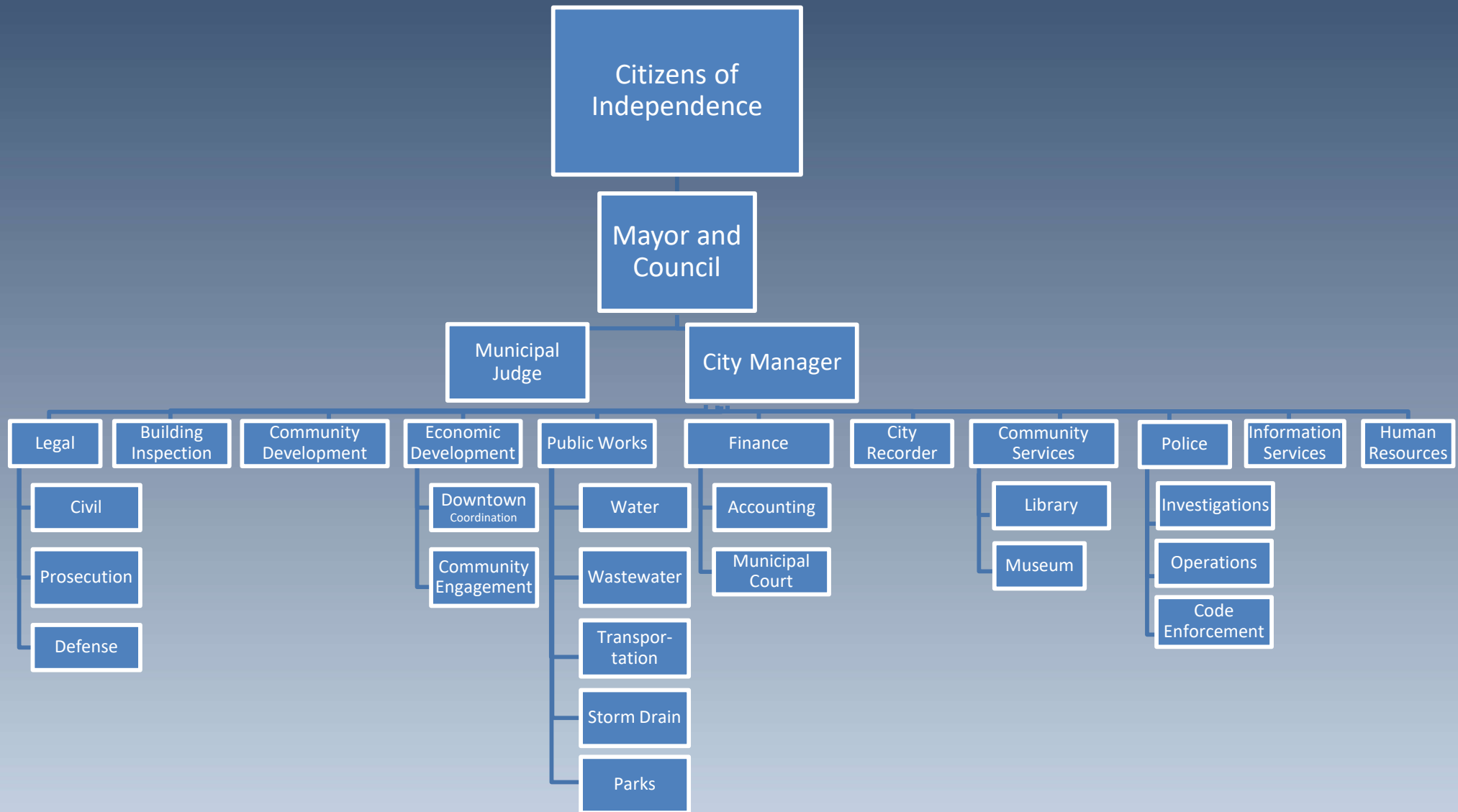
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FYE 2021 Organization Chart





INDEPENDENCE
Oregon's Story Begins Here

2021 BUDGET COMMITTEE

INDEPENDENCE CITY COUNCIL

Mayor John McArdle
Shannon Cockayne, Position #1
Marilyn Morton, Position #2
Michael Hicks, Position #3
Tom Takacs, Position #4
Jennifer Ranstrom-Smith, Position #5
Kathy Martin-Willis, Position #6

RESIDENT REPRESENTATIVES

Miranda Garrison, Position #1
Jessica Madronal, Position #2
Bill Boisvert, Position #3
Timothy Graham, Position #4
Nancy Lodge, Position #5
Dori Showell, Position #6
Kay Johnson, Position #6

CITY STAFF

Tom Pessemier, City Manager
Gloria Butsch, Finance Director
Kie Cottam, Public Works Director
Fred Evander, Senior Planner
Shawn Irvine, Economic Development Director
Karin Johnson, City Recorder
Jason Kistler, IT Manager
Robert Mason, Chief of Police
Robin Puccetti, Community Services Director

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Independence, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Independence, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Independence, Oregon's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Independence, Oregon, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Independence, and to meet our other 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

City of Independence, Oregon's 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 Independence'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.

Auditor's 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 auditor's 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 GAAS and GAS 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 GAAS and GAS, 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 of Independence'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Independence's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, 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 management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of proportionate share – RHIA, schedule of contributions – RHIA, schedule of changes in total OPEB liability and related ratio's, and schedule of contributions – implicit rate subsidy, as listed in the table of contents under 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.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Independence, Oregon's basic financial statements. The other supplementary information, as listed in the table of contents including the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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, as listed in the table of contents is 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 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 any form of 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.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022 on our consideration of City of Independence, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Independence, Oregon's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Independence, Oregon's internal control over financial reporting and compliance.

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 January 18, 2022, on our consideration of City of Independence, 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.



For Merina+Co
Tualatin, Oregon
January 18, 2022

**CITY OF INDEPENDENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2021

As management of the City of Independence, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

	<u>June 30,</u>		
	2021	2020	Change
Net Position	20,772,740	21,033,211	(260,471)
Change in Net Position	219,529	2,161,091	(1,941,562)
Governmental Net Position	7,539,099	8,458,047	(918,948)
Proprietary Net Position	13,233,641	12,575,164	658,477
Change in Governmental Net Position	(438,948)	1,727,086	(2,166,034)
Change in Proprietary Net Position	658,477	434,005	224,472

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position. The *statement of net position* presents information on all of the assets and liabilities of the City as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities. The *statement of activities* presents information showing how the net position of the City changed over the most recent fiscal year by tracking receipts, disbursements and other transactions that increase or reduce net position. All changes in net position are reported as soon as funds are received or paid. Thus, receipts and disbursements are reported in this statement as cash flows occur.

In the government-wide financial statements, the City's activities are shown as governmental activities. All basic functions are shown here, such as police, planning, court, parks, community development and administration. These activities are primarily financed through property taxes and other intergovernmental revenues.

Fund Financial Statements. The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds - not the City as a whole. 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

Proprietary Funds Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information. The Proprietary funds report charges to customers for services provided and the cost of those services.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information In addition to the basic financial statements and accompanying notes, this report also presents certain *required and other supplementary information* including combining statements, schedules of receipts, disbursements and changes in fund balance-budget and actual for all funds, and schedules for property tax transactions and debt requirements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net position. The statement of net position is provided on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets and deferred outflows exceeded liabilities and deferred inflows by \$20,772,740 as of June 30, 2021. Current liabilities consist of deferred revenue and deposits. Long-term liabilities, specifically debt is in the notes to the financial statements. Restricted net position represents resources that are subject to external restrictions on their use, such as debt service payments or construction of capital assets. Unrestricted net position is available for general operations of the City.

Statement of Net Position June 30,						
	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 5,927,645	\$ 3,926,701	\$ 9,854,346	\$ 5,429,980	\$ 2,920,938	\$ 8,350,918
Other Assets	10,801,661	3,160,323	13,961,984	11,666,126	3,454,592	15,120,718
Non-depreciable Capital Assets	2,745,509	5,490,676	8,236,185	6,676,367	5,490,676	12,167,043
Depreciable Capital Assets, net	22,315,470	13,019,879	35,335,349	18,349,692	10,423,867	28,773,559
Total Assets	41,790,285	25,597,579	67,387,864	42,122,165	22,290,073	64,412,238
Deferred Outflows of Resources	3,795,141	448,513	4,243,654	3,387,965	385,537	3,773,502
Liabilities	1,241,419	171,893	1,413,312	798,870	1,271,075	2,069,945
Deposits	394,226	237,143	631,369	241,530	220,916	462,446
Long-term Liabilities						
Portion due within one year	1,442,897	241,629	1,684,526	1,368,153	236,631	1,604,784
Portion due in more than one year	34,787,667	12,125,624	46,913,291	34,405,221	8,319,766	42,724,987
Total Liabilities	37,866,209	12,776,289	50,642,498	36,813,774	10,048,388	46,862,162
Deferred Inflows of Resources	180,118	36,162	216,280	238,309	52,058	290,367
Net Position						
Net investment in capital assets	6,318,721	7,522,230	13,840,951	5,923,500	8,523,341	14,446,841
Restricted	11,768,110	1,467,866	13,235,976	11,526,316	1,760,621	13,286,937
Unrestricted	(10,547,732)	4,243,545	(6,304,187)	(8,991,769)	2,291,202	(6,700,567)
Total Net Position	\$ 7,539,099	\$ 13,233,641	\$ 20,772,740	\$ 8,458,047	\$ 12,575,164	\$ 21,033,211

Statement of Activities The City's net position increased by \$219,529 during the current fiscal year. Compared to the prior year, the increase is \$1,941,562 less. The key elements of the change in the comparison of City's net position for the year ended June 30, 2021 over the prior year are as follows:

- The most significant element is the Change in account principals and estimates in the prior year. This was due to the adjustments in the MINET Debt Service Fund for debt refunding.
- Charges for services were \$545,554 less than the previous year. The decrease is primarily due to the lingering affects of the COVID-19 pandemic. This is seen in the utility funds as well as a slowing in building and development.
- Grants and miscellaneous revenue decreased by \$759,952. Most of this was CARES and related funds received in the prior year.
- Disbursements for general government increased by \$1,062,089, of which \$225,000 was in the General Fund for reimbursement to the developer of old city hall. The remainder of the increase is for a pass-through housing grants and business support grants and programs in the Grants Fund.
- Public safety expenses increased by \$204,077 for personnel services.

- Transportation expenditures decreased by \$268,761, as there were no large project expenditures.
- Disbursements for business activities did not increase or decrease significantly.

Statement of Activities

	2021			2020		
	Governmental	Business-type		Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Revenues						
Program Revenues						
Charges for Services	\$ 351,418	\$ 5,810,054	\$ 6,161,472	\$ 792,384	\$ 5,914,642	\$ 6,707,026
Operating Grants and Contributions	1,597,202	-	1,597,202	1,479,569	-	1,479,569
Capital Grants and Contributions	1,772,020	-	1,772,020	1,985,320	-	1,985,320
General Receipts						
Property Taxes & Assessments	3,593,118	-	3,593,118	3,231,751	-	3,231,751
Interest & Investment Earnings	43,935	20,108	64,043	70,902	53,528	124,430
Franchise Taxes	840,401	-	840,401	817,269	-	817,269
Miscellaneous	64,890	1,339	66,229	728,759	1,755	730,514
Total Revenues	8,262,984	5,831,501	14,094,485	9,105,954	5,969,925	15,075,879
Expenses						
General Government	4,173,961	-	4,173,961	3,111,872	-	3,111,872
Public Safety	3,838,448	-	3,838,448	3,634,371	-	3,634,371
Transportation	222,645	-	222,645	491,406	-	491,406
Community Development	500,698	-	500,698	649,461	-	649,461
Culture and Recreation	1,370,051	-	1,370,051	1,425,708	-	1,425,708
Interest on Long-term Debt	1,344,431	-	1,344,431	1,179,199	-	1,179,199
Water	-	1,070,534	1,070,534	-	1,123,342	1,123,342
Sewer	-	1,081,503	1,081,503	-	954,088	954,088
Storm	-	272,685	272,685	-	345,341	345,341
Total Disbursements	11,450,234	2,424,722	13,874,956	10,492,017	2,422,771	12,914,788
Transfers	2,748,302	(2,748,302)	-	3,113,149	(3,113,149)	-
Change in Net Position	(438,948)	658,477	219,529	1,727,086	434,005	2,161,091
Net Position, beginning of year	8,458,047	12,575,164	21,033,211	4,470,961	12,141,159	16,612,120
Change in account principals and estimates	(480,000)	-	(480,000)	2,260,000	-	2,260,000
Net Position, end of year	<u>\$ 7,539,099</u>	<u>\$ 13,233,641</u>	<u>\$ 20,772,740</u>	<u>\$8,458,047</u>	<u>\$ 12,575,164</u>	<u>\$ 21,033,211</u>

Governmental activities

The cost for all governmental activities was \$11,450,234 for the year ended June 30, 2021. The amount that our taxpayers paid was \$3,593,118 through property taxes and assessments. Those who directly benefited from the programs (fines, fees and charges for services) paid \$351,418 or 4% of total governmental revenue. Transfers from proprietary funds provided \$2,748,302 or 24% of cost coverage.

Net position of the governmental-type activities decreased by \$438,948 during the fiscal year ended June 30, 2021. Accounting change of \$(480,000) for reporting of MINET debt decreased governmental-type net position by \$918,948, in total.

Business-type activities

As shown in the Statement of Activities, the City's net position of the business-type activities increased by \$658,477 during the year. This is due to the decrease in transfers to the governmental funds.

Charges for services are revenues that arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Revenues primarily consist of fees charged for water, sewer and storm drain utilities.

Grants and contributions are receipts arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Receipts primarily consist of federal and state grants, system development charges (e.g. water, sewer) and developer infrastructure contributions (e.g. fair market value of subdivisions' infrastructure such as water, sewer, storm drain and right-of-way/easements).

Transfers represent resources moved between the business-type activities and the governmental activities. Costs that are accumulated in several of the City's General Fund departments are beneficial to the water, sewer and storm drain utilities. The transfer recognizes the benefit that these utilities receive for the services provided (accounts payable, billing, personnel, legal, etc.).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The focus of the City's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services on a fund basis. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

The City's governmental funds reported combined fund balances of \$15,188,646 at June 30, 2021, a decrease of \$423,217 from the previous year. The decrease includes the accounting change of \$(480,000) for MINET Debt Fund.

The General Fund had a decrease of \$938,338 during the year. Primarily from the transfer of grants activities to the new Grants Fund. In this transfer, there were unexpended grant proceeds.

General Fund The General Fund accounts for all of the financial resources of the City, which are not accounted for in any other fund. Unassigned fund balance was \$2,133,546 at the end of the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare the fund balance to the fund's expenditures. Unassigned fund balance represents 31% of the total General Fund expenditures. This is a decrease from the prior year as a result of the construction and debt service for the new museum, and from the transfer of grants activities to the new Grants Fund.

MINET Debt Service Fund The MINET Debt Service Fund is used to receive payments from MINET for the payment of principal and interest on the MINET related long-term debt. This fund typically has no change in fund balance, as the loan receipts for the payment of the debt service are equal to the debt service payments.

Urban Renewal Projects Fund The Urban Renewal Projects Fund accounts for the acquisition and construction of facilities within the Urban Renewal District and financed by grants and the issuance of bonds. The fund balance in the Urban Renewal Projects Fund increased by \$371,694. This was partly due to receipt of the final loan proceeds for the completion of the Independence Landing infrastructure project and also a result of minimal spending.

Other Governmental Funds (non-major) These funds are comprised of the Transportation Fund, the Economic Development Loan Fund, the Tourism & Events Fund, Transportation SDC Fund, Parks SDC Fund, Building Repair & Replacement Reserve Fund, Capital Projects Fund, the Grants Fund, the General Obligation Bond Fund, Urban Renewal Debt Service Fund, and the Special Assessment Loan Fund. The combined fund balances for these funds increased by \$623,427, primarily as a result of the transfer of grant activities to the new Grants Fund.

Proprietary Funds The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water, Sewer, Storm Drain The Water and Water SDC, Sewer and Sewer SDC, and Storm Drain and Storm Drain SDC funds account for the operations, maintenance, debt service, and capital construction of the water distribution, sewer collection and treatment, and storm drain collection for the City. The primary sources of revenues are user fees, system development charges, borrowings, and interest earnings.

The primary component of each proprietary fund net position balance is investment in capital assets. The unrestricted net position (available for current disbursements) for Water Operations was \$1,857,458 at year end. The unrestricted net position for Sewer was \$2,216,134 at year end. For the Storm Drain the unrestricted net position was \$180,247. Restricted net position(s) are from systems development charges.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Independence's capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$43,571,534 (net of accumulated depreciation), a net increase of \$2,630,935. Capital assets include land, buildings, distribution systems (water, sanitary sewer, and storm drain), major improvements, machinery and equipment, park facilities, roads, bridges, and sidewalks. The City made significant capital outlays during the year.

Major capital events during the current fiscal year included the following:

- Near completion of rehabilitation of building for museum
- Design and beginning construction of F St bridge replacement
- Purchase of a vactor truck for public works

- Purchase of a new police vehicle
- Continued development and construction of Sunset Meadows Park in progress
- Continued Mt. Fir Park path improvements work in progress
- Continued Riverview Park improvements in progress
- Completion of Independence Landing Park
- Completion of Independence Landing Infrastructure project
- Continued Sewer rehabilitation and improvements work in progress

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,457,360	\$ 1,457,360	\$ 201,804	\$ 201,804	\$ 1,659,164	\$ 1,659,164
Work in Progress	1,288,149	5,219,007	7,300,846	4,427,979	8,588,995	9,646,986
Intangibles	219,088	219,088	860,893	860,893	1,079,981	1,079,981
Buildings	15,458,893	15,458,893	1,245,809	1,245,809	16,704,702	16,704,702
Equipment & Vehicles	1,394,207	1,656,307	1,372,463	1,361,928	2,766,670	3,018,235
Infrastructure	23,379,596	18,698,918	-	-	23,379,596	18,698,918
Water and Sewer Systems	-	-	18,924,270	18,895,875	18,924,270	18,895,875
	43,197,293	42,709,573	29,906,085	26,994,288	73,103,378	69,703,861
Less:						
Accumulated Depreciation	(18,136,314)	(17,683,514)	(11,395,530)	(11,079,748)	(29,531,844)	(28,763,262)
	<u>\$ 25,060,979</u>	<u>\$ 25,026,059</u>	<u>\$ 18,510,555</u>	<u>\$ 15,914,540</u>	<u>\$ 43,571,534</u>	<u>\$ 40,940,599</u>

The City depreciates all its capital assets except for land and construction in progress.

For more detailed information regarding Capital Assets, see Note 5 – Capital Assets in the notes to the financial statements.

Debt Administration

The City had total debt outstanding of \$40,501,804 at the end of the current fiscal year.

The City's total debt increased by \$2,518,241 during the year. The Urban Renewal Agency completed its Independence Landing Infrastructure Project and took the final draw from the Infrastructure Financing Authority loan. There were also draws from a Special Public Works Fund loan for sewer system upgrades.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 3 percent of its total real market value. The real market valuation of the City of Independence is \$992,977,814 therefore the current general obligation debt limitation for the City of Independence is \$29,789,334. Current general obligation indebtedness is \$18,785,789.

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 3,695,000	\$ 3,935,000	\$ -	\$ -	\$ 3,695,000	\$ 3,935,000
Bond Premium	16,849	18,372	-	-	16,849	18,372
Full Faith & Credit Obligations	20,990,000	21,865,000	-	-	20,990,000	21,865,000
Bond Premium	1,193,528	1,259,835	-	-	1,193,528	1,259,835
Notes	3,580,822	3,474,244	-	-	3,580,822	3,474,244
Sewer Revenue Bonds	-	-	2,025,000	2,105,000	2,025,000	2,105,000
Bond Discount	-	-	(10,933)	(11,509)	(10,933)	(11,509)
Water Revenue Bonds	-	-	1,075,000	1,130,000	1,075,000	1,130,000
Bond Premium	-	-	48,208	51,422	48,208	51,422
Notes	-	-	7,888,330	4,156,199	7,888,330	4,156,199
	<u>\$ 29,476,199</u>	<u>\$ 30,552,451</u>	<u>\$ 11,025,605</u>	<u>\$ 7,431,112</u>	<u>\$ 40,501,804</u>	<u>\$ 37,983,563</u>

Additional information on the City's long-term debt can be found in the notes to the financial statements Note 7 – Long Term Debt.

BUDGETARY HIGHLIGHTS

Budget amendments included approved adjustments to the General Fund for payment to the developer of old city hall per the development agreement, personnel services in the Library and Museum and the transfer of the remaining funds from the CARES grant to the new Grants Fund.

Significant variances in the General Fund between the final amended budget and actual results are primarily in revenue. As expected, with COVID-19 continuing to impact the economy, revenue in permits, state revenue sharing, court fines and general miscellaneous revenues were down \$279,276 from budget. With the unknown long-term impacts of the pandemic, expenditures in most departments of the General Fund were minimized as much as possible and were well under budget.

Economic Factors and Next Year's Budget

The top factors in preparation of the FY2022 budget was the effects of the COVID-19 pandemic on revenues and the over-all economy of the city, including impacts on local businesses. The City of Independence depends on the state gas tax for street maintenance and other state shared revenues that help fund the police department and general services.

Tokola Properties is nearing completion of 110 apartment units with clubhouse, and 14 townhomes. Progress is being made on the development of a mixed-use facility, comprised of retail shops, offices and apartments. All of these projects are in the Urban Renewal boundaries.

The primary projects in the Capital Improvement Plan (CIP) continue to be focused on sewer upgrades and improvements and transportation planning, bridge repairs and improvements to meet the needs of the substantial growth over the past 5 years.

The City's Budget Committee considered all of the following factors while preparing the budget for the 2021-2022 fiscal year.

- Expected rates and consumption for business-type funds
- Staffing requirements and the desired level of service
- Capital outlay, infrastructure maintenance and improvements to sewer, water, parks and transportation facilities

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Independence
Attn: Finance Director
555 Main St.
PO Box 7
Independence, Oregon 97351

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF INDEPENDENCE, OREGON
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 5,927,645	\$ 3,926,701	\$ 9,854,346
Property taxes receivable	117,262	-	117,262
Due from other governments	-	-	-
Accounts receivable, net	260,178	533,579	793,757
SDC and assessments receivables	84,330	1,286,806	1,371,136
Prepays	222,685	15,370	238,055
Interest receivable	-	-	-
Loans receivable, net	-	-	-
Internal balances	(1,314,273)	1,314,274	1
Total current assets	5,297,827	7,076,730	12,374,557
Noncurrent assets:			
Due from other funds	-	-	-
SDC and assessments receivables	-	-	-
Loans receivable, net	9,976,160	-	9,976,160
Net pension asset	-	-	-
Net OPEB asset	51,269	10,294	61,563
Property held for resale	1,404,051	-	1,404,051
Capital assets:			
Non-depreciable	2,745,509	5,490,676	8,236,185
Depreciable	22,315,470	13,019,879	35,335,349
	-	-	-
Total noncurrent assets	36,492,459	18,520,849	55,013,308
Total assets	41,790,286	25,597,579	67,387,865
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	1,561,158	-	1,561,158
Deferred outflows related to pensions	2,199,835	441,658	2,641,493
Deferred outflows related to OPEB	34,148	6,855	41,003
Total deferred outflows of resources	3,795,141	448,513	4,243,654
Total assets and deferred outflows of resources	\$ 45,585,427	\$ 26,046,092	\$ 71,631,519
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 168,647	\$ 29,389	\$ 198,036
Deposits	394,226	237,143	631,369
PERS liability reserve	275,439	52,809	328,248
Unearned revenue	104,146	-	104,146
Interest payable	693,188	89,695	782,883
Current portion of accrued compensated absences	207,149	32,397	239,546
Current portion of long-term debt	1,235,748	209,232	1,444,980
Total current liabilities	3,078,543	650,665	3,729,208
Noncurrent liabilities:			
Net pension liability	6,220,759	1,248,935	7,469,694
Net OPEB liability	219,744	44,117	263,861
Noncurrent portion of accrued compensated absences	106,713	16,199	122,912
Noncurrent portion of long-term debt	28,240,451	10,816,373	39,056,824
Total noncurrent liabilities	34,787,667	12,125,624	46,913,291
Total liabilities	37,866,210	12,776,289	50,642,499
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	129,251	25,950	155,201
Deferred inflows related to OPEB	50,867	10,212	61,079
Total deferred inflows of resources	180,118	36,162	216,280
NET POSITION:			
Net investment in capital assets	6,318,721	7,522,230	13,840,951
Restricted for:			
System development	1,452,086	1,457,572	2,909,658
Debt service	9,798,927	-	9,798,927
Unrestricted	(10,030,635)	4,253,839	(5,776,796)
Total net position	7,539,099	13,233,641	20,772,740
Total liabilities, deferred inflows of resources, and net position	\$ 45,585,427	\$ 26,046,092	\$ 71,631,519

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

CITY OF INDEPENDENCE, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,173,961	\$ 213,435	\$ 1,510,788	\$ -
Public safety	3,838,448	122,027	23,658	-
Highways and streets	222,645	-	-	-
Community development	500,698	14,731	5,000	-
Culture and recreation	1,370,051	1,225	57,756	1,772,020
Interest on long-term debt	1,344,431	-	-	-
Total governmental activities	11,450,234	351,418	1,597,202	1,772,020
Business type activities:				
Water Operations	1,070,534	2,523,872	-	-
Sewer Operations	1,081,503	2,568,229	-	-
Storm Drain Operations	272,685	717,953	-	-
Total business type activities	2,424,722	5,810,054	-	-
Total government	\$ 13,874,956	\$ 6,161,472	\$ 1,597,202	\$ 1,772,020
General revenues:				
Taxes:				
Property taxes				
Franchise taxes				
Interest and investment earnings				
Miscellaneous revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Change in account principal and estimate				
Net position, ending				

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

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (2,449,738)	\$ -	\$ (2,449,738)
(3,692,763)	-	(3,692,763)
(222,645)	-	(222,645)
(480,967)	-	(480,967)
460,950	-	460,950
(1,344,431)	-	(1,344,431)
(7,729,594)	-	(7,729,594)
-	1,453,338	1,453,338
-	1,486,726	1,486,726
-	445,268	445,268
-	3,385,332	3,385,332
(7,729,594)	3,385,332	(4,344,262)
3,593,118	-	3,593,118
840,401	-	840,401
43,935	20,108	64,043
64,893	1,336	66,229
2,748,299	(2,748,299)	-
7,290,646	(2,726,855)	4,563,791
(438,948)	658,477	219,529
8,458,047	12,575,164	21,033,211
(480,000)	-	(480,000)
\$ 7,539,099	\$ 13,233,641	\$ 20,772,740

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund Generally Accepted Accounting Principles

The General Fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenues are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for police protection, insurance and general administration.

MINET Debt Fund

This fund accounts for revenues from MINET that pass through for servicing of MINET-related debt incurred by the City for MINET infrastructure and capital projects.

Urban Renewal Projects Fund

This fund accounts for the acquisition and construction of facilities financed by the issuance of bonds.

CITY OF INDEPENDENCE, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

	General Fund Generally Accepted Accounting Principles	MINET Debt Fund	Urban Renewal Projects Fund	Other Governmental	Total Governmental
ASSETS:					
Cash and cash equivalents	\$ 2,885,389	\$ -	\$ 335,648	\$ 2,706,608	\$ 5,927,645
Property taxes receivable	78,634	-	-	38,628	117,262
Accounts receivable, net	176,266	-	-	83,912	260,178
SDC and assessments receivables	-	-	-	84,330	84,330
Prepays	138,745	-	-	28,742	167,487
Loans receivable, net	-	9,405,000	178,407	392,753	9,976,160
Due from other funds	115,136	-	-	-	115,136
Property held for sale	-	-	1,404,051	-	1,404,051
Interfund loan receivables	3,908,385	-	-	1,745,075	5,653,460
Total assets	<u>\$ 7,302,555</u>	<u>\$ 9,405,000</u>	<u>\$ 1,918,106</u>	<u>\$ 5,080,048</u>	<u>\$ 23,705,709</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 108,771	\$ -	\$ -	\$ 59,875	\$ 168,646
Deposits	393,826	-	-	400	394,226
Interfund loan payable	-	-	6,687,556	280,178	6,967,734
PERS liability reserve	267,084	-	-	8,355	275,439
Due to other funds	16,420	-	-	98,716	115,136
Unearned revenue	-	-	-	104,146	104,146
Total liabilities	<u>786,101</u>	<u>-</u>	<u>6,687,556</u>	<u>551,670</u>	<u>8,025,327</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	88,363	-	-	30,436	118,799
Unavailable revenue - loan receivables	-	-	-	288,607	288,607
Unavailable revenue - SDC and assesments receivables	-	-	-	84,330	84,330
Total deferred inflows of resources	<u>88,363</u>	<u>-</u>	<u>-</u>	<u>403,373</u>	<u>491,736</u>
FUND BALANCES:					
Nonspendable:					
Prepaid items	138,745	-	-	28,742	167,487
Loan receivable	3,908,385	-	-	-	3,908,385
Restricted for:					
System development	-	-	-	1,452,086	1,452,086
Debt service	-	9,405,000	-	393,927	9,798,927
Transportation	-	-	-	465,828	465,828
Committed to:					
Equipment and vehicle replacement	247,414	-	-	-	247,414
Assigned to:					
Capital projects	-	-	-	293,822	293,822
Community development	-	-	-	994,456	994,456
Unassigned	2,133,547	-	(4,769,450)	496,144	(2,139,759)
Total fund balances	<u>6,428,091</u>	<u>9,405,000</u>	<u>(4,769,450)</u>	<u>4,125,005</u>	<u>15,188,646</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,302,555</u>	<u>\$ 9,405,000</u>	<u>\$ 1,918,106</u>	<u>\$ 5,080,048</u>	
Amounts reported in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					25,060,979
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					546,934
The net pension asset and deferred outflows and inflows related to pensions are not available and, therefore, are not reported in the funds.					(4,150,175)
The net OPEB asset and deferred outflows and inflows related to OPEB are not available and, therefore, are not reported in the funds.					(185,194)
The difference between the reacquisition price and the net carrying amount of the old debt is a deferred outflow of resources and is not reported in the funds.					1,561,158
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					
Long-term debt					(29,476,199)
Compensated absences					(313,862)
Interest payable					(693,188)
Net position of governmental activities					<u>\$ 7,539,099</u>

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

CITY OF INDEPENDENCE, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	General Fund Generally Accepted Accounting Principles	MINET Debt Fund	Urban Renewal Projects Fund	Other Governmental	Total Governmental
REVENUES:					
Property taxes	\$ 2,314,442	\$ -	\$ 170,671	\$ 1,118,392	\$ 3,603,505
Franchise fees	840,401	-	-	-	840,401
Licenses, permits and fees	153,854	-	-	-	153,854
Intergovernmental	394,575	778,474	-	1,645,195	2,818,244
Assessments	-	-	-	10,018	10,018
Grants and donations	17,475	-	-	111,483	128,958
Fines and forfeitures	116,217	-	-	-	116,217
Charges for services	103,773	-	-	-	103,773
Rent	21,876	-	847	1,225	23,948
Interest revenue	22,809	-	2,246	18,880	43,935
Miscellaneous revenue	32,123	-	-	32,770	64,893
Loan repayments	-	-	-	49,995	49,995
Royalties	-	-	-	18	18
System development charges	-	-	-	422,020	422,020
Total revenues	4,017,545	778,474	173,764	3,409,996	8,379,779
EXPENDITURES:					
Current:					
General government	1,934,338	-	839	1,459,041	3,394,218
Public safety	3,302,871	-	-	-	3,302,871
Highways and streets	-	-	-	293,186	293,186
Community development	485,879	-	-	5,619	491,498
Culture and recreation	900,394	-	-	158,837	1,059,231
Capital outlay	166,440	-	825	428,201	595,466
Debt service:					
Principal	48,791	480,000	-	658,038	1,186,829
Interest	12,700	298,474	-	615,229	926,403
Total expenditures	6,851,413	778,474	1,664	3,618,151	11,249,702
Revenues over (under) expenditures	(2,833,868)	-	172,100	(208,155)	(2,869,923)
OTHER FINANCING SOURCES (USES):					
Issuance of debt	-	-	178,407	-	178,407
Transfers in	3,306,360	-	25,000	2,022,855	5,354,215
Transfers out	(1,410,830)	-	(3,813)	(1,191,273)	(2,605,916)
Total other financing sources (uses)	1,895,530	-	199,594	831,582	2,926,706
Net change in fund balance	(938,338)	-	371,694	623,427	56,783
FUND BALANCE, BEGINNING	7,366,429	9,885,000	(5,141,144)	3,501,578	15,611,863
Change in accounting estimate	-	(480,000)	-	-	(480,000)
FUND BALANCE, ENDING	\$ 6,428,091	\$ 9,405,000	\$ (4,769,450)	\$ 4,125,005	\$ 15,188,646

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

CITY OF INDEPENDENCE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ 56,783
Governmental funds report pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		(953,728)
Governmental funds report OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.		(5,581)
The statement of revenues, expenditures, and changes in fund balance report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Current year depreciation	(774,861)	
Capital asset additions	<u>809,781</u>	34,920
Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities.		(116,792)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest expense		(424,001)
Amortization of bond premium and bond insurance		64,763
Interest expense associated with deferred charge on refunding		(61,857)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Debt service principal payments	1,144,952	
Loan proceeds	<u>(178,407)</u>	<u>966,545</u>
Change in net position of governmental activities		<u>\$ (438,948)</u>

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

FUND FINANCIAL STATEMENTS

Proprietary Funds

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations – Water, Sewer, and Storm Drain. Included in these segments are:

Water Operations

Water Fund

The Water Fund is used to account for the operations of the City's water department. Primary revenues are sales of water to users and connection fees. Expenditures are for operating costs, capital improvements, and related debt service.

Water SDC Fund

This fund is used to account for system development charges earmarked for the development and repair of the water system.

Sewer Operations

Sewer Fund

This fund is used to account for the operations of the City's sewer utility. Primary revenues are charges to users of the sewer system. Expenditures are for operating costs, capital improvements, and related debt service.

Sewer SDC Fund

This fund is used to account for system development charges earmarked for the development and repair of the sewer system.

Storm Drain Operations

Storm Drain Fund

This fund accounts for storm drain operations, maintenance and capital system improvements. Revenues are charges to users of the system.

Storm Drain SDC Fund

This fund is used to account for system development charges earmarked for the development and repair of the storm drain system.

For Generally Accepted Accounting Principles purposes, these aforementioned funds are consolidated and included as three separate Enterprise funds.

CITY OF INDEPENDENCE, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 1,605,071	\$ 1,735,386	\$ 586,244	\$ 3,926,701
Accounts receivable, net	260,029	207,545	66,005	533,579
Prepaid expenses	7,231	6,073	2,066	15,370
Interfund loan receivable	581,911	827,489	29,317	1,438,717
Loans receivables	265,495	998,429	22,882	1,286,806
Total current assets	2,719,737	3,774,922	706,514	7,201,173
Noncurrent assets:				
Capital assets, net	6,073,278	11,623,123	814,154	18,510,555
Net OPEB asset	4,693	4,106	1,495	10,294
Total noncurrent assets	6,077,971	11,627,229	815,649	18,520,849
Total assets	8,797,708	15,402,151	1,522,163	25,722,022
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	201,364	176,194	64,100	441,658
Deferred outflows related to OPEB	3,126	2,735	994	6,855
Total deferred outflows of resources	204,490	178,929	65,094	448,513
Total assets and deferred outflows of resources	\$ 9,002,198	\$ 15,581,080	\$ 1,587,257	\$ 26,170,535
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 5,748	\$ 23,427	\$ 214	\$ 29,389
Accrued interest payable	4,550	85,145	-	89,695
Interfund loan payable	25,000	-	99,443	124,443
Deposits	237,143	-	-	237,143
PERS liability reserve	23,853	20,933	8,023	52,809
Accrued compensated absences	14,726	12,885	4,786	32,397
Current portion of long-term debt	129,232	80,000	-	209,232
Total current liabilities	440,252	222,390	112,466	775,108
Noncurrent liabilities:				
Noncurrent portion of long-term debt	1,650,964	9,165,409	-	10,816,373
Accrued compensated absences	7,363	6,443	2,393	16,199
Net pension liability	569,424	498,247	181,264	1,248,935
Net OPEB liability	20,114	17,600	6,403	44,117
Total noncurrent liabilities	2,247,865	9,687,699	190,060	12,125,624
Total liabilities	2,688,117	9,910,089	302,526	12,900,732
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	11,831	10,352	3,767	25,950
Deferred inflows related to OPEB	4,656	4,074	1,482	10,212
Total deferred inflows of resources	16,487	14,426	5,249	36,162
NET POSITION:				
Net investment in capital assets	4,341,292	2,366,783	814,155	7,522,230
Restricted for:				
OPEB Asset	4,693	4,106	1,495	10,294
System development	98,844	1,073,648	285,080	1,457,572
Unrestricted	1,852,765	2,212,028	178,752	4,243,545
Total net position	6,297,594	5,656,565	1,279,482	13,233,641
Total liabilities, deferred inflows of resources, and net position	\$ 9,002,198	\$ 15,581,080	\$ 1,587,257	\$ 26,170,535

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

CITY OF INDEPENDENCE, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
OPERATING REVENUES:				
Charges for services	\$ 2,718,107	\$ 2,377,374	\$ 646,720	5,742,201
Miscellaneous income	1,013	323	-	1,336
Total operating revenues	2,719,120	2,377,697	646,720	5,743,537
OPERATING EXPENSES:				
Personnel service	542,025	470,988	174,638	1,187,651
Materials and service	269,270	304,189	57,271	630,730
Depreciation	208,974	175,497	40,776	425,247
Total operating expenses	1,020,269	950,674	272,685	2,243,628
Operating income (loss)	1,698,851	1,427,023	374,035	3,499,909
NON-OPERATING REVENUES (EXPENSES):				
Interest income	8,876	8,224	3,008	20,108
Interest expense	(50,265)	(130,829)	-	(181,094)
System development charges	(194,235)	190,855	71,233	67,853
Total non-operating revenues (expenses)	(235,624)	68,250	74,241	(93,133)
Net income (loss) before transfers	1,463,227	1,495,273	448,276	3,406,776
TRANSFERS:				
Transfers in (out)	(1,236,765)	(1,283,228)	(228,306)	(2,748,299)
Change in net position	226,462	212,045	219,970	658,477
NET POSITION, BEGINNING	6,071,132	5,444,520	1,059,512	12,575,164
NET POSITION, ENDING	<u>\$ 6,297,594</u>	<u>\$ 5,656,565</u>	<u>\$ 1,279,482</u>	<u>\$ 13,233,641</u>

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

CITY OF INDEPENDENCE, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,906,859	\$ 2,912,082	\$ 640,351	\$ 6,459,292
Cash paid to employees and others for salaries and benefits	(472,101)	(410,934)	(154,933)	(1,037,968)
Cash paid to suppliers and others	(263,537)	(1,474,896)	(58,156)	(1,796,589)
Net cash provided by (used for) operating activities	2,171,221	1,026,252	427,262	3,624,735
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Payment from (to) other funds	78,571	116,854	(37,174)	158,251
Transfers in (out)	(1,236,765)	(1,283,228)	(228,306)	(2,748,299)
Net cash provided by (used for) non-capital financing activities	(1,158,194)	(1,166,374)	(265,480)	(2,590,048)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(4,998)	(3,011,262)	(5,000)	(3,021,260)
Principal paid on long-term obligations	(285,620)	(80,000)	-	(365,620)
Proceeds from the issuance of debt	(3,214)	3,805,613	-	3,802,399
Proceeds from system development charges	(194,235)	190,855	71,233	67,853
Interest paid	107,031	(68,126)	-	38,905
Net cash provided by (used for) capital and related financing activities	(381,036)	837,080	66,233	522,277
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	8,876	8,224	3,008	20,108
Net cash provided by investing activities	8,876	8,224	3,008	20,108
Net increase (decrease) in cash and cash equivalents	640,867	705,182	231,023	1,577,072
CASH AND CASH EQUIVALENTS, BEGINNING	964,204	1,030,204	355,221	2,349,629
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,605,071</u>	<u>\$ 1,735,386</u>	<u>\$ 586,244</u>	<u>\$ 3,926,701</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income	\$ 1,698,851	\$ 1,427,023	\$ 374,035	\$ 3,499,909
Adjustments				
Depreciation and amortization	208,974	175,497	40,776	425,247
Decrease (increase) in:				
Accounts receivable and due from other funds	171,512	534,385	(6,893)	699,004
Prepays	3,462	4,531	524	8,517
Increase (decrease) in:				
Accounts payable and accrued expenses	2,271	(1,175,238)	(885)	(1,173,852)
PERS liability reserve	5,615	4,920	1,850	12,385
Deposits	16,227	-	-	16,227
Net pension liability	63,151	54,230	17,612	134,993
Net OPEB liability	(847)	(798)	(409)	(2,054)
Accrued compensated absences	2,005	1,702	652	4,359
Net cash provided by (used for) operating activities	<u>\$ 2,171,221</u>	<u>\$ 1,026,252</u>	<u>\$ 427,262</u>	<u>\$ 3,624,735</u>

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Description of Reporting Entity

The City of Independence, Oregon (the City) is governed by an elected mayor and six council members who comprise the City Council. Individual departments are under the direction of the City Manager, who is appointed by City Council.

As defined by GAAP, the financial reporting entity consists of the primary government, as well as its component unit, which is a legally separate organization for which the elected officials of the primary government are financially accountable. The activities of the Independence Urban Renewal Agency (the Agency) are included in the City's financial statements as a blended component unit. The primary government has the ability to impose its will on the Agency and the City's management has operational responsibility for the Agency as it manages the activities of the Agency in the same manner in which it manages the City's operations. Furthermore, the Agency provides a financial benefit or imposes a financial burden on the primary government. The City Council and Board of Directors of the Independence Urban Renewal Agency are composed of the same individuals.

The Independence Urban Renewal Agency was formed to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal areas. Complete financial statements for the Agency may be obtained from the City's administrative offices, 555 Main Street, Independence, OR 97351.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally 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.

Government-wide statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include all the financial activities of the City. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements

These statements display information at the individual fund level. Each fund is considered separate accounting entity. Funds are classified and summarized as governmental or proprietary. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information.

C. Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts. The various funds are reported by generic classification within the financial statements.

GAAP sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds for 2021:

- The *General Fund* is the City's primary operating fund. It accounts for all the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenues are property taxes, franchise fees, charges for services, licenses and permits, and state shared revenue.
- The *Urban Renewal Projects Fund* accounts for the acquisition and construction of facilities financed by the issuance of bonds.
- The *MINET Debt Fund* accounts for revenue from MINET for the servicing of MINET-related debt incurred by the City for MINET infrastructure and capital projects.

The City reports each of its three proprietary funds as major funds. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations – Water, Sewer, and Storm Drain.

The City reports the following proprietary funds:

- *Water Operations*
- *Sewer Operations*
- *Storm Drain Operations*

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

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

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 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period are considered susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the City.

Unavailable revenue arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operations of the current period. In the government-wide Statement of Net Position, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable revenue is eliminated. Note that unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to how revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized, thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's Water, Sewer, and Storm Drain Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The proprietary financial statements have incorporated all applicable GASB pronouncements.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows the City considers all highly liquid investments with an original maturity of three months or less when purchased, to be cash equivalents.

Investments included in cash and cash equivalents are reported at fair value. The City invests in the State of Oregon Local Government Investment Pool, which is authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated based on a fund's portion of the total investment balance. The City maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance.

F. Receivables

Uncollected property taxes receivable collected within sixty days following year end are considered measurable and available and are recognized as revenues. All other uncollected property taxes receivable are offset by unavailable revenue and, accordingly, have not been recorded as revenue. Property taxes are assessed and become a lien against the property as of July 1 each year and are payable in three installments on November 15, February 15, and May 15 following the lien date. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable expected to be collected within sixty days following year end are considered measurable and available and are recognized as revenue. All other assessments receivable are offset by unavailable revenue and, accordingly, have not been recorded as revenue.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Receivables for grants and state shared revenues, included in accounts receivable are recorded as revenues in governmental fund types as earned. Receivables of the proprietary fund types are recorded as revenues when earned, including services provided but not billed.

G. Interfund Loans Receivables/Payables

Short-term interfund loans are classified as “due to and due from other funds”. Long-term interfund loans are classified as “interfund loan receivable” and “interfund loan payable”.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, streetlights, etc.) are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements and in the proprietary fund statements. Capital assets are charged to expenditures as purchased in the governmental fund statements and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets, donated works of art and similar items are reported at acquisition value.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Interest costs incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. As of June 30, 2021, \$106,945 of interest costs have been capitalized in the Water Fund.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided for on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	40
Distribution systems	20-50
Infrastructure	40
Vehicles	5-10
Furniture and equipment	5-10
Intangibles	5

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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I. Deferred Outflows/Inflows of Resource

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has three items that qualify for reporting in this category. The deferred amounts relating to pensions and other postretirement benefits (OPEB) are deferred and recognized as outflows of resources in the period when the City's recognizes pension and OPEB expenses/expenditures. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the term of the new debt. 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 financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position 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, receivables, and special assessments is 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 in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period when the City's recognizes pension income.

J. Pensions

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 the Oregon Public Employees Retirement System (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 the benefit terms. Investments are reported at fair value.

K. Postemployment Benefits Other Than Pensions (OPEB)

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 - the Implicit Rate Subsidy and Oregon Public Employees Retirement Systems (OPERS) - and additions to/deductions from Implicit Rate Subsidy and OPERS fiduciary net position have been determined on the same basis as they are reported by the Implicit Rate Subsidy and OPERS. For this purpose, the Implicit Rate Subsidy and OPERS recognizes 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 INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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L. Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, accumulated vested vacation pay is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the fund that will pay it. Funds liquidating accrued compensated absences include the General Fund, Transportation Fund, Tourism & Events Fund, Water Fund, Sewer Fund and Storm Drain Fund.

M. Net Position

In the government-wide financial statements and proprietary funds financial statements, net position is 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 includes unspent proceeds of bonds issued to acquire or construct capital assets. All other net position is considered unrestricted.

N. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

Non-Spendable – Includes amounts not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes amounts that are restricted by external creditors, grantors, or contributors, or restricted by enabling legislation.

Committed – Includes amounts that have been committed by resolution by the City Council which is the City’s “highest level of decision-making authority.” Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes amounts assigned for specific purposes by council action who authorizes, by resolution, the City Manager or Finance Director to assign fund balance. Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

Unassigned – This is the residual classification used for those balances not assigned to another category. In the event that other funds other than the General Fund include an unassigned fund balance, it would be a deficit.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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O. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

P. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions which affect the reporting amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

2. Cash and Cash Equivalents

At June 30, 2021 investments included in cash and cash equivalents consist of the following:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Pool	0.00	<u>\$ 8,168,269</u>

A. Interest Rate Risk

The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Currently, the City maintains excess cash in the Local Government Investment Pool.

B. Credit Risk

State statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The City has no investment policy that would further limit its investment choices. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The State Treasurer's Oregon Local Government Investment Pool is not registered with the SEC as an investment company and is unrated.

The City's investment in the Local Government Investment Pool is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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C. Concentration of Credit Risk

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus finds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be immediately enacted.

D. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds' deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2021, the book value of the City's deposits was \$1,685,276 and the bank balance was \$2,490,965. Approximately, \$1,976,581 of the City's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

3. Property Taxes and Assessments Receivable

Property taxes receivable, which have been collected within sixty days subsequent to year end are considered measurable and available and are therefore recognized as revenue.

All other property taxes receivable are offset by deferred inflows and, accordingly, have not been recorded as revenue. Property taxes are levied as of July 1 of each fiscal year on values assessed as of that date. Property taxes attach as an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Polk County and remitted to the City.

Assessments receivable are amounts billed to property owners upon completion of the benefiting project. Uncollected taxes and assessments are deemed to be substantially collectible or recoverable through liens. Therefore, no allowance for uncollectible accounts has been established.

4. Loans Receivable

The City makes loans for several purposes, including financing of system development charges, economic development loans to local businesses and has loaned MINET funds for infrastructure financing, which the City received from Oregon Economic and Community Development Special Public Works Fund.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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A. System Development Charges

The City offers financing of system development charges to customers. All loans carry an interest rate of 7% per annum over 10 years. Annual repayments are required.

B. Economic Development Loans

The City operates a loan program through its Economic Development Loan Fund. Twenty-year loans are made to local businesses at below-market rates for the purpose of stimulating economic growth. The screening and approval process is contracted through the Mid-Willamette Valley Council of Governments. As of June 30, 2021, there were three loans outstanding totaling \$100,633 with interest rates ranging between 3-5%. Monthly repayments are required.

C. Special Assessment Loans

Special Assessment Loans are for public improvements made by the City that benefitted industrial properties in the project area of Hoffman and Ash Creek and financed by the Oregon Economic and Community Development Special Public Works Fund. The benefiting properties pay a corresponding share of the outstanding loan.

D. MINET

The City incurred debt for the purpose of providing MINET the necessary capital needed to provide internet services to the community. The City has recorded loans to MINET for debt service that the City has paid on their behalf.

As of June 30, 2021, the loan receivable balance from MINET is \$12,817,317. The City has estimated the collectability of the loan receivable and has recorded an allowance for doubtful accounts in the amount of \$5,812,317. The loan receivable is as follows:

	MINET Debt		
	Service Fund	Water Fund	Total
Loan receivable balance	\$ 9,405,000	\$ 3,412,317	\$ 12,817,317
Allowance for doubtful accounts	(2,400,000)	(3,412,317)	(5,812,317)
Loan balance	\$ 7,005,000	\$ -	\$ 7,005,000

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

5. Capital Assets

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

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 1,457,360	\$ -	\$ -	\$ 1,457,360
Work In Progress	5,219,007	749,820	(4,680,678)	1,288,149
Total capital assets, non-deprec	<u>6,676,367</u>	<u>749,820</u>	<u>(4,680,678)</u>	<u>2,745,509</u>
Capital assets, depreciable:				
Intangibles	219,088	-	-	219,088
Buildings	15,458,893	-	-	15,458,893
Equipment	687,721	10,000	(79,093)	618,628
Vehicles	968,586	49,961	(242,968)	775,579
Infrastructure	18,698,918	4,680,678	-	23,379,596
Total capital assets, depreciable	<u>36,033,206</u>	<u>4,740,639</u>	<u>(322,061)</u>	<u>40,451,784</u>
Total assets	42,709,573	5,490,459	(5,002,739)	43,197,293
Less accum depreciation for:				
Intangible Assets	(182,180)	(32,990)	-	(215,170)
Buildings	(4,661,306)	(379,121)	-	(5,040,427)
Equipment	(508,656)	(26,601)	79,093	(456,164)
Vehicles	(824,036)	(62,748)	242,968	(643,816)
Infrastructure	(11,507,336)	(273,401)	-	(11,780,737)
Total accumulated depreciation	<u>(17,683,514)</u>	<u>(774,861)</u>	<u>322,061</u>	<u>(18,136,314)</u>
Net depreciable capital assets	<u>18,349,692</u>	<u>3,965,778</u>	<u>-</u>	<u>22,315,470</u>
Net capital assets	<u>\$25,026,059</u>	<u>\$4,715,598</u>	<u>\$(4,680,678)</u>	<u>\$ 25,060,979</u>
Governmental activities:				
General government		\$ 411,540		
Roads and Highways		191,763		
Culture and recreation		171,558		
Total depreciation expense - governmental activities		<u>\$ 774,861</u>		

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, non-depreciable:				
Land	\$ 201,804	\$ -	\$ -	\$ 201,804
Intangibles	860,893	-	-	860,893
Work in progress	4,427,979	2,901,262	(28,395)	7,300,846
Total capital assets, non-depreciable	5,490,676	2,901,262	(28,395)	8,363,543
Capital assets, depreciable:				
Buildings	1,245,809	-	-	1,245,809
Distribution systems	18,895,875	28,395	-	18,924,270
Equipment	1,361,928	120,000	(109,465)	1,372,463
Total capital assets, depreciable	21,503,612	3,049,657	(137,860)	21,542,542
Less accumulated depreciation for:				
Buildings	(411,250)	(30,782)	-	(442,032)
Distribution systems	(9,623,418)	(339,479)	-	(9,962,897)
Equipment	(1,045,080)	(54,986)	109,465	(990,601)
Total accumulated depreciation	(11,079,748)	(425,247)	-	(11,395,530)
Net depreciable capital assets	10,423,864	(276,852)	-	10,147,015
Net capital assets	\$ 15,914,540	\$ 2,624,410	\$ (28,395)	\$ 18,510,558
Business-type activities:				
Sewer		\$ 175,497		
Water		208,974		
Storm drain		40,776		
Total depreciation expense - business-type activities		<u>\$ 425,247</u>		

6. Interfund Transfers, Loans, Receivables, Payables,

A. Interfund Transfers

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in certain funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

	<u>Transfers In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 2,926,175	\$ 1,410,830
Urban Renewal Projects Fund	25,000	-
Total Major Governmental Funds	<u>2,951,175</u>	<u>1,410,830</u>
Non-Major Governmental Funds:		
General Fund Equipment Vehicle Reserve Fund	50,000	-
Building Repair/Replacement Reserve Fund	205,000	-
Transportation Fund	166,110	561,102
Economic Development Loan Fund		221,100
Tourism & Events Fund	100,000	-
Information Services Equipment Fund	90,000	-
Urban Renewal Debt Service Fund	423,720	-
Grants Fund	646,100	
Special Assessments Fund	14,000	-
Transportation SDC Fund	-	187,592
Capital Projects Fund	465,500	
Parks SDC Fund	-	219,773
Parks Capital Reserve Fund	240,000	-
Total Non-Major Governmental Funds	<u>2,400,430</u>	<u>1,189,567</u>
Major Enterprise Funds:		
Water Fund	266,715	1,347,501
Sewer Fund	-	1,276,019
Storm Fund	33,000	220,536
Sewer SDC Fund	-	8,922
Water SDC Fund	-	157,825
Storm SDC Fund	-	40,120
Total Enterprise Funds	<u>299,715</u>	<u>3,050,923</u>
Total All Funds	<u>\$ 5,651,320</u>	<u>\$ 5,651,320</u>

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

B. Interfund Loans Receivables and Payables

Urban Renewal

The City incurred debt on behalf of the Independence Urban Renewal Agency (URA) for construction of the Independence Civic Center and assisted in servicing the debt. The City does not expect to begin collecting from the Urban Renewal until 2023. The principal balance of this loan receivable is \$3,771,517. This loan receivable is reported in the General Fund.

In 2017, the Urban Renewal finalized a development & disposition agreement for the development of a hotel, apartments and townhomes at Independence Landing. As part of the agreement, the URA agreed to pay construction costs imposed by the City of Independence up to \$2,082,110. As a result, there has been created a loan receivable between the City and the URA. As of June 30, 2021, the balance of this loan is \$2,082,110. This loan receivable is reported as interfund loans in the General Fund, Transportation SDC Fund, Parks SDC, Sewer SDC Fund, Water SDC Fund and Storm SDC Fund.

The remaining \$833,929 is from year-end cash allocations in prior years of pooled cash in order to eliminate deficit cash balances in the Urban Renewal Projects Fund.

The total balance of loans receivable between the City and the URA is \$6,687,556 as follows:

As of June 30, 2021

	ICC Construction and Debt Service	Independence Landing Development Agreement	Total
General Fund	\$ 3,771,517	\$ 108,744	\$ 3,880,261
Transportation SDC Fund	-	864,871	864,871
Parks SDC Funds		410,740	410,740
Water SDC Fund	-	266,732	266,732
Sewer SDC Fund	-	401,706	401,706
Storm SDC Fund	-	29,317	29,317
Cash Allocations			833,929
Loan Balance	<u>\$ 3,771,517</u>	<u>\$ 2,082,110</u>	<u>\$ 6,687,556</u>

Interfund capital loans are to replenish cash balances in funds that have experienced fund balance shortfalls for operations or capital projects. Interfund capital loans are scheduled to be repaid over a five or ten-year period.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Interfund Capital Loans due over a 10 year period

From (Receivable)	To (Payable)	Balance
Sewer Fund	Storm Drain Fund	\$ 52,568
Water SDC	UR Projects	297,982
Sewer SDC	UR Projects	489,206
Economic Development	Transportation	15,000
Economic Development	Water Fund	25,000
Water Fund	Transportation	151,339
Water Fund	Storm Drain Fund	46,875
Economic Development	UR Projects	429,464
General Fund	Transportation	18,750
General Fund	Tourism & Events	9,375
Water Fund	Parks SDC	85,714
Sewer Fund	UR Projects	285,714
General Fund	UR Projects	3,880,261
Transportation SDC	UR Projects	864,871
Parks SDC	UR Projects	410,740
Storm SDC	UR Projects	29,317
		<u>\$ 7,092,176</u>

C. Interfund Receivables and Payables

Interfund balances which represent unsettled overdrafts of pooled cash as of June 30, 2021, are as follows:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
Information Services Reserve	\$ 16,420	
Capital Projects Fund	98,716	
General Fund		\$ 16,420
Transportation Fund		98,716

D. Franchise Fees Payable

The Proprietary funds paid franchise fees to the General Fund for fiscal year ended June 30, 2021 as follows:

Water Fund	\$ 180,000
Sewer Fund	164,815
Storm Drain Fund	44,653
	<u> </u>
Total	<u>\$ 389,468</u>

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

7. Long Term Debt

During the year ended June 30, 2021, governmental long-term liability activity was as follows:

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances	Due in One Year
Bonds					
2013 GO Refunding Bond	3,935,000	-	240,000	3,695,000	245,000
Bond Premium	18,372	-	1,523	16,849	-
2015 FF&C MINET Bond	3,080,000	-	210,000	2,870,000	220,000
2016A FF&C Refunding Obligation	7,945,000	-	35,000	7,910,000	35,000
Bond Premium	440,298	-	23,174	417,124	-
2017C FF&C MINET Bond	2,025,000	-	270,000	1,755,000	280,000
2017A FF&C Refunding Obligation	4,035,000	-	360,000	3,675,000	370,000
Bond Premium	328,500	-	17,289	311,211	-
2020 FF&C MINET Refunding Obligation	4,780,000	-	-	4,780,000	-
Bond Premium	491,037	-	25,844	465,193	-
Total Bonds	27,078,207	-	1,182,830	25,895,377	1,150,000
Notes Payable					
SPWF Loan - Hoffman	98,071	-	23,038	75,033	24,190
2020 Chase Bank (Museum)	650,000	-	48,791	601,209	61,558
IFA Loan	2,726,173	178,407	-	2,904,580	-
Total Notes Payable	3,474,244	178,407	71,829	3,580,822	85,748
Total Bonds, Notes, and Leases	30,552,451	178,407	1,254,659	29,476,199	1,235,748
Compensated Absences	271,986	211,110	169,234	313,862	207,149
Total Governmental Activities	\$ 30,824,437	\$ 389,517	\$ 1,423,893	\$ 29,790,061	\$ 1,442,897

A. Governmental Bonds and Notes Payable

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. All of the General obligation bonds of governmental activities are insured by Assured Guaranty Municipal Corp in the event that the City is unable to make payment. General obligation bonds outstanding as of June 30, 2021 are as follows:

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Governmental Activities

In July 2013, the City issued \$3,468,000 of general obligation bonds at rates varying from 2% and 4.375% to retire other debt of the City. Interest is payable semiannually on December 15 and June 15 of each year. The bonds mature in 2033.	3,695,000
In May of 2015, the City issued \$4,145,000 of full faith and credit obligation bonds at rate interest rates varying from 0.65% to 4.05% to retire a portion of the 2010 MINET bonds. Interest is payable semiannually on December 1 and June 1 of each year. The bonds mature in 2032.	2,870,000
In April of 2016, the City issued \$8,070,000 of full faith and credit obligation refunding bonds to retire existing debt of the City. Interest rates range from 3.00% to 4.00%. The bond principal is payable annually and interest is payable semi-annually. The bonds mature in 2040	7,910,000
In December of 2017, the City issued two series of full faith and credit obligations in the amounts of \$4,570,000 and 2,160,000 to retire existing debt of MINET owed by the City. Interest rates range from 2.20% to 3.35%. The bond principal is payable annually and interest is payable semi-annually. The bonds mature in 2040 and 2027, respectively. In June 2020, the City refunded the 2017B series bonds, retiring the \$4,570,000 portion.	1,755,000
In December 2017, the City issued \$4,035,000 of full faith and credit obligation refunding bonds to retire existing debt of the City. Interest rates range from 3.00% to 4.00%. The bond principal is payable annually and interest is payable semi-annually. The bonds mature in 2030.	3,675,000
In June 2020, the City issued full faith and credit obligations to retire existing debt of MINET owed by the City. Interest rates range from 2.0% to 3.0%. Bond principal is paid annually, and interest is paid semi-annually. The bonds mature in June 2040.	<u>4,780,000</u>
Total bonds	<u>\$ 24,685,000</u>

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

Annual debt service requirements to maturity for bonds payable are as follows:

Fiscal Year	2020 FF&C MINET Refunding		2013 GO Refunding Bonds	
	Principal	Interest	Principal	Interest
2022	\$ -	\$ 143,050	\$ 245,000	\$ 150,669
2023	-	143,050	250,000	143,319
2024	-	143,050	265,000	133,319
2025	-	143,050	275,000	122,719
2026	-	143,050	290,000	111,719
2027-31	1,335,000	655,300	1,625,000	372,932
2032-36	1,875,000	407,250	745,000	49,220
2037-41	1,570,000	114,450	-	-
2042-46	-	-	-	-
	<u>\$ 4,780,000</u>	<u>\$ 1,892,250</u>	<u>\$ 3,695,000</u>	<u>\$ 1,083,897</u>

Fiscal Year	2015 FF&C MINET Bond		2017C FF&C MINET Bond	
	Principal	Interest	Principal	Interest
2022	\$ 220,000	\$ 100,225	\$ 280,000	\$ 54,160
2023	225,000	93,993	285,000	46,320
2024	235,000	87,088	295,000	38,055
2025	240,000	79,485	305,000	29,058
2026	250,000	71,150	315,000	19,450
2027-31	1,385,000	206,710	275,000	9,213
2032-36	315,000	6,368	-	-
2037-41	-	-	-	-
2042-46	-	-	-	-
	<u>\$ 2,870,000</u>	<u>\$ 645,019</u>	<u>\$ 1,755,000</u>	<u>\$ 196,256</u>

CITY OF INDEPENDENCE
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Fiscal Year	2016A FF&C Refunding Bond		2017A FF& C Refunding Bond	
	Principal	Interest	Principal	Interest
2022	\$ 35,000	\$ 300,806	\$ 370,000	\$ 139,450
2023	35,000	299,406	385,000	128,350
2024	40,000	298,006	400,000	116,800
2025	40,000	296,406	415,000	100,800
2026	40,000	294,806	430,000	84,200
2027-31	1,010,000	1,440,030	1,675,000	157,400
2032-36	3,440,000	999,830	-	-
2037-41	3,270,000	284,563	-	-
2042-46	-	-	-	-
	<u>\$ 7,910,000</u>	<u>\$ 4,213,853</u>	<u>\$ 3,675,000</u>	<u>\$ 727,000</u>

The City is obligated to the State of Oregon Economic Development Department to repay a Special Public Works Fund (SPWF) loan, dated January 23, 2002. The loan, in the original amount of \$892,775 (“Hoffman”), was used to finance street and industrial park improvements. Assessments levied against each of the benefitting properties are pledged for repayment of the loan. In an event of default, outstanding amounts become immediately due. The loan carries interest rates of 5.00%.

\$ 75,033

In December 2016, the City entered into an agreement with the Business Oregon Infrastructure Finance Authority to award the City a total award of \$3,250,000. The City will repay this amount at the end of the project with 2.83% interest per annum. The loan will be drawn down first. The City has pledged incremental property tax revenues for payment of the loan. In the event of default, outstanding amounts become immediately due. At year end the City had drawn down:

2,904,580

In February 2020, the City entered into a direct borrowing agreement with JP Morgan Chase Bank N.A., issuing \$650,000 obligation for the purchase and improvements of a museum facility. The interest rate is 2.03% and matures in December 2029.

601,209

Total notes payable

\$ 3,580,822

CITY OF INDEPENDENCE
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Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year	<u>2021 IFA SPWF</u>		<u>SPWF Loan</u>		<u>2020 Chase Bank</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	-	333,777	24,190	3,752	61,558	11,580
2023	-	82,200	25,400	2,542	62,808	10,317
2024	91,332	82,200	25,443	1,272	64,083	9,029
2025	93,916	79,615	-	-	65,384	7,715
2026	96,574	76,957	-	-	66,711	6,375
2027-31	525,447	339,210	-	-	280,665	11,538
2032-36	604,126	263,530	-	-	-	-
2037-41	694,588	173,068	-	-	-	-
2042-46	798,597	69,062	-	-	-	-
2047-51	-	-	-	-	-	-
	<u>2,904,580</u>	<u>1,499,619</u>	<u>75,033</u>	<u>7,566</u>	<u>601,209</u>	<u>56,554</u>

During the year ended June 30, 2021, business-type long-term liability activity was as follows:

Business Activities	Beginning Balances	Additions	Deletions	Ending Balances	Due in One Year
Revenue Bonds					
2013 Sewer Bond	\$ 2,105,000	\$ -	\$ 80,000	\$ 2,025,000	\$ 80,000
Bond Discount	(11,509)	-	(576)	(10,933)	-
2016A Full Faith & Credit Water Bond	1,130,000	-	55,000	1,075,000	55,000
Bond Premium	51,422	-	3,214	48,208	-
Total Bonds	<u>3,274,913</u>	<u>-</u>	<u>137,638</u>	<u>3,137,275</u>	<u>135,000</u>
Notes Payable					
CWSRF Loan	3,426,305	3,805,037	-	7,231,342	-
Direct Borrowing					
2018 Chase Bank Loan	<u>729,894</u>	<u>-</u>	<u>72,906</u>	<u>656,988</u>	<u>74,232</u>
Total Notes Payable	<u>4,156,199</u>	<u>3,805,037</u>	<u>72,906</u>	<u>7,888,330</u>	<u>74,232</u>
Total Bonds, Notes and Leases	7,431,112	3,805,037	210,544	11,025,605	209,232
Compensated Absences	<u>44,237</u>	<u>44,721</u>	<u>40,361</u>	<u>48,596</u>	<u>32,397</u>
Total Business Activities	<u>\$ 7,475,349</u>	<u>\$ 3,849,758</u>	<u>\$ 250,905</u>	<u>\$ 11,074,201</u>	<u>\$ 241,629</u>

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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B. Business-type Bonds and Notes Payable

In 2013, the City issued \$2,900,000 in sewer system revenue bonds, series 2013, to refund the City's loan with the State of Oregon Department of Environmental Quality (DEQ loan) and its sewer revenue bond, series 2000, issued to the US Department of Agriculture Rural Utilities Service, and to pay costs of issuance of the bonds. The City pledged income derived from net revenue of the City's sewer systems to pay debt service. Interest of the bonds is payable semiannually in June and December of each year. Interest rate is 3% and bond maturity is in 2040. \$2,025,000

In October 2016, the City issued \$1,335,000 in full faith and credit bonds, series 2016, to finance capital improvements to the City's water system, and to pay the costs of issuance of the bonds. The City has pledged the full faith and credit of the City for payment of the bonds. Interest of the bonds is payable semiannually in June and December of each year, commencing December 15, 2016. The average interest rate is 3.013% and bond maturity is in 2036. 1,075,000

Total bonds payable \$ 3,100,000

The business-type bonds are insured by Assured Guaranty Municipal Corp in the event that the City is unable to make payment.

Annual debt service requirements to maturity for bonds payable are as follows:

Fiscal Year	2013 Sewer Revenue Bonds		2016A Water Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 80,000	\$ 65,150	\$ 55,000	\$ 32,900
2023	85,000	62,750	60,000	31,250
2024	85,000	60,200	60,000	29,450
2025	90,000	57,650	65,000	27,650
2026	90,000	54,950	65,000	25,050
2027-31	495,000	232,300	355,000	94,950
2032-36	575,000	151,650	415,000	37,800
2037-41	525,000	46,550	-	-
2042-46	-	-	-	-
	<u>\$ 2,025,000</u>	<u>\$ 731,200</u>	<u>\$ 1,075,000</u>	<u>\$ 279,050</u>

In November 2017, the City entered into a Clean Water State Revolving Fund Loan (CWSRF) agreement with the State of Oregon Department of Environmental Quality (DEQ) to award the City a total of \$9,416,130. The City will repay this amount at the end of the project with 1.42% interest per annum. The City pledged income derived from net revenue of the City's sewer systems to pay debt service.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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In the event of default, outstanding amounts become immediately due. The loan will be drawn down first. At year-end the City had drawn down: \$7,231,342

Direct Borrowings

In May 2019, the City entered into a loan agreement for \$800,000 with Chase Bank to finance the purchase of senior water rights on the Willamette River. The note payable is secured by the City's full faith and credit and taxing power, but shall not entitle the lender to lien on or pledge of, specific properties or revenue of the City. The interest rate on the 2.9%, payable semiannually in May and November, Commencing November 1, 2019. The loan maturity is in May 2029. 656,988

Total notes payable \$7,888,330

The City has an unused line of credit for business-type activities related to the Clean Water State Revolving Fund Loan agreement above in the amount of \$2,184,788.

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year	2018 Chase Bank Loan Principal	Interest
2022	\$ 74,232	\$ 19,075
2023	76,384	16,922
2024	78,599	14,707
2025	80,879	12,428
2026	83,224	10,082
2027-31	263,670	15,484
2032-36	-	-
2037-41	-	-
2042-46	-	-
	<u>\$ 656,988</u>	<u>\$ 88,698</u>

8. Net Position

The government-wide statement of net position reports \$12,708,585 of restricted net position of which \$2,909,658 is restricted by enabling legislation.

9. Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2021. These deficits will be financed through future revenues.

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<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	(\$110,278)

10. Tax Abatements Polk County negotiates property tax abatement agreements on an individual basis. For the fiscal year ended June 30, 2021, the County had agreements which reduced property taxes levied on 10 properties for certified historic properties and for enterprise zone properties.

Property taxes for certified historic properties are abated for 10 consecutive years on the assessed value of qualifying improvements to the property pursuant to ORS 358.475-.545. The taxpayer is required to make qualified improvement to the property within the first five years in an amount of at least ten percent of the historic property's real market value at the time of program qualification. The County has not made any commitments as part of these agreements other than to reduce taxes. State law provides for the recapture of taxes abated, in addition to interest and penalties, if the property is disqualified during the term of the agreement.

Enterprise zones are property areas designated by the Oregon Business Development Department and determined on a case-by-case basis based on requirements under ORS 285C.090 which includes criteria for zone resident household income and unemployment rates. Qualifying enterprise zone businesses are exempted from paying property taxes on qualifying new construction and equipment for 3 - 5 years. The County has not made any commitments as part of these agreements other than to reduce taxes. State law provides for the recapture of taxes abated if the business ceases to meet the requirements of the program.

The County is not subject to any tax abatement agreements entered into by other governmental entities. The County has chosen to disclose information about its tax abatement agreements in total by abatement program type.

Property taxes abated by Polk County for the year ended June 30, 2021, listed by abatement program are as follows:

<u>Abatement Program</u>	<u>Percentage of Taxes Abated</u>	<u>Total Property Taxes Abated</u>	<u>Polk County Share Taxes Abated</u>
Historic Property	29% - 55%	6,927	741
Enterprise Zone	100%	<u>26,940</u>	<u>2,957</u>
Total Abatement		33,867	3,698

11. Post Employment Benefits Other than Pensions

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

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:

CITY OF INDEPENDENCE
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Implicit Rate Subsidy

Plan Description

The City's single-employer defined benefit postemployment healthcare plan is administered by

	Implicit Rate Subsidy	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 61,563	\$ 61,563
Deferred Outflows of Resources			
Difference in Expected and Actual Experience	8,759	-	8,759
Change in Assumptions	14,884	-	14,884
Difference in Earnings	-	6,846	6,846
Change in Proportionate Share	-	-	-
Contributions After MD	9,862	652	10,514
Net OPEB Liability	(263,861)	-	(263,861)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(21,168)	(6,294)	(27,462)
Difference in Earnings	-	-	-
Change in Assumptions	(28,855)	(3,272)	(32,127)
Change in Proportionate Share	-	(1,490)	(1,490)
OPEB Expense/(Income)*	24,709	(10,905)	13,804

*Included in program expenses on Statement of Activities

CityCounty Insurance Services (CIS). Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained through their website at: <https://www.cisoregon.org/About/TrustDocs>.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2020, the following employees were covered by the benefit terms:

CITY OF INDEPENDENCE
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Active employees	39
Eligible retirees	1
Spouses of ineligible retirees	0
Total participants	<u>40</u>

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

The City's total OPEB liability of \$263,861 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2021, the City recognized OPEB expense from this plan of \$24,709. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,759	\$ 21,168
Changes of assumptions	14,884	28,855
Total (prior to post-MD contributions)	23,643	50,023
Contributions subsequent to the MD	9,862	-
Total	<u>\$ 33,505</u>	<u>\$ 50,023</u>

Deferred outflows of resources related to OPEB of \$9,862 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2022	\$ (3,719)
2023	(3,719)
2024	(3,719)
2025	(3,719)
2026	(3,719)
Thereafter	(7,785)
Total	<u>\$ (26,380)</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:

CITY OF INDEPENDENCE
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Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	2.21 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	<p>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.</p> <p>Healthcare cost trend rate: Medical and vision: 3.75 percent per year increasing to 5.75 percent.</p> <p>Dental: 4.00 percent per year</p>

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

Changes in the Net OPEB Liability

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

	Net OPEB Liability
Balance as of June 30, 2020	\$ 259,843
Changes for the year:	
Service cost	18,835
Interest on total OPEB liability	9,593
Effect of changes to benefit terms	-
Effect of economic demographic gains or losses	(23,396)
Effect of assumptions changes or inputs	8,242
Benefit payments	(9,256)
Balance as of June 30, 2021	<u>\$ 263,861</u>

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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 (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Net OPEB Liability	\$ 291,393	\$ 263,861	\$ 238,522

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 225,020	\$ 263,861	\$ 311,145

PERS Retirement Health Insurance Account

Plan Description

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

That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>.

Benefits Provided

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

CITY OF INDEPENDENCE
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retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2018 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 0.06% for Tier One/Tier Two members, and 0.00% for OPSRP members. The City's total for the year ended June 30, 2021 contributions was \$6,846.

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

At June 30, 2021, the City reported an asset of \$61,563 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2021, the City's proportionate share was 0.030%, which is an increase from its proportion of 0.029% as of June 30, 2020.

For the year ended June 30, 2021, the City recognized OPEB income from this plan of \$9,902. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6,294
Changes of assumptions	-	3,272
Net difference between projected and actual earnings on investments	6,846	-
Changes in proportionate share	-	1,490
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	<u>6,846</u>	<u>11,056</u>
Contributions subsequent to the MD	<u>652</u>	<u>-</u>
Total	<u><u>\$ 7,498</u></u>	<u><u>\$ 11,056</u></u>

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Deferred outflows of resources related to OPEB of \$652 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>		
2022	\$	(7,082)
2023		(1,819)
2024		2,531
2025		2,160
2026		-
Total	\$	<u>(4,210)</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 below in Note 12 – Pension Plan Actuarial Assumptions.

Long-Term Expected Rate of Return

Are the same as listed below in Note 12 – Pension Plan Long-term Expected Rate of Return.

Discount Rate

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

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

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

Discount Rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Net OPEB Asset	\$ (49,702)	\$ (61,563)	\$ (71,705)

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OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

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

Changes in Plan Provisions Subsequent to Measurement Date

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

12. Pension Plan

Plan Description

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

A. 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). General service employees may retire after reaching age 55. Police 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 member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police 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 fair 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: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The

limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

B. Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2021 were \$720,689, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 24.83 percent for Tier One/Tier Two General Service Member, 24.83 percent for Tier One/Tier Two Police, 16.15 percent for OPSRP Pension Program General Service Members, 20.78 percent for OPSRP Pension Program Police Members.

C. 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 or 7.0 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. The City pays the 6.0 percent employee portion of behalf of members, also.

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

At June 30, 2021, the City reported a liability of \$7,469,694 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the City's proportion was 0.0342 percent, which was increased from its proportion of 0.0333 measured as of June 30, 2020.

For the year ended June 30, 2021, the City's recognized pension expense (income) of \$1,088,720. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 328,757	\$ -
Changes of assumptions	400,875	14,046
Net difference between projected and actual earnings on investments	878,339	-
Changes in proportion	296,403	11,318
Differences between employer contributions and proportionate share of contributions	16,430	129,837
Total (prior to post-MD contributions)	1,920,804	155,201
Contributions subsequent to the MD	720,689	-
Total	<u>\$ 2,641,493</u>	<u>\$ 155,201</u>

\$720,689 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2022	\$ 380,836
2023	510,174
2024	484,129
2025	360,251
2026	30,216
Total	<u>\$ 1,765,606</u>

E. Actuarial assumptions

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>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.</p> <p>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.</p> <p>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.</p>

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

F. 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-

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

looking capital market economic model.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Foreign Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equities	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-Driven	0.38%	5.59%
Timber	1.12%	5.61%
Farmland	1.12%	6.12%
Infrastructure	2.24%	6.67%
Commodities	1.12%	3.79%
Total	<u>100.00%</u>	

Assumed Inflation - Mean	2.50%
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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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

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

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

Discount Rate

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

G. Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

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

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 11,091,879	\$ 7,469,694	\$ 4,432,324

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. Pension plan fiduciary net position

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

I. Changes in Plan Provisions During to Measurement Period

A legislative change that occurred during the measurement period affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

J. Changes in Plan Provisions Subsequent to Measurement Date

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

13. Risk Management

The City is exposed to various risks of loss related to errors and omissions; automobile; damage to or destruction of assets; bodily injury; and worker's compensation for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past four fiscal years.

14. Contingencies and Commitments

Management of the City believes that total amount of liability, if any, which may arise from claims and lawsuits pending against the City beyond that, which is covered by insurance, would not have a material effect on the City's financial condition.

Federal and state grants are subject to audit by the grantor agencies and any adjustments may become a liability of the appropriate fund. Management believes that adjustments, if any, will not materially affect the City's financial position.

15. Concentration of Credit Risk

The City is exposed to risk of loss through loans made to MINET, an intergovernmental entity formed by the cities of Monmouth and Independence, Oregon to own and operate a fiber-optic internet video and telephone network in the cities. The City has incurred a concentration of credit risk for capital loans made to MINET. Terms of the debt are described in the Long-Term Debt footnote. Audited annual financial statements of MINET may be obtained by writing to MINET, 405 N. Hogan Road, Monmouth, OR 97361, or by calling (503) 837-0700.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

The total amount loaned to MINET as of June 30, 2021, is shown below:

<u>MINET Loan</u>	<u>Purpose</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Repayment Terms</u>
2017 Full Faith & Credit	Capital/Infrastructure	\$ 1,755,000	0.85% -5.84%	22 years
2015 Full Faith & Credit	Capital/Infrastructure	\$ 2,870,000	0.65%- 4.05%	16 years
2020 Full Faith & Credit	Capital/Infrastructure	\$ 4,780,000	2% -3%	20 years
Advances to MINET	Cover prior year shortfall	\$ 3,412,317	2.19%-5.84%	Various

Summarized financial data for MINET is as follows:

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets	\$ 1,157,084	\$ 925,490
Capital assets (net of depreciation)	12,951,158	13,333,984
<i>Total Assets</i>	<u>14,108,242</u>	<u>14,259,474</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for debt refunding	<u>936,533</u>	<u>1,060,787</u>
LIABILITIES		
Current liabilities	2,574,338	2,378,986
Long-term liabilities	28,370,632	29,142,553
<i>Total Liabilities</i>	<u>30,944,970</u>	<u>31,521,539</u>
NET POSITION		
Net investment in capital assets	(6,577,309)	(7,800,589)
Unrestricted	(9,322,886)	(8,400,689)
<i>Total Net Position</i>	<u>\$ (15,900,195)</u>	<u>\$ (16,201,278)</u>

16. New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The City implemented Statement 98 for the year ending June 30, 2021.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

17. Risks and Uncertainties

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S., accelerating during the first half of March, as federal, state, and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. The situation is rapidly changing, and with the resurgence of the Omicron variant, additional impacts may arise that we are not aware of currently. While the disruption is currently expected to be temporary, there continues to be uncertainty around the duration. The ultimate impact of the pandemic on the results of operations, financial position, liquidity, or capital resources cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedules
 - General Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 2,299,600	\$ 2,299,600	\$ 2,314,442	\$ 14,842
Franchise fees	810,000	810,000	840,401	30,401
Licenses, permits and fees	230,750	230,750	153,854	(76,896)
Intergovernmental	441,450	441,450	394,575	(46,875)
Grants and donations	78,400	78,400	2,000	(76,400)
Fines and forfeitures	158,100	158,100	116,217	(41,883)
Charges for services	104,000	104,000	103,773	(227)
Rent	19,260	19,260	21,876	2,616
Interest revenue	15,500	15,500	21,525	6,025
Miscellaneous revenue	123,000	123,000	32,121	(90,879)
Total revenues	4,280,060	4,280,060	4,000,784	(279,276)
EXPENDITURES:				
General government	1,740,550	1,965,550	1,818,779	146,771
Public safety	3,555,015	3,555,015	3,302,871	252,144
Community development	626,040	626,040	485,879	140,161
Culture and recreation	987,590	1,030,590	900,394	130,196
Debt service:				
Principal	48,791	48,791	48,791	-
Interest	12,700	12,700	12,700	-
Contingency	1,119,991	401,991	-	401,991
Total expenditures	8,090,677	7,640,677	6,569,414	1,071,263
Revenues over (under) expenditures	(3,810,617)	(3,360,617)	(2,568,630)	791,987
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	9,565	9,565	9,562	(3)
Transfers in	2,911,286	2,911,286	2,926,175	14,889
Transfers out	(960,970)	(1,410,970)	(1,410,830)	140
Total other financing sources (uses)	1,959,881	1,509,881	1,524,907	15,026
Net change in fund balance	(1,850,736)	(1,850,736)	(1,043,723)	807,013
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,850,736	1,850,736	3,260,895	1,410,159
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	2,217,172	\$ 2,217,172
Interfund receivable			3,908,386	
General equipment and vehicle reserve fund			22,227	
Information services equipment fund			37,894	
Parks capital reserve fund			242,412	
FUND BALANCE, ENDING GAAP			\$ 6,428,091	

CITY OF INDEPENDENCE, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Ten Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate 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
2020	0.03422785%	\$ 7,469,694	\$ 3,665,402	203.79%	75.80%
2019	0.03335804%	5,770,142	3,437,258	167.87%	80.20%
2018	0.03086104%	4,675,041	3,211,306	145.58%	82.10%
2017	0.03078833%	4,150,279	2,965,410	139.96%	83.10%
2016	0.03134115%	4,705,034	2,661,504	176.78%	80.53%
2015	0.02869354%	1,647,429	2,374,283	69.39%	91.90%
2014	0.02677427%	(606,896)	2,259,338	-26.86%	103.60%
2013	0.02869354%	673,613	2,233,312	30.16%	91.97%

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Changes in Benefit Terms:

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

Changes of Assumptions:

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

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF CONTRIBUTIONS
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 720,689	\$ 720,689	\$ -	\$ 3,793,030	19.00%
2020	702,449	702,449	-	3,665,402	19.16%
2019	492,899	492,899	-	3,437,258	14.34%
2018	452,305	452,305	-	3,211,306	14.08%
2017	334,614	334,614	-	2,965,410	11.28%
2016	320,569	320,569	-	2,661,504	12.04%
2015	305,990	305,990	-	2,374,283	12.89%
2014	225,441	225,441	-	2,259,338	9.98%

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	December 31, 2011
Actuarial cost method:	Entry Age Normal			Projected Unit Credit
Amortization method:	Level percentage of payroll, closed			
Amortization period:	10 years			
Asset valuation method:	Market value			
Remaining amortization periods:	10 years	20 years		N/A
Actuarial assumptions				
Inflation rate	2.50 percent		2.75 percent	
Projected salary increases	3.50 percent		3.75 percent	

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF PROPORTIONATE SHARE - RHIA
For the Last Ten Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2020	0.03021349%	\$ (61,563)	\$ 3,665,402	-1.68%	150.10%
2019	0.02915515%	(56,338)	3,437,258	-1.64%	144.40%
2018	0.02776841%	(30,997)	3,211,306	-0.97%	124.00%
2017	0.02714883%	(11,330)	2,965,410	-0.38%	108.90%

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changes to reflect an updated trends and mortality improvement scale for all groups.

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF CONTRIBUTIONS - RHIA
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 6,846	\$ 6,846	\$ -	\$ 3,793,030	0.18%
2020	2,158	2,158	-	3,665,402	0.06%
2019	14,450	14,450	-	3,437,258	0.42%
2018	13,446	13,446	-	3,211,306	0.42%
2017	13,516	13,516	-	2,965,410	0.46%

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	December 31, 2011
Actuarial cost method:	Entry Age Normal			Projected Unit Credit
Amortization method:	Level percentage of payroll, closed			
Amortization period:	10 years			
Asset valuation method:	Market value			
Remaining amortization periods:	10 years	20 years		N/A
Actuarial assumptions				
Inflation rate	2.50 percent		2.75 percent	
Projected salary increases	3.50 percent		3.75 percent	
Investment rate of return	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance			

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIO'S
For the Last Ten Fiscal Years¹

	2021	2020	2019	2018
Total OPEB Liability				
Service Interest	\$ 18,835	\$ 16,637	\$ 18,322	\$ 19,773
Interest	9,593	9,642	9,095	7,422
Differences between expected and actual experience	(23,396)	-	12,511	-
Changes of assumptions	8,242	9,285	(26,636)	(17,378)
Benefit payment	(9,256)	(16,293)	(16,737)	(12,793)
Net change in total OPEB liability	4,018	19,271	(3,445)	(2,976)
Total OPEB liability - beginning	259,843	240,572	244,017	246,993
Total OPEB liability - ending (a)	\$ 263,861	259,843	240,572	244,017
Covered-employee payroll	\$ 3,793,030	\$ 3,665,402	\$ 3,437,258	\$ 3,211,306
Total OPEB liability as a percentage of covered-employee payroll	6.96%	7.09%	7.00%	7.60%

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF CONTRIBUTIONS - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 14,884	\$ 14,884		\$ 3,793,030	0.39%
2020	9,256	9,256	-	3,665,402	0.25%
2019	16,293	16,293	-	3,437,258	0.47%
2018	16,737	16,737	-	3,211,306	0.52%

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	July 1, 2020	July 1, 2018	July 1, 2016
Effective:	June 30, 2020 and 2021	June 30, 2018 and 2019	June 30, 2016 and 2017
Actuarial cost method:	Entry Age Normal		
Amortization method:	Level percentage of payroll, closed		
Amortization period:	5.8 years	6.8 years	7.7 years
Asset valuation method:	Market value		
Remaining amortization periods:	20 years		
Actuarial assumptions			
Inflation rate	2.50 percent		
Projected salary increases	3.50 percent		

CITY OF INDEPENDENCE
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2021

1. Stewardship, Compliance, and Accountability

A. Budgetary information

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. The City's budget is presented on the modified accrual basis of accounting which is the same basis as GAAP. Prior to enacting this resolution, the proposed budget is presented to a budget committee. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds as required by Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established

by the resolution are the legal level of control for the General Fund. Expenditure categories of personnel service, materials and service, capital outlay, debt service, transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. Management may not amend the budget without seeking the approval of the Council. The City had appropriation transfers during the year-ended June 30, 2021. The City had a supplemental budget during the year-ended June 30, 2021. Appropriations lapse as of year-end.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2021:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Information Services Equipment Fund	Materials and services	\$(15,559)

B. Deficit Fund Balances

At June 30, 2021, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	\$ (110,278)

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – Nonmajor Governmental Funds
- Combining Statement - General Fund - Generally Accepted Accounting Principles
- Budgetary Comparison Schedules - Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for specified purposes. Funds included in this category are:

Transportation Fund

This fund accounts for street maintenance and improvements. Primary sources of revenues are from motor vehicle fuel taxes and expenditures are for street maintenance and improvements.

Economic Development Loan Fund

This fund accounts for principal and interest secured from economic development loans related to economic development within the City.

Tourism and Events Fund

This fund accounts for revenues received through various City commissioned or sponsored events.

Grants Program Fund

This fund accounts for local, state and federal grants received for operating purposes, and the associated expenditures.

Transportation SDC Fund

This fund accounts for system development charges designated for transportation projects.

Parks SDC Fund

This fund accounts for system development charges designated for development and existing improvements of parks.

Debt Service Funds

These funds are used to account for revenues and expenditures related to the servicing of general long-term debt:

General Obligation Bond Fund

This fund accounts for revenues from property taxes. Expenditures are earmarked for general obligation debt service.

Special Assessment Fund

This fund accounts for revenues from a local improvement district. Expenditures are earmarked for debt incurred for making improvements to the district.

Urban Renewal Debt Fund

This fund accounts for property taxes designated for debt service payments. Expenditures are for principal and interest on long-term debt.

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital items and facilities. The fund included in this category is:

Building Repair & Replacement Fund

This fund is for the exclusive purpose of financing major repairs or replacement of City-owned buildings.

CITY OF INDEPENDENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Project Funds	Total
ASSETS:				
Cash and cash equivalents	\$ 1,916,566	\$ 385,735	\$ 404,307	\$ 2,706,608
Property taxes receivable	-	38,628	-	38,628
Accounts receivable, net	83,912	-	-	83,912
SDC and assessments receivables	-	84,330	-	84,330
Prepays	28,742	-	-	28,742
Loans receivable, net	392,753	-	-	392,753
Interfund loan receivables	1,745,075	-	-	1,745,075
Total assets	<u>\$ 4,167,048</u>	<u>\$ 508,693</u>	<u>\$ 404,307</u>	<u>\$ 5,080,048</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 48,106	\$ -	\$ 11,769	\$ 59,875
Deposits	400	-	-	400
Interfund loan payable	280,178	-	-	280,178
PERS liability reserve	8,355	-	-	8,355
Due to other funds	-	-	98,716	98,716
Unearned revenue	104,146	-	-	104,146
Total liabilities	<u>441,185</u>	<u>-</u>	<u>110,485</u>	<u>551,670</u>
DEREFED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	30,436	-	30,436
Unavailable revenue - loan receivables	288,607	-	-	288,607
Unavailable revenue - SDC and assesments receivables	-	84,330	-	84,330
Total deferred inflows of resources	<u>288,607</u>	<u>114,766</u>	<u>-</u>	<u>403,373</u>
FUND BALANCE:				
Nonspendable:				
Prepaid items	28,742	-	-	28,742
Restricted for:				
System development	1,452,086	-	-	1,452,086
Debt service	-	393,927	-	393,927
Transportation	465,828	-	-	465,828
Assigned to:				
Capital projects	-	-	293,822	293,822
Community development	994,456	-	-	994,456
Unassigned	496,144	-	-	496,144
Total fund balance	<u>3,437,256</u>	<u>393,927</u>	<u>293,822</u>	<u>4,125,005</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,167,048</u>	<u>\$ 508,693</u>	<u>\$ 404,307</u>	<u>\$ 5,080,048</u>

CITY OF INDEPENDENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total
REVENUES:				
Property taxes	\$ 156,193	\$ 962,199	\$ -	\$ 1,118,392
Assessments	-	10,018	-	10,018
Grants and donations	89,984	-	21,499	111,483
Rent	1,225	-	-	1,225
Interest revenue	10,433	4,718	3,729	18,880
Miscellaneous revenue	18,266	-	14,504	32,770
Loan repayments	49,995	-	-	49,995
Royalties	18	-	-	18
System development charges	422,020	-	-	422,020
Total revenues	2,393,329	976,935	39,732	3,409,996
EXPENDITURES:				
General government	1,146,889	-	312,152	1,459,041
Highways and streets	293,186	-	-	293,186
Culture and recreation	158,837	-	-	158,837
Capital outlay	5,000	-	423,201	428,201
Debt service:				
Principal	-	658,038	-	658,038
Interest	-	615,229	-	615,229
Bond issuance costs				
Total expenditures	1,609,531	1,273,267	735,353	3,618,151
Revenues over (under) expenditures	783,798	(296,332)	(695,621)	(208,155)
OTHER FINANCING SOURCES (USES):				
Transfers in	914,635	437,720	670,500	2,022,855
Transfers out	(1,191,273)	-	-	(1,191,273)
Total other financing sources (uses)	(276,638)	437,720	670,500	831,582
Net change in fund balance	507,160	141,388	(25,121)	623,427
FUND BALANCE, BEGINNING	2,930,096	252,539	318,943	3,501,578
FUND BALANCE, ENDING	\$ 3,437,256	\$ 393,927	\$ 293,822	\$ 4,125,005

CITY OF INDEPENDENCE, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	Transportation Fund	Economic Development Loan Fund	Tourism and Events Fund
ASSETS:			
Cash and cash equivalents	\$ 592,561	\$ 529,992	\$ 61,581
Accounts receivable, net	64,007	-	19,905
Prepays	1,113	-	27,215
Loans receivable, net	-	100,633	-
Interfund loan receivables	-	469,464	-
Total assets	<u>\$ 657,681</u>	<u>\$ 1,100,089</u>	<u>\$ 108,701</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 1,046	\$ 5,000	\$ 698
Deposits	-	-	400
Interfund loan payable	185,089	-	9,375
PERS liability reserve	4,605	-	3,750
Unearned revenue	-	-	-
Total liabilities	<u>190,740</u>	<u>5,000</u>	<u>14,223</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue- loans receivable	-	100,633	-
Total deferred inflows of resources	<u>-</u>	<u>100,633</u>	<u>-</u>
FUND BALANCE:			
Nonspendable:			
Prepaid items	1,113	-	27,215
Restricted for:			
System development	-	-	-
Transportation	465,828	-	-
Assigned to:			
Community development	-	994,456	-
Unassigned	-	-	67,263
Total fund balance	<u>466,941</u>	<u>994,456</u>	<u>94,478</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 657,681</u>	<u>\$ 1,100,089</u>	<u>\$ 108,701</u>

Grants Program Fund	Transportation SDC Fund	Parks SDC Fund	Total
\$ 470,093	\$ 135,768	\$ 126,571	\$ 1,916,566
-	-	-	83,912
414	-	-	28,742
-	187,974	104,146	392,753
-	864,871	410,740	1,745,075
<u>\$ 470,507</u>	<u>\$ 1,188,613</u>	<u>\$ 641,457</u>	<u>\$ 4,167,048</u>
\$ 41,212	\$ 150	\$ -	\$ 48,106
-	-	-	400
-	-	85,714	280,178
-	-	-	8,355
-	-	104,146	104,146
<u>41,212</u>	<u>150</u>	<u>189,860</u>	<u>441,185</u>
-	187,974	-	288,607
-	187,974	-	288,607
414	-	-	28,742
-	-	-	-
-	1,000,489	451,597	1,452,086
-	-	-	465,828
-	-	-	994,456
428,881	-	-	496,144
<u>429,295</u>	<u>1,000,489</u>	<u>451,597</u>	<u>3,437,256</u>
<u>\$ 470,507</u>	<u>\$ 1,188,613</u>	<u>\$ 641,457</u>	<u>\$ 4,167,048</u>

CITY OF INDEPENDENCE, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Transportation Fund	Economic Development Loan Fund	Tourism and Events Fund
REVENUES:			
Property taxes	\$ -	\$ -	\$ 156,193
Intergovernmental	715,132	-	-
Grants and donations	-	-	39,659
Rent	-	-	1,225
Interest revenue	3,828	3,611	150
Miscellaneous revenue	-	-	18,266
Loan repayments	-	49,995	-
Royalties	-	-	18
System development charges	-	-	-
Total revenues	718,960	53,606	215,511
EXPENDITURES:			
General government	-	-	-
Highways and streets	289,192	-	-
Community development	-	5,619	-
Culture and recreation	-	-	158,837
Capital outlay	5,000	-	-
Total expenditures	294,192	5,619	158,837
Revenues over (under) expenditures	424,768	47,987	56,674
OTHER FINANCING SOURCES (USES):			
Transfers in	166,110	2,425	100,000
Transfers out	(562,245)	(221,100)	(63)
Total other financing sources (uses)	(396,135)	(218,675)	99,937
Net change in fund balance	28,633	(170,688)	156,611
FUND BALANCE, BEGINNING	438,308	1,165,144	(62,133)
FUND BALANCE, ENDING	<u>\$ 466,941</u>	<u>\$ 994,456</u>	<u>\$ 94,478</u>

Grants Program Fund	Transportation SDC Fund	Parks SDC Fund	Total
\$ -	\$ -	\$ -	\$ 156,193
930,063	-	-	1,645,195
-	-	50,325	89,984
-	-	-	1,225
21	1,448	1,375	10,433
-	-	-	18,266
-	-	-	49,995
-	-	-	18
-	209,675	212,345	422,020
930,084	211,123	264,045	2,393,329
1,146,889	-	-	1,146,889
-	3,994	-	293,186
-	-	-	5,619
-	-	-	158,837
-	-	-	5,000
1,146,889	3,994	-	1,609,531
(216,805)	207,129	264,045	783,798
646,100	-	-	914,635
-	(187,592)	(220,273)	(1,191,273)
646,100	(187,592)	(220,273)	(276,638)
429,295	19,537	43,772	507,160
-	980,952	407,825	2,930,096
\$ 429,295	\$ 1,000,489	\$ 451,597	\$ 3,437,256

CITY OF INDEPENDENCE, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	General Obligation Bond Fund	Special Assessment Fund	Urban Renewal Debt Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	\$ 209,395	\$ 12,815	\$ 163,525	\$ 385,735
Property taxes receivable	14,654		23,974	38,628
SDC and assessments receivables	-	84,330	-	84,330
Total assets	<u>\$ 224,049</u>	<u>\$ 97,145</u>	<u>\$ 187,499</u>	<u>\$ 508,693</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue- property taxes	\$ 11,625	\$ -	\$ 18,811	\$ 30,436
Unavailable revenue- assessments	-	84,330		84,330
Total deferred inflows of resources	<u>11,625</u>	<u>84,330</u>	<u>18,811</u>	<u>114,766</u>
FUND BALANCE:				
Restricted for:				
Debt service	<u>212,424</u>	<u>12,815</u>	<u>168,688</u>	<u>393,927</u>
Total fund balance	<u>212,424</u>	<u>12,815</u>	<u>168,688</u>	<u>393,927</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 224,049</u>	<u>\$ 97,145</u>	<u>\$ 187,499</u>	<u>\$ 508,693</u>

CITY OF INDEPENDENCE, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	General Obligation Bond Fund	Special Assessment Fund	Urban Renewal Debt Fund	Total
REVENUES:				
Property taxes	\$ 450,361	\$ -	\$ 511,838	\$ 962,199
Assessments	-	10,018	-	10,018
Interest revenue	2,220	69	2,429	4,718
Total revenues	452,581	10,087	514,267	976,935
EXPENDITURES:				
Debt service:				
Principal	240,000	23,038	395,000	658,038
Interest	157,869	4,904	452,456	615,229
Total expenditures	397,869	27,942	847,456	1,273,267
Revenues over (under) expenditures	54,712	(17,855)	(333,189)	(296,332)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,000	423,720	437,720
Total other financing sources (uses)	-	14,000	423,720	437,720
Net change in fund balance	54,712	(3,855)	90,531	141,388
FUND BALANCE, BEGINNING	157,712	16,670	78,157	252,539
FUND BALANCE, ENDING	\$ 212,424	\$ 12,815	\$ 168,688	\$ 393,927

CITY OF INDEPENDENCE, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	Building Repair & Replacement Fund	Capital Projects	Total
ASSETS:			
Cash and cash equivalents	\$ 404,307	\$ -	\$ 404,307
Total assets	<u>\$ 404,307</u>	<u>\$ -</u>	<u>\$ 404,307</u>
Total asset & deferred outflows of resources	<u>\$ 404,307</u>	<u></u>	<u>\$ 404,307</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 207	\$ 11,562	\$ 11,769
Due to other funds	<u>-</u>	<u>98,716</u>	<u>98,716</u>
Total liabilities	<u>207</u>	<u>110,278</u>	<u>110,485</u>
FUND BALANCE:			
Capital projects	<u>404,100</u>	<u>(110,278)</u>	<u>293,822</u>
Total fund balance	<u>404,100</u>	<u>(110,278)</u>	<u>293,822</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 404,307</u>	<u>\$ -</u>	<u>\$ 404,307</u>

CITY OF INDEPENDENCE, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Building Repair & Replacement Fund	Capital Projects	Total
REVENUES:			
Grants and donations	\$ 21,499	\$ -	\$ 21,499
Interest revenue	2,837	892	3,729
Miscellaneous revenue	14,504	-	14,504
Total revenues	38,840	892	39,732
EXPENDITURES:			
General government	26,105	286,047	312,152
Capital outlay	132,578	290,623	423,201
Total expenditures	158,683	576,670	735,353
Revenues over (under) expenditures	(119,843)	(575,778)	(695,621)
OTHER FINANCING SOURCES (USES):			
Transfers in	205,000	465,500	670,500
Total other financing sources (uses)	205,000	465,500	670,500
Net changes in fund balances	85,157	(110,278)	(25,121)
FUND BALANCES, BEGINNING -	318,943	-	318,943
FUND BALANCES, ENDING -	\$ 404,100	\$ (110,278)	\$ 293,822

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2021

	General Fund - Budgetary Basis	General Equipment & Vehicle Reserve Fund - Budgetary Basis	Information Services Equipment Fund - Budgetary Basis	Parks Capital Reserve Fund- Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
ASSETS:					
Cash and cash equivalents	\$ 2,607,245	\$ 22,227	\$ -	\$ 255,917	\$ 2,885,389
Property taxes receivable	78,634	-	-	-	78,634
Accounts receivable, net	176,266	-	-	-	176,266
Prepays	83,626	-	55,119	-	138,745
Due from other funds	115,136	-	-	-	115,136
Interfund loan receivables	3,908,385	-	-	-	3,908,385
Total assets	<u>\$ 6,969,292</u>	<u>\$ 22,227</u>	<u>\$ 55,119</u>	<u>\$ 255,917</u>	<u>\$ 7,302,555</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 94,461	\$ -	\$ 805	\$ 13,505	\$ 108,771
Deposits	393,826	-	-	-	393,826
PERS liability reserve	267,084	-	-	-	267,084
Due to other funds	-	-	16,420	-	16,420
Total liabilities	<u>755,371</u>	<u>-</u>	<u>17,225</u>	<u>13,505</u>	<u>786,101</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	<u>88,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,363</u>
Total deferred inflows of resources	<u>88,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,363</u>
FUND BALANCE:					
Nonspendable:					
Prepaid items	83,626	-	55,119	-	138,745
Loan receivable	3,908,385	-	-	-	3,908,385
Committed to:					
Equipment and vehicle replacement	-	22,227	(17,225)	242,412	247,414
Unassigned	<u>2,133,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,133,547</u>
Total fund balance	<u>6,125,558</u>	<u>22,227</u>	<u>37,894</u>	<u>242,412</u>	<u>6,428,091</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,969,292</u>	<u>\$ 22,227</u>	<u>\$ 55,119</u>	<u>\$ 255,917</u>	<u>\$ 7,302,555</u>

CITY OF INDEPENDENCE, OREGON
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	General Fund - Budgetary Basis	General Equipment & Vehicle Reserve Fund - Budgetary Basis	Information Services Equipment Fund - Budgetary Basis	Parks Capital Reserve Fund- Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
REVENUES:					
Property taxes	\$ 2,314,442	\$ -	\$ -	\$ -	\$ 2,314,442
Franchise fees	840,401	-	-	-	840,401
Licenses, permits and fees	153,854	-	-	-	153,854
Intergovernmental	394,575	-	-	-	394,575
Grants and donations	2,000	-	-	15,475	17,475
Fines and forfeitures	116,217	-	-	-	116,217
Charges for services	103,773	-	-	-	103,773
Rent	21,876	-	-	-	21,876
Interest revenue	21,525	243	26	1,015	22,809
Miscellaneous revenue	32,121	-	-	-	32,121
Total revenues	4,000,784	243	26	16,490	4,017,543
EXPENDITURES:					
General government	1,818,779	-	115,559	-	1,934,338
Public safety	3,302,871	-	-	-	3,302,871
Community development	485,879	-	-	-	485,879
Culture and recreation	900,394	-	-	-	900,394
Capital outlay	-	49,961	17,451	99,028	166,440
Debt service:					
Principal	48,791	-	-	-	48,791
Interest	12,700	-	-	-	12,700
Total expenditures	6,569,414	49,961	133,010	99,028	6,851,413
Revenues over (under) expenditures	(2,568,630)	(49,718)	(132,984)	(82,538)	(2,833,870)
OTHER FINANCING SOURCES (USES):					
Interfund loan proceeds	9,562	-	-	-	9,562
Transfers in	2,926,175	50,000	90,000	240,000	3,306,175
Transfers out	(1,410,830)	-	-	-	(1,410,830)
Total other financing sources (uses)	1,524,907	50,000	90,000	240,000	1,904,907
Net change in fund balance	(1,043,723)	282	(42,984)	157,462	(928,963)
FUND BALANCE, BEGINNING -BUDGETARY BASIS	3,260,895	21,945	80,878	84,950	3,448,668
FUND BALANCE, ENDING - BUDGETARY BASIS	2,217,172	22,227	37,894	242,412	2,519,705
Interfund receivable	3,908,386	-	-	-	3,908,386
FUND BALANCE, ENDING	<u>\$ 6,125,558</u>	<u>\$ 22,227</u>	<u>\$ 37,894</u>	<u>\$ 242,412</u>	<u>\$ 6,428,091</u>

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual be displayed for each fund where legally adopted budgets are required.

Governmental Budgetary Comparison schedules not included in required supplemental information include the following:

- General Fund - Budgetary Basis Schedule of Expenditures
- General Equipment & Vehicle Reserve Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- Information Services Equipment Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- Parks Capital Reserve Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- MINET Debt Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance
- Urban Renewal Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance
- Urban Renewal Projects Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance

Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
 - Transportation Fund
 - Economic Development Loan Fund
 - Tourism and Events Fund
 - Grants Program Fund
 - Transportation SDC Fund
 - Parks SDC Fund
- Debt Service Funds
 - General Obligation Bond Fund
 - Special Assessment Fund
 - Urban Renewal Debt Fund
- Capital Project Funds
 - Building Repair & Replacement Fund
 - Capital Projects Fund

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
Police operations:				
Personnel service	\$ 2,788,000	\$ 2,788,000	\$ 2,690,738	\$ 97,262
Materials and service	692,865	692,865	543,299	149,566
Subtotal	3,480,865	3,480,865	3,234,037	246,828
Municipal court:				
Personnel service	52,000	52,000	46,522	5,478
Materials and service	22,150	22,150	22,312	(162)
Subtotal	74,150	74,150	68,834	5,316
Administration & finance services:				
Personnel service	842,000	842,000	838,754	3,246
Materials and service	367,950	592,950	511,848	81,102
Subtotal	1,209,950	1,434,950	1,350,602	84,348
Parks:				
Personnel services	74,000	74,000	60,001	13,999
Materials and service	173,200	173,200	142,908	30,292
Subtotal	247,200	247,200	202,909	44,291
Community development:				
Personnel service	145,000	145,000	137,246	7,754
Materials and service	32,540	32,540	29,649	2,891
Subtotal	177,540	177,540	166,895	10,645
Library:				
Personnel service	414,000	449,000	448,436	564
Materials and service	130,450	130,450	86,097	44,353
Subtotal	544,450	579,450	534,533	44,917
Museum:				
Personnel service	99,000	107,000	98,662	8,338
Materials and service	42,050	42,050	23,409	18,641
Subtotal	141,050	149,050	122,071	26,979
Pool:				
Personnel services	-	-	-	-
Materials and service	54,890	54,890	40,881	14,009
Capital outlay	-	-	-	-
Subtotal	54,890	54,890	40,881	14,009
Economic development:				
Personnel service	262,000	262,000	245,415	16,585
Materials and service	186,500	186,500	73,569	112,931
Capital outlay	-	-	-	-
Subtotal	448,500	448,500	318,984	129,516
Building inspection:				
Personnel services	248,000	248,000	235,457	12,543
Materials and services	25,870	25,870	18,122	7,748
Subtotal	273,870	273,870	253,579	20,291
Information technology:				
Personnel services	170,500	170,500	165,067	5,433
Materials and services	61,230	61,230	24,719	36,511
Subtotal	231,730	231,730	189,786	41,944
Non-departmental:				
Materials and services-Disaster recovery	25,000	25,000	24,812	188
Debt service	61,491	61,491	61,491	-
Subtotal	86,491	86,491	86,303	188
Total expenditures	\$ 6,970,686	\$ 7,238,686	\$ 6,569,414	\$ 669,272

CITY OF INDEPENDENCE, OREGON
GENERAL EQUIPMENT & VEHICLE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 100	\$ 100	\$ 243	\$ 143
Total revenues	100	100	243	143
EXPENDITURES:				
Capital outlay	\$ 50,000	\$ 50,000	\$ 49,961	\$ 39
Contingency	22,040	22,040	-	22,040
Total expenditures	72,040	72,040	49,961	22,079
Revenues over (under) expenditures	(71,940)	(71,940)	(49,718)	22,222
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	50,000	-
Net change in fund balance	(21,940)	(21,940)	282	22,222
FUND BALANCE, BEGINNING - BUDGETARY BASIS	21,940	21,940	21,945	5
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 22,227	\$ 22,227

CITY OF INDEPENDENCE, OREGON
INFORMATION SERVICES EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 300	\$ 300	\$ 26	\$ (274)
Total revenues	300	300	26	(274)
EXPENDITURES:				
Materials and service	100,000	100,000	115,559	(15,559)
Capital outlay	17,500	17,500	17,451	49
Contingency	6,965	6,965	-	6,965
Total expenditures	124,465	124,465	133,010	(8,545)
Revenues over (under) expenditures	(124,165)	(124,165)	(132,984)	(8,819)
OTHER FINANCING SOURCES (USES):				
Transfers in	90,000	90,000	90,000	-
Total other financing sources (uses)	90,000	90,000	90,000	-
Net change in fund balance	(34,165)	(34,165)	(42,984)	(8,819)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	34,165	34,165	80,878	46,713
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 37,894	\$ 37,894

CITY OF INDEPENDENCE, OREGON
PARKS CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and donations	\$ -	\$ -	\$ 15,475	\$ 15,475
Interest revenue	800	800	1,015	215
Total revenues	800	800	16,490	15,690
EXPENDITURES:				
Capital outlay	205,000	205,000	99,028	105,972
Contingency	95,208	95,208	-	95,208
Total expenditures	300,208	300,208	99,028	201,180
Revenues over (under) expenditures	(299,408)	(299,408)	(82,538)	216,870
OTHER FINANCING SOURCES (USES):				
Transfers in	240,000	240,000	240,000	-
Total other financing sources (uses)	240,000	240,000	240,000	-
Net change in fund balance	(59,408)	(59,408)	157,462	216,870
FUND BALANCE, BEGINNING - BUDGETARY BASIS	59,408	59,408	84,950	25,542
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 242,412	\$ 242,412

CITY OF INDEPENDENCE, OREGON
MINET DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 808,623	\$ 808,623	\$ 778,474	\$ (30,149)
Total revenues	808,623	808,623	778,474	(30,149)
EXPENDITURES:				
Debt service:				
Principal	480,000	480,000	480,000	-
Interest	328,623	328,623	298,474	30,149
Total expenditures	808,623	808,623	778,474	30,149
Revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
FUND BALANCE, BEGINNING- BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Loan receivable			9,405,000	
FUND BALANCE, ENDING			<u>\$ 9,405,000</u>	

CITY OF INDEPENDENCE, OREGON
URBAN RENEWAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 171,500	\$ 171,500	\$ 170,671	\$ (829)
Rent	3,000	3,000	847	(2,153)
Interest revenue	-	-	2,246	2,246
Miscellaneous revenue	180,000	180,000	-	(180,000)
Total revenues	354,500	354,500	173,764	(180,736)
EXPENDITURES:				
Materials and service	2,500	2,500	839	1,661
Capital outlay	25,000	25,000	825	24,175
Total expenditures	27,500	27,500	1,664	25,836
Revenues over (under) expenditures	327,000	327,000	172,100	(154,900)
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	-	-	1,289,130	1,289,130
Interfund loan payments	(232,385)	(232,385)	(232,384)	1
Issuance of debt	-	-	178,407	178,407
Transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	(207,385)	(207,385)	1,260,153	1,467,538
Net change in fund balance	119,615	119,615	1,432,253	1,312,638
FUND BALANCE, BEGINNING				
BUDGETARY BASIS	(1,084,235)	(1,084,235)	485,853	1,570,088
FUND BALANCE, ENDING				
BUDGETARY BASIS	<u>\$ (964,620)</u>	<u>\$ (964,620)</u>	\$ 1,918,106	<u>\$ 2,882,726</u>
Interfund loan payable			<u>(6,687,556)</u>	
FUND BALANCE, ENDING			<u>\$ (4,769,450)</u>	

CITY OF INDEPENDENCE, OREGON
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 933,000	\$ 933,000	\$ 715,132	\$ (217,868)
Interest revenue	4,000	4,000	3,828	(172)
Total revenues	937,000	937,000	718,960	(218,040)
EXPENDITURES:				
Personnel service	108,500	108,500	93,934	14,566
Materials and service	284,600	284,555	195,258	89,297
Capital outlay	275,000	275,000	5,000	270,000
Contingency	268,810	268,810	-	268,810
Total expenditures	936,910	936,865	294,192	642,673
Revenues over (under) expenditures	90	135	424,768	424,633
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(44,760)	(44,805)	(44,804)	1
Transfers in	166,250	166,250	166,110	(140)
Transfers out	(561,102)	(561,102)	(561,102)	-
Total other financing sources (uses)	(439,612)	(439,657)	(439,796)	(139)
Net change in fund balance	(439,522)	(439,522)	(15,028)	424,494
FUND BALANCE, BEGINNING - BUDGETARY BASIS	439,522	439,522	667,058	227,536
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	652,030	<u>\$ 652,030</u>
Interfund loan payable			(185,089)	
FUND BALANCE, ENDING			<u>\$ 466,941</u>	

CITY OF INDEPENDENCE, OREGON
ECONOMIC DEVELOPMENT LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 2,000	\$ 2,000	\$ 3,611	\$ 1,611
Loan repayments	33,575	33,575	49,995	16,420
Total revenues	35,575	35,575	53,606	18,031
EXPENDITURES:				
Capital outlay	345,000	123,900	5,000	118,900
Debt service:				
Principal	100,000	100,000	619	99,381
Contingency	188,267	188,267	-	188,267
Total expenditures	633,267	412,167	5,619	406,548
Revenues over (under) expenditures	(597,692)	(376,592)	47,987	424,579
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	118,060	118,060	117,961	(99)
Transfers out	-	(221,100)	(221,100)	-
Total other financing sources (uses)	118,060	(103,040)	(103,139)	(99)
Net change in fund balance	(479,632)	(479,632)	(55,152)	424,480
FUND BALANCE, BEGINNING - BUDGETARY BASIS	479,632	479,632	580,144	100,512
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	524,992	\$ 524,992
Interfund loan receivable			469,464	
FUND BALANCE, ENDING			\$ 994,456	

CITY OF INDEPENDENCE, OREGON
TOURISM AND EVENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Lodging tax	\$ 75,000	\$ 75,000	\$ 156,193	\$ 81,193
Grants and donations	15,000	31,000	39,659	\$ 8,659
Rent	2,500	2,500	1,225	(1,275)
Interest revenue	300	300	150	(150)
Miscellaneous revenue	-	-	18,266	18,266
Royalties	3,000	3,000	18	(2,982)
Total revenues	95,800	111,800	215,511	103,711
EXPENDITURES:				
Personnel service	97,000	97,000	91,453	5,547
Materials and service	62,500	78,500	67,384	11,116
Contingency	12,491	12,491	-	12,491
Total expenditures	171,991	187,991	158,837	29,154
Revenues over (under) expenditures	(76,191)	(76,191)	56,674	132,865
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(3,190)	(3,190)	(3,188)	2
Transfers in	75,000	75,000	100,000	25,000
Total other financing sources (uses)	71,810	71,810	96,812	25,002
Net change in fund balance	(4,381)	(4,381)	153,486	157,867
FUND BALANCE, BEGINNING - BUDGETARY BASIS	4,381	4,381	(49,633)	(54,014)
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	103,853	<u>\$ 103,853</u>
Interfund loan payable			<u>(9,375)</u>	
FUND BALANCE, ENDING			<u>\$ 94,478</u>	

CITY OF INDEPENDENCE, OREGON
GRANTS PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 2,204,435	\$ 930,063	\$ (1,274,372)
Interest revenue	-	-	21	21
Total revenues	-	2,204,435	930,084	(1,274,351)
EXPENDITURES:				
Materials and service	\$ -	\$ 1,300,000	\$ 1,146,889	\$ 153,111
Total expenditures	-	1,300,000	1,146,889	153,111
Revenues over (under) expenditures	-	904,435	(216,805)	(1,121,240)
OTHER FINANCING SOURCES:				
Transfers in	-	646,100	646,100	-
Total other financing sources	-	646,100	646,100	-
Net change in fund balance	-	1,550,535	429,295	(1,121,240)
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 1,550,535</u>	<u>\$ 429,295</u>	<u>\$ (1,121,240)</u>

CITY OF INDEPENDENCE, OREGON
TRANSPORTATION SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 4,500	\$ 4,500	\$ 1,448	\$ (3,052)
System development charges	186,223	186,223	209,675	23,452
Total revenues	190,723	190,723	211,123	20,400
EXPENDITURES:				
Materials and service	25,000	25,000	3,994	21,006
Capital outlay	-	-	-	-
Contingency	329,327	26,722	-	26,722
Total expenditures	354,327	51,722	3,994	47,728
Revenues over (under) expenditures	(163,604)	139,001	207,129	68,128
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	-	-	-	-
Interfund loan payments	-	(300,605)	(300,601)	4
Issuance of debt	-	-	-	-
Bond premium/(discount)	-	-	-	-
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(187,043)	(189,043)	(187,592)	1,451
Total other financing sources (uses)	(187,043)	(489,648)	(488,193)	1,455
Net change in fund balance	(350,647)	(350,647)	(281,064)	69,583
FUND BALANCE, BEGINNING- BUDGETARY BASIS	350,647	350,647	416,682	66,035
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	135,618	<u>\$ 135,618</u>
Interfund loan receivable			864,871	
FUND BALANCE, ENDING			<u>\$ 1,000,489</u>	

CITY OF INDEPENDENCE, OREGON
PARKS SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Grants and donations	\$ -	\$ -	\$ 50,325	\$ 50,325
Interest revenue	\$ 4,500	\$ 4,500	\$ 1,375	\$ (3,125)
System development charges	200,000	200,000	173,696	(26,304)
Total revenues	204,500	204,500	225,396	20,896
EXPENDITURES:				
Materials and service	87,500	500	-	500
Capital outlay	47,500	500	-	500
Contingency	68,289	8,289	-	8,289
Total expenditures	203,289	9,289	-	9,289
Revenues over (under) expenditures	1,211	195,211	225,396	30,185
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(105,000)	(425,530)	(425,526)	4
Interfund loan proceeds	19,324	19,324	38,649	19,325
Transfers out	(220,526)	(220,526)	(219,773)	753
Total other financing sources (uses)	(306,202)	(626,732)	(606,650)	20,082
Net change in fund balance	(304,991)	(431,521)	(381,254)	50,267
FUND BALANCE, BEGINNING - BUDGETARY BASIS	304,991	431,521	507,825	76,304
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	126,571	<u>\$ 126,571</u>
Interfund loans			325,026	
FUND BALANCE, ENDING			<u>\$ 451,597</u>	

CITY OF INDEPENDENCE, OREGON
GENERAL OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 410,870	\$ 410,870	\$ 450,361	\$ 39,491
Interest revenue	2,000	2,000	2,220	220
Total revenues	412,870	412,870	452,581	39,711
EXPENDITURES:				
Debt service:				
Principal	240,000	240,000	240,000	-
Interest	157,869	157,869	157,869	-
Total expenditures	397,869	397,869	397,869	-
Net change in fund balance	15,001	15,001	54,712	39,711
FUND BALANCE, BEGINNING	136,765	136,765	157,712	20,947
FUND BALANCE, ENDING	<u>\$ 151,766</u>	<u>\$ 151,766</u>	<u>\$ 212,424</u>	<u>\$ 60,658</u>

CITY OF INDEPENDENCE, OREGON
SPECIAL ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Assessments	\$ 14,302	\$ 14,302	\$ 10,018	\$ (4,284)
Interest revenue	100	100	69	(31)
Total revenues	14,402	14,402	10,087	(4,315)
EXPENDITURES:				
Debt service:				
Principal	23,038	23,038	23,038	-
Interest	4,904	4,904	4,904	-
Contingency	16,889	16,889	-	16,889
Total expenditures	44,831	44,831	27,942	16,889
Revenues over (under) expenditures	(30,429)	(30,429)	(17,855)	12,574
OTHER FINANCING SOURCES (USES):				
Transfers in	14,000	14,000	14,000	-
Total other financing sources (uses)	14,000	14,000	14,000	-
Net change in fund balance	(16,429)	(16,429)	(3,855)	12,574
FUND BALANCE, BEGINNING	16,429	16,429	16,670	241
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,815</u>	<u>\$ 12,815</u>

CITY OF INDEPENDENCE, OREGON
URBAN RENEWAL DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 511,700	\$ 511,700	\$ 511,838	\$ 138
Interest revenue	2,000	2,000	2,429	429
Total revenues	513,700	513,700	514,267	567
EXPENDITURES:				
Debt service:				
Principal	395,000	395,000	395,000	-
Interest	452,456	452,456	452,456	-
Contingency	179,183	179,183	-	179,183
Total expenditures	1,026,639	1,026,639	847,456	179,183
Revenues over (under) expenditures	(512,939)	(512,939)	(333,189)	179,750
OTHER FINANCING SOURCES (USES):				
Transfers in	423,720	423,720	423,720	-
Total other financing sources (uses)	423,720	423,720	423,720	-
Net change in fund balance	(89,219)	(89,219)	90,531	179,750
FUND BALANCE, BEGINNING	89,219	89,219	78,157	(11,062)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 168,688	\$ 168,688

CITY OF INDEPENDENCE, OREGON
BUILDING REPAIR & REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Grants and donations	\$ -	\$ 11,500	\$ 21,499	\$ 9,999
Interest revenue	-	-	2,837	2,837
Miscellaneous revenue	-	-	14,504	14,504
Total revenues	-	11,500	38,840	27,340
EXPENDITURES:				
Materials and service	100,000	39,200	26,105	13,095
Capital outlay	110,000	410,000	132,578	277,422
Contingency	161,231	86,231	-	86,231
Total expenditures	371,231	535,431	158,683	376,748
Revenues over (under) expenditures	(371,231)	(523,931)	(119,843)	404,088
OTHER FINANCING SOURCES (USES):				
Transfers in	205,000	205,000	205,000	-
Total other financing sources (uses)	205,000	205,000	205,000	-
Net change in fund balance	(166,231)	(318,931)	85,157	404,088
FUND BALANCE, BEGINNING	166,231	318,931	318,943	12
FUND BALANCE, ENDING	\$ -	\$ -	\$ 404,100	\$ 404,100

CITY OF INDEPENDENCE, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Grants and donations	\$ 1,407,500	\$ 1,407,500	\$ -	\$ (1,407,500)
Interest revenue	-	-	892	892
Total revenues	1,407,500	1,407,500	892	(1,406,608)
EXPENDITURES:				
Materials and service	\$ 540,000	\$ 540,000	\$ 286,047	\$ 253,953
Capital outlay	1,333,000	1,333,000	290,623	1,042,377
Total expenditures	1,873,000	1,873,000	576,670	1,296,330
Revenues over (under) expenditures	(465,500)	(465,500)	(575,778)	(110,278)
OTHER FINANCING SOURCES (USES):				
Transfers in	465,500	465,500	465,500	-
Total other financing sources (uses)	465,500	465,500	465,500	-
Net changes in fund balances	-	-	(110,278)	(110,278)
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (110,278)</u>	<u>\$ (110,278)</u>

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

Pursuant to the provisions of Oregon Revised Statutes, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual is displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- Water Operations
 - Water Fund
 - Water SDC Fund
- Sewer Operations
 - Sewer Fund
 - Sewer SDC Fund
- Storm Drain Operations
 - Storm Drain Fund
 - Storm Drain SDC Fund

CITY OF INDEPENDENCE, OREGON
WATER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Water Fund	Water SDC Fund	Total Water Operations
REVENUES:			
Charges for services	\$ 2,717,899	\$ -	\$ 2,717,899
Rent	208	-	208
Interest revenue	7,887	989	8,876
Miscellaneous revenue	-	1,013	1,013
System development charges	-	159,354	159,354
Total revenues	2,725,994	161,356	2,887,350
EXPENDITURES:			
Personnel service	479,721	-	479,721
Materials and service	245,139	24,129	269,268
Capital outlay	5,000	-	5,000
Debt service:			
Principal	285,620	-	285,620
Interest	54,273	-	54,273
Total expenditures	1,069,753	24,129	1,093,882
Revenues over (under) expenditures	1,656,241	137,227	1,793,468
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	61,540	31,563	93,103
Interfund loan payments	(12,687)	(227,919)	(240,606)
Transfers in	266,715	-	266,715
Transfers out	(1,347,501)	(157,825)	(1,505,326)
Total other financing sources (uses)	(1,031,933)	(354,181)	(1,386,114)
Net change in fund balance	624,308	(216,954)	407,354
FUND BALANCE, BEGINNING - BUDGETARY BASIS	902,305	315,798	1,218,103
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 1,526,613</u>	<u>\$ 98,844</u>	1,625,457
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(41,959)
Interfund Loan			581,911
Loan receivable			265,495
Capital assets, net			6,073,278
Net OPEB asset			4,693
Deferred outflows related to pensions			201,364
Deferred outflows related to OPEB			3,126
Accrued interest			(4,550)
Loans payable			(1,780,196)
Interfund loan			(25,000)
Net pension liability			(569,424)
Net OPEB liability			(20,114)
Deferred outflows related to pensions			(11,831)
Deferred outflows related to OPEB			(4,656)
NET POSITION			<u>\$ 6,297,594</u>

CITY OF INDEPENDENCE, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 2,568,000	\$ 2,568,000	\$ 2,717,899	\$ 149,899
Rent	1,500	1,500	208	(1,292)
Interest revenue	7,000	7,000	7,887	887
Miscellaneous revenue	-	-	-	-
Total revenues	2,576,500	2,576,500	2,725,994	149,494
EXPENDITURES:				
Personnel service	500,000	506,000	479,721	26,279
Materials and service	431,600	431,600	245,139	186,461
Capital outlay	692,000	681,000	5,000	676,000
Debt service:				
Principal	377,140	377,140	285,620	91,520
Interest	55,720	55,720	54,273	1,447
Contingency	173,978	173,978	-	173,978
Total expenditures	2,230,438	2,225,438	1,069,753	1,155,685
Revenues over (under) expenditures	346,062	351,062	1,656,241	1,305,179
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	151,710	151,710	61,540	(90,170)
Interfund loan payments	(12,790)	(12,790)	(12,687)	103
Transfers in	266,715	266,715	266,715	-
Transfers out	(1,347,501)	(1,352,501)	(1,347,501)	5,000
Total other financing sources (uses)	(941,866)	(946,866)	(1,031,933)	(85,067)
Net change in fund balance	(595,804)	(595,804)	624,308	1,220,112
FUND BALANCE, BEGINNING - BUDGETARY BASIS	595,804	595,804	902,305	306,501
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 1,526,613	\$ 1,526,613

CITY OF INDEPENDENCE, OREGON
WATER SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 5,000	\$ 5,000	\$ 989	\$ (4,011)
Miscellaneous revenue	-	-	1,013	1,013
System development charges	101,025	101,025	159,354	58,329
Total revenues	106,025	106,025	161,356	55,331
EXPENDITURES:				
Materials and service	155,000	55,000	24,129	30,871
Contingency	42,205	11,285	-	11,285
Total expenditures	197,205	66,285	24,129	42,156
Revenues over (under) expenditures	(91,180)	39,740	137,227	97,487
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	31,565	31,565	31,563	(2)
Interfund loan payments	-	(227,920)	(227,919)	1
Transfers out	(155,324)	(158,324)	(157,825)	499
Total other financing sources (uses)	(123,759)	(354,679)	(354,181)	498
Net change in fund balance	(214,939)	(314,939)	(216,954)	97,985
FUND BALANCE, BEGINNING - BUDGETARY BASIS	214,939	314,939	315,798	859
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 98,844	\$ 98,844

CITY OF INDEPENDENCE, OREGON
SEWER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Sewer Fund	Sewer SDC Fund	Total Sewer Operations
REVENUES:			
Charges for services	\$ 2,377,374	\$ -	\$ 2,377,374
Interest revenue	1,495	6,729	8,224
Miscellaneous revenue	323	-	323
System development charges	-	226,789	226,789
Total revenues	2,379,192	233,518	2,612,710
EXPENDITURES:			
Personnel service	417,556	-	417,556
Materials and service	414,442	86,638	501,080
Capital outlay	2,814,370	-	2,814,370
Debt service:			
Principal	80,000	-	80,000
Interest	67,550	-	67,550
Total expenditures	3,793,918	86,638	3,880,556
Revenues over (under) expenditures	(1,414,726)	146,880	(1,267,846)
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	30,193	88,375	118,568
Issuance of debt	3,805,037	-	3,805,037
Transfers out	(1,276,019)	(8,922)	(1,284,941)
Total other financing sources (uses)	2,559,211	(263,937)	2,295,274
Net change in fund balance	1,144,485	(117,057)	1,027,428
FUND BALANCE, BEGINNING - BUDGETARY BASIS	544,490	1,190,705	1,735,195
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 1,688,975</u>	<u>\$ 1,073,648</u>	2,762,623
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(42,052)
Interfund Loan			827,489
Loan receivable			163,174
Capital assets, net			11,623,123
Net OPEB Asset			4,106
Deferred outflows related to pensions			176,194
Deferred outflows related to OPEB			2,735
Accrued interest			(85,145)
Loans payable			(9,245,409)
Net pension liability			(498,247)
Net OPEB liability			(17,600)
Deferred inflows related to pensions			(10,352)
Deferred inflows related to OPEB			(4,074)
NET POSITION			<u>\$ 5,656,565</u>

CITY OF INDEPENDENCE, OREGON
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 2,282,550	\$ 2,282,550	\$ 2,377,374	\$ 94,824
Interest revenue	800	800	1,495	695
Miscellaneous revenue	-	-	323	323
Total revenues	2,283,350	2,283,350	2,379,192	95,842
EXPENDITURES:				
Personnel service	437,000	442,000	417,556	24,444
Materials and service	745,050	733,050	414,442	318,608
Capital outlay	5,001,000	5,001,000	2,814,370	2,186,630
Debt service:				
Principal	80,000	80,000	80,000	-
Interest	67,550	67,550	67,550	-
Contingency	817,623	817,623	-	817,623
Total expenditures	7,148,223	7,141,223	3,793,918	3,347,305
Revenues over (under) expenditures	(4,864,873)	(4,857,873)	(1,414,726)	3,443,147
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	30,195	30,195	30,193	(2)
Issuance of debt	5,071,000	5,071,000	3,805,037	(1,265,963)
Transfers out	(1,270,283)	(1,277,283)	(1,276,019)	1,264
Total other financing sources (uses)	3,830,912	3,823,912	2,559,211	(1,264,701)
Net change in fund balance	(1,033,961)	(1,033,961)	1,144,485	2,178,446
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,033,961	1,033,961	544,490	(489,471)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 1,688,975	\$ 1,688,975

CITY OF INDEPENDENCE, OREGON
SEWER SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 15,000	\$ 15,000	\$ 6,729	\$ (8,271)
System development charges	161,823	161,823	226,789	64,966
Total revenues	176,823	176,823	233,518	56,695
EXPENDITURES:				
Materials and service	185,000	185,000	86,638	98,362
Contingency	2,072,973	1,728,083	-	1,728,083
Total expenditures	2,257,973	1,913,083	86,638	1,826,445
Revenues over (under) expenditures	(2,081,150)	(1,736,260)	146,880	1,883,140
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	88,375	88,375	88,375	-
Interfund loan payments	-	(343,390)	(343,390)	-
Transfers out	(7,422)	(8,922)	(8,922)	-
Total other financing sources (uses)	80,953	(263,937)	(263,937)	-
Net change in fund balance	(2,000,197)	(2,000,197)	(117,057)	1,883,140
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,000,197	2,000,197	1,190,705	(809,492)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 1,073,648	\$ 1,073,648

CITY OF INDEPENDENCE, OREGON
STORM DRAIN OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Storm Drain Fund	Storm Drain SDC Fund	Total Storm Drain Operations
REVENUES:			
Charges for services	\$ 646,720	\$ -	\$ 646,720
Interest revenue	1,240	1,768	3,008
System development charges	-	75,794	75,794
Total revenues	647,960	77,562	725,522
EXPENDITURES:			
Personnel service	157,435	-	157,435
Materials and service	57,271	-	57,271
Capital outlay	5,000	-	5,000
Total expenditures	219,706	-	219,706
Revenues over (under) expenditures	428,254	77,562	505,816
OTHER FINANCING SOURCES (USES):			
Interfund loan payments	(31,344)	(6,480)	(37,824)
Transfers in	33,000	-	33,000
Transfers out	(220,536)	(40,120)	(260,656)
Total other financing sources (uses)	(218,880)	(46,600)	(265,480)
Net change in fund balance	209,374	30,962	240,336
FUND BALANCE, BEGINNING - BUDGETARY BASIS	165,513	254,118	419,631
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 374,887</u>	<u>\$ 285,080</u>	659,967
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(21,068)
Interfund loan			29,317
Loan receivable			22,882
Capital assets, net			814,154
Net OPEB asset			1,495
Deferred outflows related to pensions			64,100
Deferred outflows related to OPEB			994
Interfund loan			(99,443)
Net pension liability			(181,264)
Net OPEB liability			(6,403)
Deferred inflows related to pension			(3,767)
Deferred inflows related to OPEB			(1,482)
NET POSITION			<u>\$ 1,279,482</u>

CITY OF INDEPENDENCE, OREGON
STORM DRAIN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 658,800	\$ 658,800	\$ 646,720	\$ (12,080)
Interest revenue	500	500	1,240	740
Total revenues	659,300	659,300	647,960	(11,340)
EXPENDITURES:				
Personnel service	166,000	168,000	157,435	10,565
Materials and service	136,200	134,200	57,271	76,929
Capital outlay	155,000	155,000	5,000	150,000
Contingency	77,643	77,643	-	77,643
Total expenditures	534,843	534,843	219,706	315,137
Revenues over (under) expenditures	124,457	124,457	428,254	303,797
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(31,345)	(31,345)	(31,344)	1
Transfers in	33,000	33,000	33,000	-
Transfers out	(221,999)	(221,999)	(220,536)	1,463
Total other financing sources (uses)	(220,344)	(220,344)	(218,880)	1,464
Net change in fund balance	(95,887)	(95,887)	209,374	305,261
FUND BALANCE, BEGINNING - BUDGETARY BASIS	95,887	95,887	165,513	69,626
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 374,887	\$ 374,887

CITY OF INDEPENDENCE, OREGON
STORM DRAIN SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 1,000	\$ 1,000	\$ 1,768	\$ 768
System development charges	36,000	36,000	75,794	39,794
Total revenues	37,000	37,000	77,562	40,562
EXPENDITURES:				
Contingency	215,028	206,048	-	206,048
Total expenditures	215,028	206,048	-	206,048
Revenues over (under) expenditures	(178,028)	(169,048)	77,562	246,610
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	-	-	-	-
Interfund loan payments	-	(6,480)	(6,480)	
Transfers out	(38,300)	(40,800)	(40,120)	680
Total other financing sources (uses)	(38,300)	(47,280)	(46,600)	680
Net change in fund balance	(216,328)	(216,328)	30,962	247,290
FUND BALANCE, BEGINNING - BUDGETARY BASIS	216,328	216,328	254,118	37,790
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 285,080	\$ 285,080

STATISTICAL SECTION

This part of the Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS

Financial Trends

- These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF INDEPENDENCE, OREGON
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Governmental activities:				
Net investment in capital assets	\$ 6,318,721	\$ 5,923,500	\$ 7,600,589	\$ 7,600,589
Restricted for special purposes	11,251,013	11,526,316	8,699,117	8,841,429
Unrestricted	(10,030,635)	(8,991,769)	(11,828,745)	(14,116,395)
Total governmental activities net position	<u>\$ 7,539,099</u>	<u>\$ 8,458,047</u>	<u>\$ 4,470,961</u>	<u>\$ 2,325,623</u>
Business-type activities:				
Net investment in capital assets	\$ 7,522,230	\$ 8,523,341	\$ 7,456,240	\$ 8,572,939
Restricted for special purposes	1,457,572	1,760,621	3,047,642	2,035,952
Unrestricted	4,253,839	2,291,202	1,637,277	1,544,702
Total business-type activities net position	<u>\$ 13,233,641</u>	<u>\$ 12,575,164</u>	<u>\$ 12,141,159</u>	<u>\$ 12,153,593</u>
Primary government:				
Net investment in capital assets	\$ 13,840,951	\$ 14,446,841	\$ 15,056,829	\$ 16,173,528
Restricted for special purposes	12,708,585	13,286,937	11,746,759	10,877,381
Unrestricted	(5,776,796)	(6,700,567)	(10,191,468)	(12,571,693)
Total primary government net position	<u>\$ 20,772,740</u>	<u>\$ 21,033,211</u>	<u>\$ 16,612,120</u>	<u>\$ 14,479,216</u>

* Modified Cash Basis

Source: City of Independence Annual Financial Reports

2017	2016	2015	2014	2013*	2012*
\$ 7,735,737	\$ 7,929,384	\$ 6,780,505	\$ 6,780,505	\$ 7,294,947	\$ 6,222,772
687,834	554,476	501,226	392,938	112,937	386,098
(8,449,465)	(8,242,130)	(6,445,485)	1,091,328	108,704	(127,906)
<u>\$ (25,894)</u>	<u>\$ 241,730</u>	<u>\$ 836,246</u>	<u>\$ 8,264,771</u>	<u>\$ 7,516,588</u>	<u>\$ 6,480,964</u>
\$ 7,686,901	\$ 8,633,040	\$ 7,944,263	\$ 6,423,105	\$ 6,625,777	\$ 6,807,162
1,894,742	1,597,730	1,696,318	181,269	284,770	75,755
2,332,309	1,768,320	2,319,635	2,676,380	343,822	628,277
<u>\$ 11,913,952</u>	<u>\$ 11,999,090</u>	<u>\$ 11,960,216</u>	<u>\$ 9,280,754</u>	<u>\$ 7,254,369</u>	<u>\$ 7,511,194</u>
\$ 15,422,638	\$ 16,562,424	\$ 14,724,768	\$ 13,203,610	\$ 13,920,724	\$ 13,029,934
2,582,576	2,152,206	2,197,544	574,207	397,707	461,853
(6,117,156)	(6,473,810)	(4,125,850)	3,767,708	452,526	500,371
<u>\$ 11,888,058</u>	<u>\$ 12,240,820</u>	<u>\$ 12,796,462</u>	<u>\$ 17,545,525</u>	<u>\$ 14,770,957</u>	<u>\$ 13,992,158</u>

**CITY OF INDEPENDENCE, OREGON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018
EXPENSES				
Governmental activities:				
General government	4,173,961	\$ 3,111,872	\$ 2,294,624	\$ 2,705,399
Public safety	3,838,448	3,634,371	3,151,005	3,140,966
Highways and streets	222,645	491,406	489,319	348,280
Culture and recreation	1,370,051	1,425,708	1,370,438	1,248,918
Community development	500,698	649,461	694,165	532,557
Interest on long-term debt	1,344,431	1,179,199	1,203,615	1,272,262
Total governmental activities expenses	11,450,234	10,492,017	9,203,166	9,248,382
Business-type activities:				
Sewer	1,081,503	954,088	1,106,165	886,517
Water	1,070,534	1,123,342	923,467	1,015,831
Storm Drain	272,685	345,341	349,240	248,498
Total business-type activities expenses	2,424,722	2,422,771	2,378,872	2,150,846
Total expenses	13,874,956	12,914,788	11,582,038	11,399,228
PROGRAM REVENUES				
Governmental activities:				
Charges for services				
General Government	213,435	\$ 481,768	\$ 665,614	\$ 47,687
Public Safety	122,027	161,684	188,962	162,482
Highways and streets	-	-	-	-
Culture and recreation	1,225	(175)	2,185	9,475
Community development	14,731	149,108	70,773	321,026
Operating grants and contributions	1,597,202	1,479,569	2,100,240	2,108,609
Capital grants and contributions	1,772,020	1,985,320	1,718,416	239,347
Total governmental activities program revenues	3,720,640	4,257,274	4,746,190	2,888,626
Business-type activities:				
Charges for services	5,810,054	5,914,642	5,445,257	5,322,399
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	5,810,054	5,914,642	5,445,257	5,322,399
Total program revenues	9,530,694	\$ 10,171,916	\$ 10,191,447	\$ 8,211,025
Net (Expense)/Revenue				
Governmental activities	(7,729,594)	\$ (6,234,744)	\$ (4,456,976)	\$ (6,359,756)
Business-type activities	3,385,332	3,491,871	3,066,385	3,171,553
Total net expense	(4,344,262)	\$ (2,742,873)	\$ (1,390,591)	\$ (3,188,203)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes and assessments	3,593,118	\$ 3,231,751	\$ 3,008,161	\$ 2,857,390
Franchise fees	840,401	817,269	777,739	754,384
Intergovernmental	-	-	-	-
Miscellaneous	108,825	799,661	171,932	629,831
Capital contributions	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Transfers	2,748,302	3,113,149	3,144,482	3,050,853
Total governmental activities	7,290,646	7,961,830	7,102,314	7,292,458
Business-type activities:				
Miscellaneous	21,447	55,283	65,663	39,626
Proceeds from issuance of debt	-	-	-	-
Gain on sale of land	-	-	-	-
Capital contributions	-	-	-	-
Transfers	(2,748,302)	(3,113,149)	(3,144,482)	(3,050,853)
Total business-type activities	(2,726,855)	(3,057,866)	(3,078,819)	(3,011,227)
Total	4,563,791	\$ 4,903,964	\$ 4,023,495	\$ 4,281,231
Change in accounting principal and estimate	(480,000)	2,260,000	(500,000)	1,498,130
Change in Net Position				
Governmental activities	(438,948)	\$ 1,727,086	\$ 2,645,338	\$ 932,702
Business-type activities	658,477	434,005	(12,434)	160,326
Total	(260,471)	\$ 4,421,091	\$ 2,132,904	\$ 2,591,158

*Modified Cash Basis

Source: City of Independence Comprehensive Annual Financial Reports

	2017	2016	2015	2014	2013*	2012*
\$	2,485,423	\$ 2,620,796	\$ 1,707,068	\$ 1,611,602	\$ 1,206,797	\$ 1,432,755
	2,995,454	3,382,690	2,188,843	2,334,198	2,233,640	2,185,628
	482,086	603,939	262,555	397,394	200,845	916,075
	996,997	836,864	578,362	673,431	632,274	585,293
	642,575	477,766	834,303	1,111,469	1,789,060	2,104,561
	1,226,811	1,300,778	1,572,457	1,516,687	849,221	724,145
	8,829,346	9,222,833	7,143,588	7,644,781	6,911,837	7,948,457
	905,802	989,603	789,521	700,064	852,976	539,307
	1,053,187	802,403	678,701	697,000	1,097,348	1,349,908
	321,749	270,790	195,612	182,306	195,624	168,862
	2,280,738	2,062,796	1,663,834	1,579,370	2,145,948	2,058,077
\$	11,110,084	11,285,629	8,807,422	\$ 9,224,151	\$ 9,057,785	\$ 10,006,534

\$	227,975	\$ 53,619	\$ 157,987	\$ 66,517	\$ 48,379	\$ 474,083
	137,321	159,084	156,002	136,690	191,118	167,566
	1,070	-	453,406	72,952	7,112	18,715
	7,708	84,317	168,782	139,067	88,237	38,637
	60,687	152,517	237,163	229,167	674,258	38,166
	1,551,797	1,118,133	173,190	384,325	689,067	1,439,440
	296,561	932,146	14,126	4,901	685,210	66,094
	2,283,119	2,499,816	1,360,656	1,033,619	2,383,381	2,242,701
	4,908,134	4,696,232	5,669,838	3,985,214	3,522,844	3,035,091
	-	-	-	-	-	-
	-	91,652	83,727	-	16,720	85,962
	4,908,134	4,787,884	5,753,565	3,985,214	3,539,564	3,121,053
\$	7,191,253	7,287,700	7,114,221	\$ 5,018,833	\$ 5,922,945	\$ 5,363,754

\$	(6,546,227)	\$ (6,723,017)	\$ (5,782,932)	\$ (6,611,162)	\$ (4,528,456)	- (5,705,756)
	2,627,396	2,725,088	4,089,731	2,405,844	1,393,616	- 1,062,976
\$	(3,918,831)	(3,997,929)	(1,693,201)	\$ (4,205,318)	\$ (3,134,840)	\$ (4,642,780)

\$	2,730,220	\$ 2,598,269	\$ 2,467,848	\$ 2,412,538	\$ 2,347,911	\$ 2,253,938
	636,597	628,850	610,168	631,682	542,630	468,450
	-	-	1,432,080	1,398,173	893,622	249,643
	178,128	104,183	169,553	191,345	154,824	233,808
	-	-	(5,200,000)	-	-	-
	-	-	-	-	-	-
	2,733,658	2,797,199	(130,073)	1,908,380	1,651,073	2,289,358
	6,278,603	6,128,501	(650,424)	6,542,118	5,590,060	5,495,197
	21,124	12,601	262	44,772	632	47,270
	-	-	-	-	-	386,209
	-	-	-	-	-	-
	-	-	(1,394,884)	-	-	-
	(2,733,658)	(2,797,199)	130,073	(1,908,380)	(1,651,073)	(2,289,358)
	(2,712,534)	(2,784,598)	(1,264,549)	(1,863,608)	(1,650,441)	(1,855,879)
\$	3,566,069	3,343,903	(1,914,973)	\$ 4,678,510	\$ 3,939,619	\$ 3,639,318

	-	-	-	-	-	-
\$	(267,624)	\$ (594,516)	\$ (6,433,356)	\$ (69,044)	\$ 1,061,604	\$ (210,559)
	(85,138)	(59,510)	2,825,182	542,236	(256,825)	(792,903)
\$	(352,762)	\$ (654,026)	\$ (3,608,174)	\$ 473,192	\$ 804,779	\$ (1,003,462)

CITY OF INDEPENDENCE, OREGON
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund:				
Nonspendable	\$ 4,047,131	\$ 4,058,702	\$ 4,073,171	\$ 4,003,462
Restricted	-	-	-	-
Committed	247,414	187,773	122,704	157,755
Assigned	-	-	-	-
Unassigned	2,133,546	3,119,954	1,733,479	1,253,348
Total General Fund	<u>\$ 6,428,091</u>	<u>\$ 7,366,429</u>	<u>\$ 5,929,354</u>	<u>\$ 5,414,565</u>
Special Revenue Funds:				
Nonspendable	\$ 28,742	\$ 9,142	\$ 20,325	\$ 7,831
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	994,456	1,165,144	874,268	970,499
Unassigned	961,972	367,033	358,508	(490,162)
Total Special Revenue Funds	<u>\$ 1,985,170</u>	<u>\$ 1,541,319</u>	<u>\$ 1,253,101</u>	<u>\$ 488,168</u>
Debt Service Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	9,798,927	10,137,539	7,812,991	8,286,707
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Debt Service Funds	<u>\$ 9,798,927</u>	<u>\$ 10,137,539</u>	<u>\$ 7,812,991</u>	<u>\$ 8,286,707</u>
Capital Projects Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	1,452,086	1,388,777	991,356	554,722
Committed	-	-	-	-
Assigned	293,822	318,943	-	82,786
Unassigned	(4,769,450)	(5,141,144)	(6,338,767)	(6,716,183)
Total Capital Projects Funds	<u>\$ (3,023,542)</u>	<u>\$ (3,433,424)</u>	<u>\$ (5,347,411)</u>	<u>\$ (6,078,675)</u>
All Governmental Funds:				
Nonspendable	\$ 4,075,873	\$ 4,067,844	\$ 4,093,496	\$ 4,011,293
Restricted	11,251,013	11,526,316	8,804,347	8,841,429
Committed	247,414	187,773	122,704	157,755
Assigned	1,288,278	1,484,087	874,268	1,053,285
Unassigned	(1,673,932)	(1,654,157)	(4,246,780)	(5,952,997)
Total All Governmental Funds	<u>\$ 15,188,646</u>	<u>\$ 15,611,863</u>	<u>\$ 9,648,035</u>	<u>\$ 8,110,765</u>

Note: Significant differences primarily in restricted and unassigned fund balances are due to a prior period adjustment to restate balance accounting change for the reclassification of asset in the Urban Renewal Projects Fund.

Source: City of Independence Annual Financial Reports

*Modified Cash Basis

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013*</u>	<u>2012*</u>
\$ 129,855	\$ 73,518	\$ 40,259	\$ -	\$ -	\$ -
-	-	-	-	-	-
117,986	72,233	34,322	25,898	-	-
-	-	-	-	-	-
825,699	1,099,844	1,051,790	1,254,205	-	6,988
<u>\$ 1,073,540</u>	<u>\$ 1,245,595</u>	<u>\$ 1,126,371</u>	<u>\$ 1,280,103</u>	<u>\$ -</u>	<u>\$ 6,988</u>
\$ 28,216	\$ 39,020	\$ 40,814	\$ -	\$ -	\$ -
-	-	-	-	76,201	146,654
-	-	-	-	-	-
1,044,566	1,071,566	1,324,312	1,027,370	13,498	33,376
(179,561)	(309,000)	(174,381)	(151,721)	-	-
<u>\$ 893,221</u>	<u>\$ 801,586</u>	<u>\$ 1,190,745</u>	<u>\$ 875,649</u>	<u>\$ 89,699</u>	<u>\$ 180,030</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,698,156	6,622,369	111,416	392,938	112,937	206,068
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,698,156</u>	<u>\$ 6,622,369</u>	<u>\$ 111,416</u>	<u>\$ 392,938</u>	<u>\$ 112,937</u>	<u>\$ 206,068</u>
\$ -	\$ 980	\$ -	\$ -	\$ -	\$ -
499,678	442,107	389,810	-	-	-
-	-	-	-	-	882,462
112,101	94,832	-	148,959	457,885	-
(3,158,971)	(2,993,059)	(2,446,459)	(2,100,118)	(362,679)	(1,017,356)
<u>\$ (2,547,192)</u>	<u>\$ (2,455,140)</u>	<u>\$ (2,056,649)</u>	<u>\$ (1,951,159)</u>	<u>\$ 95,206</u>	<u>\$ (134,894)</u>
\$ 158,071	\$ 113,518	\$ 81,073	\$ -	\$ -	\$ -
7,197,834	7,064,476.00	501,226.00	392,938	189,138	352,722
117,986	72,233.00	34,322.00	25,898	-	882,462
1,156,667	1,166,398.00	1,324,312.00	1,176,329	471,383	33,376
(2,512,833)	(2,202,215.00)	(1,569,050.00)	(997,634)	(362,679)	(1,010,368)
<u>\$ 6,117,725</u>	<u>\$ 6,214,410</u>	<u>\$ 371,883</u>	<u>\$ 597,531</u>	<u>\$ 297,842</u>	<u>\$ 258,192</u>

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CITY OF INDEPENDENCE, OREGON
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2021	2020	2019	2018
REVENUES				
Taxes and assessments	\$ 3,613,523	3,252,719	\$ 3,116,266	\$ 3,051,952
Licenses and permits	153,854	353,674	515,603	108,080
Intergovernmental	2,818,244	1,916,506	3,376,594	1,563,249
Franchise fees	840,401	817,269	777,739	754,384
Charges for services	525,793	734,602	517,252	126,154
Fines and forfeitures	116,217	194,337	167,988	166,716
Miscellaneous	311,744	-	234,260	1,375,863
Total Revenues	8,379,776	7,269,107	8,705,702	7,146,398
EXPENDITURES				
Current operating:				
General government	3,394,218	2,618,797	1,677,331	1,676,480
Highways and streets	293,186	285,467	299,681	263,346
Culture and recreation	1,059,231	1,157,577	1,159,613	1,181,528
Public Safety	3,302,871	3,243,263	3,022,821	2,901,233
Community developmen	491,498	646,819	699,295	526,884
Capital outlay	595,466	747,717	1,263,645	2,385,211
Debt service				
Interest	926,403	987,064	1,020,057	1,927,818
Principal	1,186,829	6,271,371	1,077,396	11,286,072
Total Expenditures	11,249,702	15,958,075	10,219,839	22,148,572
REVENUES OVER (UNDER) EXPENDITURES	(2,869,926)	(8,688,968)	(1,514,137)	(15,002,174)
OTHER FINANCING SOURCES (USES)				
Repayment of short-term debt	-	-	-	-
Transfers in	5,354,218	4,541,466	4,415,144	4,408,328
Transfers out	(2,605,916)	(1,428,317)	(1,270,662)	(1,357,475)
Principal payments received	-	-	-	-
Issuance of debt	178,407	5,946,881	226,848	12,329,361
Capital Contributions	-	-	180,077	-
Total Other Financing Sources (Uses)	2,926,709	9,060,030	3,551,407	15,380,214
NET CHANGE IN FUND BALANCES	\$ 56,783	371,062	\$ 2,037,270	\$ 378,040
Debt service as a percentage of noncapital expenditures	24.74%	91.28% *	30.58%	201.76%

* In instances of debt refunding, percentages are inflated

Source: City of Independence Annual Financial Reports

	2017	2016	2015	2014	2013	2012
\$	2,739,429	\$ 2,810,466	\$ 3,078,693	\$ 2,488,517	\$ 2,366,786	\$ 2,276,167
	114,567	109,007	334,327	178,113	46,035	564,299
	1,469,121	1,146,777	1,752,058	2,059,033	2,892,575	2,037,006
	636,597	628,850	610,168	631,682	542,630	-
	118,725	97,232	97,878	223,781	91,179	88,734
	137,984	142,072	122,407	119,180	174,994	180,294
	628,053	309,224	709,409	243,120	476,793	302,040
	5,844,476	5,243,628	6,704,940	5,943,426	6,590,992	5,448,540
	1,295,846	1,370,608	1,074,133	1,038,201	967,602	1,071,165
	400,080	360,566	214,800	202,998	188,691	193,479
	934,641	687,474	631,920	652,163	632,274	386,358
	2,738,853	2,643,402	2,621,402	2,332,784	2,233,640	2,185,628
	639,889	474,593	534,442	812,711	832,520	964,111
	1,709,028	1,112,638	1,504,323	312,295	1,066,295	789,469
	1,223,297	1,299,384	4,740,636	1,480,903	1,480,495	1,523,648
	1,058,894	9,411,110	1,628,999	4,030,581	851,116	834,599
	10,000,528	17,359,775	12,950,655	10,862,636	8,252,633	7,948,457
	(4,156,052)	(12,116,147)	(6,245,715)	(4,919,210)	(1,661,641)	(2,499,917)
	-	-	-	-	-	-
	3,708,039	3,929,951	2,824,095	2,945,802	3,354,315	3,478,784
	(974,381)	(1,132,752)	(1,123,547)	(1,037,422)	(1,703,242)	(1,189,426)
	-	-	46,640	51,053	-	-
	1,325,709	8,651,475	4,272,879	3,487,227	-	-
	-	-	-	-	-	-
	4,059,367	11,448,674	6,020,067	5,446,660	1,651,073	2,289,358
\$	(96,685)	\$ (667,473)	\$ (225,648)	\$ 527,450	\$ (10,568)	\$ (210,559)
*	37.98%	193.45% *	125.47% *	109.38% *	48.03%	49.12%

CITY OF INDEPENDENCE, OREGON
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 1,724,223	\$ 1,243,099	\$ 1,984,318	\$ 1,423,140
Public safety	145,685	185,341	212,620	208,817
Highways and streets	715,132	913,366	857,627	688,072
Culture and recreation	58,981	1,761,359	1,615,852	177,571
Community development	19,731	154,108	75,773	391,026
Total Governmental Activities	<u>2,663,752</u>	<u>4,257,273</u>	<u>4,746,190</u>	<u>2,888,626</u>
Business-type Activities:				
Sewer	2,568,229	2,658,913	2,258,467	2,197,510
Water	2,523,872	2,477,067	2,560,736	2,539,337
Storm Drain	717,953	778,662	626,054	585,552
Total Business-type Activities	<u>5,810,054</u>	<u>5,914,642</u>	<u>5,445,257</u>	<u>5,322,399</u>
Total Activities	<u><u>8,473,806</u></u>	<u><u>10,171,915</u></u>	<u><u>10,191,447</u></u>	<u><u>8,211,025</u></u>

Source: City of Independence Annual Financial Reports

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,077,633	\$ 590,841	\$ 157,987	\$ 66,517	\$ 78,269	\$ 477,145
167,877	189,785	199,144	159,127	382,008	197,146
809,508	1,056,292	454,400	72,952	658,157	498,340
167,414	455,870	227,583	183,502	139,413	166,840
60,687	207,028	321,542	551,521	1,125,534	265,402
<u>2,283,119</u>	<u>2,499,816</u>	<u>1,360,656</u>	<u>1,033,619</u>	<u>2,383,381</u>	<u>1,604,873</u>
1,983,365	1,937,249	2,570,638	1,564,687	1,364,908	1,207,453
2,387,683	2,327,494	2,656,085	2,015,666	1,838,734	1,664,360
537,086	523,141	526,842	404,861	335,922	249,240
<u>4,908,134</u>	<u>4,787,884</u>	<u>5,753,565</u>	<u>3,985,214</u>	<u>3,539,564</u>	<u>3,121,053</u>
<u><u>7,191,253</u></u>	<u><u>7,287,700</u></u>	<u><u>7,114,221</u></u>	<u><u>\$ 5,018,833</u></u>	<u><u>\$ 5,922,945</u></u>	<u><u>\$ 4,725,926</u></u>

CITY OF INDEPENDENCE, OREGON
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	<u>Real Property</u> Assessed Value	<u>Personal Property*</u> Assessed Value	<u>Public Utility Property</u> Assessed Value
2012	348,855,461	9,992,465	8,414,100
2013	356,205,697	9,742,607	7,108,600
2014	362,146,881	9,624,992	7,627,050
2015	374,713,304	9,450,908	7,398,497
2016	398,203,180	9,189,510	7,702,000
2017	424,521,894	9,382,525	8,217,600
2018	446,817,349	10,040,055	8,780,000
2019	464,112,789	10,646,454	10,860,000
2020	495,930,540	12,505,486	10,491,000
2021	526,094,110	15,178,848	12,070,900

All property is assessed as of July 1 of the fiscal year.

* Includes mobile homes

Source: Polk County Department of Assessment and Taxation

Total		Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
Assessed Value	Estimated Actual Value		
367,262,026	511,531,479	71.80	5.65
373,056,904	466,938,455	79.89	5.66
379,398,923	458,658,686	82.72	5.85
391,562,709	472,700,818	82.84	5.69
415,094,690	517,600,090	80.20	5.64
442,122,019	560,243,769	78.92	5.55
465,637,404	629,330,216	73.99	5.50
485,619,243	705,620,234	68.82	5.46
518,927,026	794,597,465	65.31	5.40
553,343,858	891,949,852	62.04	5.34

CITY OF INDEPENDENCE, OREGON
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING
GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	City of Independence			Polk County				Cental School District No. 13J		
	General	Debt	Total City	General	Public Safety	Debt	Total County	General	Debt	Total School District
2012	4.5897	1.0562	5.6459	1.7160	-	0.5431	2.2591	4.8834	3.2036	8.0870
2013	4.5897	1.0673	5.6570	1.7160	-	0.5337	2.2497	4.8834	3.2395	8.1229
2014	4.5897	1.2627	5.8524	1.7160	-	0.5440	2.2600	4.8834	3.1863	8.0697
2015	4.5897	1.1042	5.6939	1.7160	-	0.5438	2.2598	4.8834	3.5324	8.4158
2016	4.5897	1.0494	5.6391	1.7160	0.0305	0.5190	2.2655	4.8834	3.1117	7.9951
2017	4.5897	0.9568	5.5465	1.7160	0.3196	0.5043	2.5399	4.8834	3.4611	8.3445
2018	4.5897	0.9085	5.4982	1.5794	0.3303	-	1.9097	4.4947	2.6242	7.1189
2019	4.5897	0.8658	5.4555	1.5764	0.3303	-	1.9067	4.4947	2.6242	7.1189
2020	4.5897	0.8152	5.4049	1.5693	0.4250	-	1.9943	4.4659	2.6762	7.1421
2021	4.5897	0.7549	5.3446	1.5517	0.4250	-	1.9767	4.4159	2.7080	7.1239

Source: Polk County Department of Assessment and Taxation

Overlapping Rates

Special Districts

Chemeketa Community College	Chemeketa Regional Library	Chemeketa CC Bonds	Willamette ESD	Ash Creek WCD	Polk County FD#1	Polk County FD#1 LO/Bonds	Polk Soil/Water CD	Hilltop Cemetery District	Total
0.8803	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.3708
0.8979	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.4525
0.8593	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.5235
0.8942	0.0818	-	0.2967	0.1069	1.5038	0.3303	0.0500	0.1132	30.4220
0.9190	0.0818	-	0.2967	0.1069	1.5038	0.3442	0.0500	0.1132	29.5759
0.9018	0.0818	-	0.2967	0.1069	1.5038	0.3079	0.0500	0.1040	30.6682
0.8484	0.0753	-	0.2731	0.0974	1.3841	0.3059	0.0461	0.1035	26.6892
0.8484	0.0753	-	0.2731	0.0974	1.3841	0.3059	0.0461	0.1035	26.6405
0.5724	0.0749	0.2627	0.2714	0.0974	1.3841	0.3059	0.0461	0.1035	26.7961
0.5660	0.0740	0.2602	0.2683	0.0949	1.3599	0.3043	0.0453	0.1015	26.6202

CITY OF INDEPENDENCE, OREGON
 PRINCIPAL TAXPAYERS FOR POLK COUNTY
 CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2021			2012		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
RIVERPLACE APARTMENT HOMES LLC	18,507,050	1	3.57%	\$ -	-	0.00%
ACPI WOOD PRODUCTS LLC	12,582,970	2	2.42%	10,032,480	1	2.73%
PRT INVESTORS LLC ETAL	12,149,510	3	2.34%	-	-	0.00%
INDEPENDENCE LANDING II LLC	9,348,960	4	1.80%	-	-	0.00%
MARQUIS CORP	7,392,691	5	1.42%	-	-	0.00%
RICHMOND SQUARE APARTMENTS LLC	5,549,770	6	1.07%	-	-	0.00%
1315 MONMOUTH LLC	5,417,620	7	1.04%	-	-	0.00%
NORTHWEST NATURAL GAS CO	5,365,000	8	1.03%	3,118,000	6	0.85%
CREEKSIDE MEADOWS, LLC	5,223,830	9	1.01%	4,123,780	4	1.12%
INDEPENDENCE LANDING I LLC	4,645,790	10	0.90%	-	-	0.00%
CENTRAL PLAZA SHOPPING CENTER LLC		-	0.00%	2,499,260	8	0.68%
WINCO FOODS, LLC		-	0.00%	2,027,670	10	0.55%
CITY OF INDEPENDENCE		-	0.00%	3,207,070	5	0.87%
SLEGERS TRUST			0.00%	2,681,030	7	0.73%
FOX LAND ASSOCIATES, LTD			0.00%	2,260,180	9	0.62%
LEGACY OAKS LLC			0.00%	9,531,830	2	2.60%
SPURLOCK JAMES H & MARY ANN			0.00%	4,253,520	3	1.16%
	<u>\$ 86,183,191</u>		<u>16.60%</u>	<u>\$ 43,734,820</u>		<u>11.91%</u>

Source: Polk County Department of Assessment and Taxation

* aka MEDALION CABINETRY, LLC & ELKAY WOOD PRODUCTS

CITY OF INDEPENDENCE, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Total tax levy (net of discounts)	Collected in year of levy		Collected in subsequent years	Total collections to date	
		Amount	Percent of Levy		Amount	Percent of Levy
2012	2,253,975	2,149,062	95.35	95,848	2,244,910	99.60
2013	2,314,240	2,217,612	95.82	63,050	2,280,662	98.55
2014	2,419,024	2,336,497	96.59	64,984	2,401,481	99.27
2015	2,520,529	2,381,798	94.50	62,158	2,443,956	96.96
2016	2,647,861	2,507,283	94.69	65,669	2,572,952	97.17
2017	2,799,122	2,642,030	94.39	58,886	2,700,916	96.49
2018	2,928,888	2,769,218	94.55	49,554	2,818,772	96.24
2019	3,039,254	2,987,150	98.29	48,422	3,035,572	99.88
2020	3,231,847	3,173,287	98.19	32,927	3,206,214	99.21
2021	3,456,854	3,402,769	98.44		3,402,769	98.44

Source: Information derived from Annual Financial Reports for all governmental funds.

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF OUTSTANDING DEBT
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Bonds				
2013 GO Refunding Bonds	3,695,000	3,935,000	4,170,000	4,395,000
Bond Premium	16,849	18,372	19,895	21,418
2016A FFC ICC Refunding	7,910,000	7,945,000	7,980,000	8,010,000
Bond Premium	417,124	440,298	463,472	486,646
2015 FFC MINET Refunding Bonds	2,870,000	3,080,000	3,290,000	3,495,000
2003 Refunding Bonds	-	-	-	-
2007 Urban Renewal Bonds	-	-	-	-
2010 FFC (ICC) Bonds	-	-	350,000	685,000
2010 FFC A&B (MINET)	-	-	770,000	955,000
2017C FFC MINET Refunding Bonds	1,755,000	2,025,000	2,095,000	2,160,000
2017B FFC MINET Refunding Bonds	-	-	4,570,000	4,570,000
2017A FFC ICC Refunding Bonds	3,675,000	4,035,000	4,035,000	4,035,000
Bond Premium	311,211	328,500	345,789	363,078
2020 FF&C MINET Refunding Bonds	4,780,000	4,780,000	4,035,000	4,035,000
Bond Premium	465,193	491,037	345,789	363,078
Notes Payable				
IFA Loan - Urban Renewal	2,904,580	2,726,173	2,726,173	2,499,325
SPWF Loan - Hoffinan Rd	75,033	98,071	120,012	140,908
SPWF Loan - Library	-	-	-	-
OECD MINET Loan #1	-	-	-	-
OHVS Loan - Cinema	-	-	-	-
Olsen - Ballfield Property	-	-	-	-
2020 Chase Bank - Museum	601,209	650,000	-	-
Capital Lease	-	-	9,614	21,115
Total Governmental	29,476,199	30,552,451	35,325,744	36,235,568
Business-type Activities				
Bonds				
2016A FFC Water Bonds	1,075,000	1,130,000	1,185,000	1,185,000
2016B FFC Water Bonds	-	-	-	55,000
Bond Premium	48,208	51,422	54,636	57,850
2013 Sewer Refunding Bonds	2,025,000	2,105,000	2,210,000	2,335,000
Bond Discount	(10,933)	(11,509)	(12,085)	(12,661)
2000 Sewer Revenue Bonds	-	-	-	-
1998 Water Revenue Bonds	-	-	-	-
2004 Water Revenue Bonds	-	-	-	-
Notes Payable				
2000 Sewer DEQ Loan	-	-	-	-
2011 SDWRL - Water	-	-	-	-
CWSRF Loan	7,231,342	3,426,305	457,915	-
2018 Chase Bank Loan - Water	656,988	729,894	800,000	-
Capital Lease	-	-	14,420	31,671
Total Business-type	11,025,605	7,431,112	4,709,886	3,651,860

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
4,615,000	4,830,000	5,045,000	5,255,000	-	-
22,763	24,286	25,809	27,243		
8,040,000	8,070,000	-	-	-	-
509,998	533,083				
3,695,000	3,925,000	4,145,000	-	-	-
-	-	-	-	335,000	645,000
-	-	-	-	2,305,000	2,510,000
5,185,000	5,500,000	13,115,000	13,410,000	13,410,000	13,410,000
7,235,000	7,405,000	7,565,000	7,720,000	7,865,000	7,995,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,275,772	-	-	-	-	-
160,809	179,763	198,839	253,598	610,178	640,384
-	-	-	-	348,518	366,414
-	-	-	4,019,274	4,164,378	4,303,002
-	-	-	-	-	-
-	-	-	-	375,000	375,000
-	-	-	-	-	-
<u>57,286</u>	<u>87,289</u>	<u>99,892</u>	<u>4,730</u>	<u>26,344</u>	<u>45,734</u>
30,796,628	30,554,421	30,194,540	30,689,845	29,439,418	30,290,534
1,185,000	-	-	-	-	-
105,000	-	-	-	-	-
61,064	-	-	-	-	-
2,455,000	2,570,000	2,685,000	2,750,000	2,750,000	-
(13,237)	(13,813)	(14,389)	(14,965)	(15,541)	-
-	-	-	-	-	2,353,913
-	-	-	-	480,000	585,000
-	-	-	-	1,120,000	1,190,000
-	-	-	-	-	340,633
-	-	-	-	371,944	386,209
-	-	-	-	-	-
-	-	-	-	-	-
<u>48,372</u>	<u>64,278</u>	<u>80,030</u>	<u>4,730</u>	<u>26,344</u>	<u>45,734</u>
3,841,199	2,620,465	2,750,641	2,739,765	4,732,747	4,901,489

CITY OF INDEPENDENCE, OREGON
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

GOVERNMENTAL ACTIVITIES:

Fiscal Year Ended June 30,	Population	Assessed Value	Bonded Debt	Less Debt Service Reserve Funds	Net	Ratio of Bonded Debt to Assessed Value	Debt as % Personal Income	Bonded Debt Per Capita
2012	8,535	367,262,026	30,290,534	206,068	30,084,466	0.0819	20.24%	3,524.83
2013	8,608	373,056,904	29,439,418	113,117	29,326,301	0.0786	19.91%	3,406.87
2014	8,654	379,398,923	30,689,845	392,938	30,296,907	0.0799	22.00%	3,500.91
2015	8,772	391,562,709	30,194,540	108,271	30,086,269	0.0768	20.79%	3,429.81
2016	8,982	415,094,690	30,554,421	112,369	30,442,052	0.0733	17.88%	3,389.23
2017	9,246	442,122,019	30,796,628	188,156	30,608,472	0.0692	16.43%	3,310.46
2018	9,370	465,637,404	36,235,568	161,707	36,073,861	0.0775	18.26%	3,849.93
2019	9,530	485,619,243	35,325,744	187,991	35,137,753	0.0724	18.36%	3,687.07
2020	9,530	518,927,026	30,552,451	252,539	30,299,912	0.0584	15.31%	3,179.42
2021	9,828	553,343,858	29,476,199	393,927	29,082,272	0.0526	14.12%	2,959.12

Note: Net general bonded debt includes notes payable and capital leases related to the general government. These are all considered full faith and credit obligations of the general government and are repaid from general governmental resources

CITY OF INDEPENDENCE, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021

Governmental Unit	Real Market values of overlapping districts	Tax-supported debt outstanding¹	Percentage overlapping²	Overlapping debt applicable to the City of Independence
Debt Repaid with Property Taxes				
Chemeketa Community College	62,644,071,142	57,087,534	1.25 %	713,252
Willamette ESD	68,893,758,515	7,700,978	1.14 %	87,483
Polk County FD #1	2,200,671,011	1,475,000	35.56 %	524,575
Central SD 13J	2,300,681,925	66,328,805	34.02 %	22,563,998
Polk County	9,528,804,555	14,720,000	8.21 %	1,209,042
Subtotal, overlapping debt	145,567,987,148	147,312,317		25,098,350
Direct debt outstanding: City of Independence	794,597,465	30,552,451	100.00 %	\$ 16,644,894
Total Direct and Overlapping Debt	\$ 146,362,584,613	\$ 177,864,768		\$ 41,743,244

NOTE:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

The percentage of overlap is determined by how much of the real market value is shared by each entity with the City of Independence. This information is provided by the Oregon Department of Revenue and used by the Oregon State Treasury Department to develop the overlapping debt reports for the City.

¹ Tax supported debt outstanding includes General Obligation (GO) bonds, Full Faith & Credit Bonds, Notes Payable and Capital Leases related to non-business type activities.

² The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

Source: State of Oregon-Oregon State Treasury, Debt Management Division

CITY OF INDEPENDENCE, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2021

ORS 287.004 provides a debt limit of 3% of true cash value of all taxable property within the City boundaries:

Real Market value	\$ 794,597,465
Rate	x 3%
Debt limit	<u>23,837,924</u>
Debt applicable to limit	<u>4,296,209</u>
Legal debt margin	<u><u>\$ 28,134,133</u></u>

Fiscal year ended June 30,	Debt Limit	Debt Applicable to Limit	Legal Debt Margin
2012	15,345,944	1,011,414	14,334,530
2013	14,008,154	683,518	13,324,636
2014	13,759,761	3,468,300	10,291,461
2015	13,860,653	5,045,000	8,815,653
2016	15,206,704	4,830,000	10,376,704
2017	16,807,313	4,615,000	12,192,313
2018	18,879,906	4,395,000	14,484,906
2019	21,168,607	4,170,000	16,998,607
2020	23,837,924	3,935,000	19,902,924
2021	23,837,924	4,296,209	19,541,715

Source: Polk County Department of Assessment and Taxation and City of Independence

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF PLEDGED REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

WATER REVENUE BONDS

Fiscal Year Ended June 30,	Gross Revenue	Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2012	1,700,381	532,497	1,167,884	210,000	97,737	307,737	379.51
2013	1,838,937	438,628	1,400,309	189,265	99,022	288,287	485.73
2014	2,038,704	451,626	1,587,078	194,709	88,544	283,253	560.30
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	2,388,116	1,053,187	1,334,929	45,000	32,772	77,772	1,716.46
2018	2,555,410	1,015,831	1,539,579	50,000	37,108	87,108	1,767.44
2019	2,467,956	1,200,156	1,267,800	55,000	37,522	92,522	1,370.27
2020	2,522,410	1,457,972	1,064,438	125,106	59,400	184,506	576.91
2021	2,725,994	1,069,753	1,656,241	127,906	53,895	181,801	911.02

SEWER REVENUE BONDS

Fiscal Year Ended June 30,	Gross Revenue	Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2012	1,217,118	363,140	853,978	80,957	120,500	201,457	423.90
2013	1,365,337	421,467	943,870	84,192	117,265	201,457	468.52
2014	1,565,230	387,561	1,177,669	-	84,450	84,450	1,394.52
2015	2,570,638	789,521	1,781,117	65,000	84,450	149,450	1,191.78
2016	1,812,097	941,809	870,288	115,000	79,050	194,050	448.49
2017	2,004,056	905,802	1,098,254	115,000	79,915	194,915	563.45
2018	2,219,763	886,517	1,333,246	120,000	75,600	195,600	681.62
2019	2,124,252	1,152,603	971,649	125,000	73,200	198,200	490.24
2020	5,225,809	4,715,653	510,156	105,000	70,700	175,700	290.36
2021	6,184,229	3,793,918	2,390,311	80,000	67,550	147,550	1,620.00

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
2012	19,201	29,989	32,594	62,583	30.68
2013	18,875	30,206	31,289	61,495	30.69
2014	28,564	30,437	29,945	60,382	47.31
2015	54,995	54,759	14,136	68,895	79.82
2016	24,479	19,076	8,866	27,942	87.61
2017	26,825	18,954	8,988	27,942	96.00
2018	14,344	19,901	8,040	27,941	51.34
2019	14,971	20,896	7,045	27,941	53.58
2020	15,086	21,941	6,001	27,942	53.99
2021	10,018	23,038	4,904	27,942	35.85

CITY OF INDEPENDENCE, OREGON
Top Ten Sewer System Rate Payers
June 30, 2021

		Amount	EDU's
Riverview Apartments	Multi-Family Housing	\$ 142,574	205
Legacy Oaks	Multi-Family Housing	119,979	197
Ash Creek MH Park	Mobile Home Park	46,390	74
Creskide Meadows	Multi-Family Housing	42,632	70
Hazel Glen Court	Mobile Home Park	34,106	56
Greystone Apartments	Multi-Family Housing	21,925	35
Colonial Oaks MH Park	Mobile Home Park	12,415	35
Vista Ridge Apartments	Multi-Family Housing	19,489	32
Park West Apartments	Multi-Family Housing	11,572	19
Colonia Amistad Limited	Multi-Family Housing	9,744	16
Total Top Ten Rate Payers		\$ 460,826	739
Total All Users		\$ 2,196,657	

CITY OF INDEPENDENCE, OREGON
Top Ten Water System Rate Payers
June 30, 2021

		Amount	Units
Riverplace Apartments	Multi-Family Housing	\$ 75,855	13,174
Legacy Oaks Apartments	Multi-Family Housing	45,927	20,334
Creekside Meadows	Multi-Family Housing	40,113	3,640
Ash Creek Mobile Court	Mobile Home Park	38,553	7,964
Richmond Square Apts	Multi-Family Housing	32,555	8,112
Hazel Glen Court	Mobile Home Park	27,611	4,799
Colonia Amistad	Multi-Family Housing	25,791	4,878
Colonial Oaks MH Park	Mobile Home Park	14,665	3,052
Greystone Apts	Multi-Family Housing	14,461	3,342
Independence Living Center	Health & Rehab Center	14,149	2,666
Total Top Ten Rate Payers		\$ 329,680	71,961
Total All Users		\$ 2,421,083	352,579

CITY OF INDEPENDENCE, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Population	Per Capita Personal Income	Total Household Income (in 000's)	Area in square miles	Average Density (persons / square mile)	Average Annual Unemployment	
2012	8,535	17,418	148,663	2.73	3,126.4	8.4%	*
2013	8,608	17,115	147,326	2.73	3,153.1	8.0%	*
2014	8,654	15,910	137,685	2.73	3,170.0	7.0%	*
2015	8,772	16,501	144,747	2.82	3,110.6	5.7%	*
2016	8,982	18,955	170,254	2.82	3,185.1	5.0%	*
2017	9,246	20,153	186,335	2.86	3,232.9	4.7%	*
2018	9,370	21,080	197,520	2.86	3,276.2	4.9%	*
2019	9,530	20,087	191,429	2.86	3,332.2	4.3%	*
2020	9,675	20,450	197,854	2.86	3,382.9	11.6%	*
2021	9,828	20,950	205,897	2.86	3,436.4	6.0%	*

N/A - information is not available

*Polk County

Source: U.S. Department of Commerce-Bureau of Economic Analysis
Oregon Employment Department
Portland State University Population Research and Census

**CITY OF INDEPENDENCE, OREGON
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2021			2012 *		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Central School District 13J	396	1	25.66%	310	1	29.36%
FCR	230	2	14.91%	-	-	0.00%
ACIP (Elkay Wood Products)(Medallion Cabinetry)	230	3	14.91%	100	3	9.47%
Forest River Cargo Trailers	190	4	12.31%	150	2	14.20%
Marquis Spa	190	5	12.31%	100	4	9.47%
WareMart	60	7	3.89%	50	7	4.73%
City of Independence	53	8	3.43%	45	9	4.26%
Roth's	-	-	0.00%	65	6	6.16%
Robert Lloyd Sheet Metal	50	9	3.24%	50	8	4.73%
Siletz Trucking	-	-	0.00%	40	10	3.79%
The Independence (Hotel)	20	10	1.30%	-	-	0.00%
Independence Health and Rehabilitation Center	70	6	4.54%	70	6	6.63%
	<u>863</u>		<u>55.93%</u>	<u>670</u>		<u>63.45%</u>

* Estimated - complete data not available

Source: Independence Economic Development Dept. and Employers

CITY OF INDEPENDENCE, OREGON
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	8	8	9	10	13	14	12	16	17	16
Public safety	15	15	17	18	18	18	18	20	20	20
Highways and streets	2	2	2	2	2	2	2	2	2	2
Culture and recreation	3	3	3	4	6	6	7	7	7	7
Sewer	2	2	1	1	2	2	3	3	3	3
Water	2	2	3	3	3	3	3	3	3	3
Storm Drain	1	1	1	1	1	2	2	2	2	2
Total	<u>33</u>	<u>33</u>	<u>36</u>	<u>39</u>	<u>45</u>	<u>47</u>	<u>47</u>	<u>53</u>	<u>54</u>	<u>53</u>

Source: City of Independence

**CITY OF INDEPENDENCE, OREGON
OPERATING INDICATORS
LAST TEN FISCAL YEARS**

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Arrests	651	591	631	507	574	510	534	517	544	366 *
Traffic violations	828	724	662	684	915	884	884	1,050	1,162	568 *
Municipal Court Cases	783	522	508	826	919	610	690	870	950	428 *
Charges	993	664	620	1,015	1,026	758	843	1,047	1,135	524 *
Building Activity										
Permits Issued	30	45	76	47	86	63	62	108	145	97 *
Estimated Value	\$1,621,941	\$4,618,919	\$23,105,490	\$12,559,620	\$7,586,405	\$8,053,833	\$15,486,171	\$17,825,303	\$32,616,967	\$10,983,030 *
Planning Applications	7	6	7	7	11	7	12	11	13	14
Library										
Circulation	146,015	143,728	146,262	141,519	138,943	117,363	116,352	115,684	119,544	51,075 *
Miles of Streets Maintained	27.60	27.60	27.60	27.60	27.60	33.50	36.68	37.18	37.43	38.09
Water										
Connections	2,256	2,262	2,297	2,378	2,410	2,440	2,481	2,530	2,595	2,652
Sewer										
Connections	2,071	2,067	2,275	2,317	2,339	2,370	2,398	2,476	2,536	2,575

* FY2021 significant decreases due to closures and economic impacts caused by the COVID-19 pandemic.

Source: City of Independence

CITY OF INDEPENDENCE, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2012	2013	2014	#	2015	2016	2017	2018	2019	2020	2021
Public safety											
Police Stations	1	1	1	1	1	1	1	1	1	1	1
Highways and streets											
Streets (miles)	27.6	27.6	27.6	#	27.6	27.6	33.5	36.68	37.18	37.43	38.09
Culture and recreation											
Number of parks	9	9	9	#	9	9	9	9	10	10	10
Acreage	114.3	114.3	114.3	#	114.3	114.3	114.3	114.3	119	119	119
Pool (sq ft)	2400	2400	2400		2400	2400	2400	2400	2400	2400	2400
Sewage disposal											
Max daily capacity	2.0 mgd	2.0 mgd	2.0 mgd		2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd
Water											
Max daily capacity	2.0 mgd	2.1 mgd	2.1 mgd		2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd
Fire hydrants	210	210	212	#	214	214	214	214	263	269	278

Source: City of Independence

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATION**

The Honorable Mayor and City Council
City of Independence, Oregon

We have audited the basic financial statements of City of Independence, Oregon, as of and for the year ended June 30, 2021 and have issued our report thereon dated January 18, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State 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 Independence, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- 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, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures in the following fund exceeded appropriations for the year ended June 30, 2021:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Information Services Equipment Fund	Material and service	\$15,559

At June 30, 2021, the following fund had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	\$ 110,278

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered City of Independence, Oregon's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Independence, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Independence, Oregon's internal control.

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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
January 18, 2022