



**CITY OF INDEPENDENCE,
OREGON**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

City of Independence, Oregon

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2023

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

CITY OF INDEPENDENCE, OREGON
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INTRODUCTORY SECTION



INDEPENDENCE

Oregon's Story Begins Here

CITY OF INDEPENDENCE

January 30, 2024

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

I am pleased to submit the Annual Financial Report (Annual Report) of the City of Independence, Oregon for the fiscal year ended June 30, 2023. 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 Aldrich CPAs and Advisors, 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, 2023, 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 10,081 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 city, 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. These are just highlights 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.

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 FY 2023, even as the nation is experiencing an economic slowdown and pandemic-induced supply-chain challenges. 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 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. Throughout 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 across the street from the hotel, which will create additional economic benefits was completed late this Summer 2022.

Long-Term Planning

The City of Independence continues efforts based on the Vision 2040 process begun in 2019. Building on meetings with citizens and stakeholders, the visioning process was in early 2020 and led into the Council Goal Setting and a Strategic Planning process. In early 2021, Council and staff completed the goal setting and planning process, which drove the 2022-23 and 2023-24 budget development.

Ahead of budget development for each fiscal year, staff updates the five-year Capital Improvement Plan laying 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. The 2023-24 budget saw reductions in staff to balance costs of continued services. Over the past few years, this conservative approach has been a good strategy to rebuild financial reserves for cash flow purposes and unforeseen expenses. Future projections indicate revenue growth continuing to lag the growth in personnel services costs and the costs for services and materials. In that context 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.

The city maintains Comprehensive Financial Policies, which are reviewed and updated annually. The city's financial software has internal auditing capability to record and track changes made by staff.

In Spring 2022, the city contracted an audit and accounting firm to perform an Internal Control Analysis. They reviewed current policies and procedures and reported back to staff with recommendations for improvement. Staff has implemented the recommendations made, and continues to streamline and processes in the context of strong internal controls.

Budget Process

The annual budget serves as the foundation for the City of Independence's financial planning and control. All departments of the city submit requests for appropriations 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 adopts a final budget in June of each year for the following 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 in appropriations may only be made by the approval of City Council.

Relevant Financial Policies

The City has adopted Comprehensive Financial Policies at the City Council level. These policies are reviewed and updated annually, with any changes taken back to Council for readoption. Financial Policies and Procedures have also been adopted and implemented at the administrative level to provide 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). City staff maintains a sufficient balance in the general checking account to offset bank fees.

The City participates in an insurance trust pool of Oregon cities and county governments for property, automobile, and liability insurance. The City maintains worker's compensation insurance coverage through Oregon's State Accident Insurance Fund (SAIF).

Major Initiatives

The City has continued to establish and work toward clearly defined goals and objectives established through the annual budget process. 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 list of goals during the 2022-23 fiscal year focused around financial stability and transparency, and a shift towards best practices in funding and accounting for city services.

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, 2022. This was the 8th year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the city 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.

Respectfully submitted,

Rob Moody, Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Independence
Independence, Oregon

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 the City of Independence (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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. 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, 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of the proportionate share of the net pension liability, schedule of contributions - pension, schedule of proportionate share - RHIA, schedule of contributions - RHIA, schedule of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 - pension, schedule of proportionate share - RHIA, schedule of contributions - RHIA, schedule of changes in total OPEB liability and related ratios 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 budgetary comparison schedules, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and individual fund schedules 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 combining financial statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory 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.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 30, 2024, on our consideration of the City'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.

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
January 30, 2024

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023.

FINANCIAL HIGHLIGHTS

	June 30		Change
	2023	2022	
Net Position	\$ 30,926,415	\$ 25,929,062	\$ 4,997,353
Change in Net Position	4,997,353	5,156,322	(158,969)
Governmental Net Position	13,942,902	12,055,395	1,887,507
Proprietary Net position	16,983,513	13,873,667	3,109,846
Change in Governmental Net Position	1,887,507	4,516,296	(2,628,789)
Change in Proprietary Net Position	3,109,846	640,026	2,469,820

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 required and 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 the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City as of the date on the statement, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The 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 revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as earned or incurred without regard to actual cash flows.

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. A fund is a grouping of related accounts 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

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

demonstrate compliance with finance-related legal requirements. All 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 revenues, expenditures, and changes in fund balance-budget and actual for all funds, and other schedules to assist the reader in understanding the City's finances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. The statement of net position is provided in this discussion and analysis 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 \$30,926,415 as of June 30, 2023. Current liabilities consist of accounts payable, unearned revenue and deposits. Long-term liabilities is comprised of amounts related to pensions and other postemployment benefits, and debt. These amounts are further detailed 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.

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Statement of Net Position
June 30,

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 9,619,983	\$ 9,932,200	\$ 19,552,183	\$ 7,253,067	\$ 5,267,037	\$ 12,520,104
Other Assets	9,758,731	1,676,808	11,391,108	10,955,729	2,324,262	13,279,991
Non-depreciable Capital Assets	3,431,330	8,752,444	12,183,774	3,827,672	8,382,579	12,210,251
Depreciable Capital Assets, net	23,255,889	10,168,310	33,424,199	23,018,599	10,129,528	33,148,127
Total Assets	46,065,933	30,529,762	76,595,695	45,055,067	26,103,406	71,158,473
Deferred Outflows of Resources	3,461,007	575,548	4,036,555	3,799,860	429,813	4,229,673
Liabilities	1,964,916	1,396,129	3,361,045	1,356,775	228,645	1,585,420
Deposits	203,891	268,314	472,205	141,900	242,039	383,939
Long-term Liabilities						
Portion due within one year	1,613,253	255,419	1,868,672	1,427,440	242,594	1,670,034
Portion due in more than one year	30,276,610	11,780,723	42,057,333	30,992,419	11,403,972	42,396,391
	-	-	-	-	-	-
	30,276,610	11,780,723	42,057,333	34,787,667	12,125,624	46,913,291
Total Liabilities	34,058,670	13,700,585	47,759,255	33,918,534	12,117,250	46,035,784
Deferred Inflows of Resources	1,525,368	421,212	1,946,580	2,922,816	534,151	3,456,967
Net Position						
Net investment in capital assets	10,017,767	8,252,170	18,269,937	9,503,825	7,611,201	17,115,026
Restricted	5,922,834	2,513,909	8,436,743	4,117,626	1,694,592	5,812,218
Unrestricted	(1,997,699)	6,217,434	4,219,735	(1,556,056)	4,567,874	3,011,818
Total Net Position	\$ 13,942,902	\$ 16,983,513	\$ 30,926,415	\$ 12,065,395	\$ 13,873,667	\$ 25,939,062

Statement of Activities. The City's net position increased by \$4,997,353 during the current fiscal year, consistent with the prior year. While consistent year to year, there were variations in the components of increase in net position of each year. The key elements of the change in City's net position for the year ended June 30, 2023, relative to the prior year are as follows:

- Grants and miscellaneous revenue increased by \$2,287,595. The City received a \$2 million grant from the State of Oregon for the 9th Street Pump Station Project during 2022-23.
- Disbursements for business activities increased by \$1,958,798 reflecting project expenses related to improvements in the sewer collection system as well as the water distribution system.

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

	Statement of Activities					
	For the Fiscal Year Ended June 30,					
	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program Revenues						
Charges for Services	\$ 669,233	\$ 6,020,954	\$ 6,690,187	\$ 611,126	\$ 5,980,995	\$ 6,592,121
Operating Grants	2,741,430	-	2,741,430	3,681,338	-	3,681,338
Capital Grants	1,331,573	3,023,456	4,355,029	566,062	355,184	921,246
General Receipts						
Property Taxes & Assessments	3,933,373	-	3,933,373	3,615,040	-	3,615,040
Transient Lodging Taxes	200,629	-	200,629	204,848	-	204,848
Interest & Investment Earnings	245,423	254,804	500,227	37,087	23,176	60,263
Franchise Taxes	898,312	-	898,312	829,260	-	829,260
Miscellaneous	225,905	1,369	227,274	426,814	6,740	433,554
Gain on the Sale of Assets	-	-	-	263,393	-	263,393
Total Revenues	10,245,878	9,300,583	19,546,461	10,234,968	6,366,095	16,601,063
Expenses						
General Government	2,225,182	-	2,225,182	2,540,736	-	2,540,736
Public Safety	3,315,766	-	3,315,766	3,201,136	-	3,201,136
Transportation	922,464	-	922,464	558,117	-	558,117
Community Development	573,745	-	573,745	635,635	-	635,635
Culture and Recreation	1,850,899	-	1,850,899	1,502,482	-	1,502,482
Interest on Long-term Debt	974,612	-	974,612	937,394	-	937,394
Water	-	1,486,220	1,486,220	-	1,366,184	1,366,184
Sewer	-	2,625,001	2,625,001	-	1,038,905	1,038,905
Storm	-	575,219	575,219	-	322,553	322,553
Total Disbursements	9,862,668	4,686,440	14,549,108	9,375,500	2,727,642	12,103,142
Transfers	1,504,297	(1,504,297)	-	3,051,293	(3,051,293)	-
Change in Net Position	1,887,507	3,109,846	4,997,353	3,910,761	587,160	4,497,921
Net Position, beginning of year	12,055,395	13,873,667	25,929,062	7,539,099	13,233,641	20,772,740
Prior period adjustment	-	-	-	605,556	52,809	658,365
Change in accounting principal and estimate	-	-	-	(21)	57	36
Net Position, end of year	\$13,942,902	\$16,983,513	\$30,926,415	\$12,055,395	\$13,873,667	\$25,929,062

Governmental activities

The cost for all governmental activities was \$9,862,668 for the year ended June 30, 2023. The amount that our taxpayers paid was \$3,933,373 through property taxes and assessments. Those who directly benefited from the programs (fines, fees, and charges for services) paid \$669,233 or 7% of total governmental revenue. Transfers from proprietary funds for services provided account for \$1,504,297 or 15% of cost coverage.

Net position of the governmental-type activities increased by \$1,887,507 during the fiscal year ended June 30, 2023.

Business-type activities

As shown in the Statement of Activities, the City's net position for the business-type activities increased by \$3,109,846 during the year. Utility revenues, higher interest rates, increases in SDC

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

rates, and intergovernmental revenues all contributed to the growth in net position.

Charges for services 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 generally 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 business-type activities and governmental activities. Costs of providing services accounted for 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 \$8,380,209 at June 30, 2023, an increase of \$1,074,393 from the previous year.

The General Fund had a decrease of \$694,154 during the year indicating a excess of expenditures over revenues for the year and a resultant spending down of fund balance.

General Fund. The General Fund accounts for all the financial resources of the City, which are not accounted for in any other fund. Unassigned fund balance was \$1,994,412 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 30% of the total General Fund expenditures, relatively unchanged from the prior year.

MINET Debt Service Fund. The MINET Debt Service Fund receives payments from MINET for the payment of principal and interest on 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.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 decreased by \$241,515 as expenditures to repay the loan to the City exceeded revenues from tax increment during the year.

Grants Program Fund. The Grants Program Fund accounts for local, state, and federal grants received for operating purposes, and the associated expenditures. The fund balance in the Grants Program Fund decreased by \$33,061.

Transportation Fund. The Transportation Fund accounts for street maintenance and improvements. The fund balance in the Transportation Fund decreased by \$18,227.

Capital Projects Fund. The Capital Projects Fund accounts for financial resources used for the acquisition or construction of major capital items and facilities. The fund balance in the Capital Projects Fund increased by \$671,621, with deferral of some capital related expenditures during the year.

Other Governmental Funds (non-major). These funds are comprised of the Economic Development Loan Fund, the Tourism & Events Fund, Transportation SDC Fund, Parks SDC Fund, Building Repair & Replacement Reserve 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 \$1,389,729.

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 related to 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 \$2,474,572 at year end. The unrestricted net position for the Sewer was \$3,663,241 at year end. For Storm Drain the unrestricted net position was \$79,621. Restricted net position(s) relate primarily to unspent 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, 2023, amounts to \$45,607,973 (net of accumulated depreciation), a net increase of \$249,595 versus the prior year. Capital assets include land, buildings, distribution and collection systems (water, sanitary sewer, and storm drain), major improvements, machinery and equipment,

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

park facilities, roads, bridges, and sidewalks. The City's investment in capital assets increased with capital outlays during the year and decreased with annual depreciation of assets.

Major capital events during the current fiscal year included continued work on several public works projects including the F Street bridge replacement and major sewer rehabilitation and improvements.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,457,360	\$ 1,457,360	\$ 201,804	\$ 201,804	\$ 1,659,164	\$ 1,659,164
Work in progress	1,973,970	2,370,312	7,689,747	7,319,882	9,663,717	9,690,194
Intangibles	234,883	219,088	860,893	860,893	1,095,776	1,079,981
Buildings	16,257,935	16,257,935	1,245,809	1,245,809	17,503,744	17,503,744
Equipment & vehicles	1,697,214	1,510,488	1,334,225	1,365,009	3,031,439	2,875,497
Infrastructure	24,789,643	23,869,412	-	-	24,789,643	23,869,412
Right-to-use leased asset	108,785	108,785	41,712	41,712	150,497	150,497
SBIT A assets	57,896	-	-	-	57,896	-
Water and sewer systems	-	-	19,748,437	19,246,011	19,748,437	19,246,011
	<u>46,577,686</u>	<u>45,793,380</u>	<u>31,122,627</u>	<u>30,281,120</u>	<u>77,700,313</u>	<u>76,074,500</u>
Less:						
Accumulated Depreciation/Amortization	<u>(19,890,467)</u>	<u>(18,947,109)</u>	<u>(12,201,873)</u>	<u>(11,769,013)</u>	<u>(32,092,340)</u>	<u>(30,716,122)</u>
	<u>\$ 26,687,219</u>	<u>\$ 26,846,271</u>	<u>\$ 18,920,754</u>	<u>\$ 18,512,107</u>	<u>\$ 45,607,973</u>	<u>\$ 45,358,378</u>

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

For more detailed information regarding Capital Assets, see Note 4 – Capital Assets in the notes to the financial statements.

Debt Administration

The City had total debt outstanding of \$37,478,464 at the end of the current fiscal year, a decrease of \$1,560,210 from the prior year balance. The decrease is a result of scheduled principal payments on outstanding obligations of the City.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total real market value. The real market valuation of the City of Independence is \$1,200,384,182 therefore the current general obligation debt limitation for the City of Independence is \$36,011,525. Indebtedness subject to the limitation is \$3,200,000.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 3,200,000	\$ 3,450,000	\$ -	\$ -	\$ 3,200,000	\$ 3,450,000
Bond Premium	13,803	15,326	-	-	13,803	15,326
Full Faith & Credit Obligations	19,155,000	20,085,000	-	-	19,155,000	20,085,000
Bond Premium	1,060,915	1,127,222	-	-	1,060,915	1,127,222
Notes	3,406,866	3,495,074	7,789,881	7,866,415	11,196,747	11,361,489
Sewer Revenue Bonds	-	-	1,860,000	1,945,000	1,860,000	1,945,000
Bond Discount	-	-	(9,781)	(10,357)	(9,781)	(10,357)
Water Revenue Bonds	-	-	960,000	1,020,000	960,000	1,020,000
Bond Premium	-	-	41,780	44,994	41,780	44,994
	<u>\$26,836,584</u>	<u>\$28,172,622</u>	<u>\$10,641,880</u>	<u>\$10,866,052</u>	<u>\$37,478,464</u>	<u>\$39,038,674</u>

Additional information on the City's long-term debt can be found in the notes to the financial statements Note 8 – Long Term Debt.

BUDGETARY HIGHLIGHTS

Budget amendments included approved adjustments to the General Fund to for unanticipated increases in personnel services and materials and services during the year.

Significant variances in the General Fund between the final amended budget and actual results are primarily in revenue. As the general economy begins to return to more normal activity following the COVID-19 pandemic, revenues were up \$289,323 from budgeted levels, much of which was the difference between budgeted and actual interest revenues.

Economic Factors and Next Year's Budget

The top factors in preparation of the FY 2023-24 budget included the lingering effects of the COVID-19 pandemic, inflation of our national economy and labor shortages. The City of Independence depends on property taxes, franchise fees and other state shared revenues that help fund the police department and general services, and the state gas tax for street maintenance. The City reduced budgeted positions in the General Fund in an effort to stem anticipated shortfalls of revenues available to fund services.

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 8 years.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The City's Budget Committee considered all the following factors while preparing the budget for the 2023-2024 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

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BASIC FINANCIAL STATEMENTS

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.

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CITY OF INDEPENDENCE, OREGON
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 9,619,983	\$ 9,932,200	\$ 19,552,183
Property taxes receivable	142,056	-	142,056
Accounts receivable, net	370,823	615,264	986,087
SDC and assessments receivables	15,448	108,535	123,983
Leases receivable	44,431	-	44,431
Prepays	128,443	2,224	130,667
Internal balances	(934,904)	934,904	-
Total current assets	9,386,280	11,593,127	20,979,407
Noncurrent assets:			
Loans receivable, net	8,532,547	-	8,532,547
Net OPEB asset	55,836	15,881	71,717
Property held for resale	1,404,051	-	1,404,051
Capital assets:			
Non-depreciable/amortizable	3,431,330	8,752,444	12,183,774
Depreciable/amortizable	23,255,889	10,168,310	33,424,199
Total noncurrent assets	36,679,653	18,936,635	55,616,288
Total assets	46,065,933	30,529,762	76,595,695
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	1,437,445	-	1,437,445
Deferred outflows related to pensions	1,999,308	568,651	2,567,959
Deferred outflows related to OPEB	24,254	6,897	31,151
Total deferred outflows of resources	3,461,007	575,548	4,036,555
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	254,292	1,083,617	1,337,909
Deposits	203,891	268,314	472,205
PERS liability reserve	-	18,809	18,809
Unearned revenue	1,612,399	-	1,612,399
Interest payable	98,225	293,703	391,928
Current portion of accrued compensated absences	152,883	23,454	176,337
Current portion of leases payable	22,242	8,258	30,500
Current portion of SBITA payable	22,270	-	22,270
Current portion of long-term debt	1,415,858	223,707	1,639,565
Total current liabilities	3,782,060	1,919,862	5,701,922
Noncurrent liabilities:			
Net pension liability	4,470,800	1,271,602	5,742,402
OPEB liability	172,452	49,049	221,501
Noncurrent portion of accrued compensated absences	152,883	23,453	176,336
Noncurrent portion of leases payable	45,429	18,446	63,875
Noncurrent portion of SBITA payable	14,320	-	14,320
Noncurrent portion of long-term debt	25,420,726	10,418,173	35,838,899
Total noncurrent liabilities	30,276,610	11,780,723	42,057,333
Total liabilities	34,058,670	13,700,585	47,759,255
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	1,377,771	391,870	1,769,641
Deferred inflows related to OPEB	103,166	29,342	132,508
Deferred inflows related to leases receivable	44,431	-	44,431
Total deferred inflows of resources	1,525,368	421,212	1,946,580
NET POSITION:			
Net investment in capital assets	10,017,767	8,252,170	18,269,937
Restricted for:			
OPEB asset benefits	55,836	15,881	71,717
System development	2,642,327	2,498,028	5,140,355
Debt service	668,651	-	668,651
Transportation	720,612	-	720,612
Community development	1,582,463	-	1,582,463
Tourism and events	252,945	-	252,945
Unrestricted	(1,997,699)	6,217,434	4,219,735
Total net position	\$ 13,942,902	\$ 16,983,513	\$ 30,926,415

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, 2023

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
			Capital Grants and Contributions
Governmental activities:			
General government	\$ 2,225,182	\$ 582,929	\$ 1,810,571
Public safety	3,315,766	68,889	36,865
Highways and streets	922,464	-	796,318
Community development	573,745	15,055	13,000
Culture and recreation	1,850,899	2,360	84,676
Interest on long-term debt	974,612	-	-
Total governmental activities	9,862,668	669,233	2,741,430
Business type activities:			
Water Operations	1,486,220	2,794,786	-
Sewer Operations	2,625,001	2,569,786	-
Storm Drain Operations	575,219	656,382	-
Total business type activities	4,686,440	6,020,954	-
Total government	\$ 14,549,108	\$ 6,690,187	\$ 2,741,430
General revenues:			
Taxes:			
Property taxes			
Transient lodging taxes			
Franchise taxes			
Interest and investment earnings			
Miscellaneous revenues			
Transfers in (out)			
Total general revenues and transfers			
Change in net position			
Net position, beginning			
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
\$ 168,318	\$ -	\$ 168,318
(3,210,012)	-	(3,210,012)
836,555	-	836,555
(545,690)	-	(545,690)
(1,394,991)	-	(1,394,991)
(974,612)	-	(974,612)
(5,120,432)	-	(5,120,432)
-	1,634,077	1,634,077
-	2,506,717	2,506,717
-	217,176	217,176
-	4,357,970	4,357,970
(5,120,432)	4,357,970	(762,462)
3,933,373	-	3,933,373
200,629	-	200,629
898,312	-	898,312
245,423	254,804	500,227
225,905	1,369	227,274
1,504,297	(1,504,297)	-
7,007,939	(1,248,124)	5,759,815
1,887,507	3,109,846	4,997,353
12,055,395	13,873,667	25,929,062
\$ 13,942,902	\$ 16,983,513	\$ 30,926,415

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.

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.

Urban Renewal Projects Fund

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

Grants Program Fund

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

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.

CITY OF INDEPENDENCE, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2023

	General Fund Generally Accepted Accounting Principles	MINET Debt Fund	Transportation Fund	Urban Renewal Projects Fund	Grants Program Fund	Capital Projects Fund	Other Governmental	Total Governmental
ASSETS:								
Cash and cash equivalents	\$ 2,599,170	\$ -	\$ 721,589	\$ -	\$ 2,105,213	\$ 185,140	\$ 4,008,871	\$ 9,619,983
Property taxes receivable	91,785	-	-	8,749	-	-	41,522	142,056
Accounts receivable, net	254,019	-	75,180	-	13,718	4,323	23,583	370,823
SDC and assessments receivables	-	-	-	-	-	-	15,448	15,448
Leases receivable	44,431	-	-	-	-	-	-	44,431
Prepays	48,107	-	597	-	904	-	29,771	79,379
Loans receivable, net	-	8,395,000	-	-	-	-	137,547	8,532,547
Due from other funds	102,007	-	-	-	-	-	-	102,007
Property held for sale	-	-	-	1,404,051	-	-	-	1,404,051
Interfund loan receivables	3,878,090	-	-	-	-	-	1,391,387	5,269,477
Total assets	\$ 7,017,609	\$ 8,395,000	\$ 797,366	\$ 1,412,800	\$ 2,119,835	\$ 189,463	\$ 5,648,129	\$ 25,580,202
LIABILITIES:								
Accounts payable and accrued expenses	\$ 194,191	\$ -	\$ 19,611	\$ -	\$ 25,344	\$ -	\$ 15,146	\$ 254,292
Deposits	203,491	-	-	-	-	-	400	203,891
Interfund loan payable	-	-	57,143	6,147,238	-	-	-	6,204,381
Due to other funds	49,363	-	-	52,644	-	-	-	102,007
Unearned revenue	-	-	-	-	1,612,399	-	-	1,612,399
Total liabilities	447,045	-	76,754	6,199,882	1,637,743	-	15,546	8,376,970
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - property taxes	73,959	-	-	6,982	-	-	33,265	114,206
Unavailable revenue - loan receivables	-	8,395,000	-	-	-	-	137,547	8,532,547
Unavailable revenue - municipal court receivables	9,317	-	-	-	-	-	-	9,317
Unavailable revenue - opioid receivables	107,074	-	-	-	-	-	-	107,074
Unavailable revenue - SDC and assessments receivables	-	-	-	-	-	-	15,448	15,448
Unavailable revenue - leases receivable	44,431	-	-	-	-	-	-	44,431
Total deferred inflows of resources	234,781	8,395,000	-	6,982	-	-	186,260	8,823,023
FUND BALANCES:								
Nonspendable:								
Prepaid items	48,107	-	597	-	904	-	29,771	79,379
Loan receivable	3,878,090	-	-	-	-	-	-	3,878,090
Restricted for:								
System development	-	-	-	-	-	-	2,575,549	2,575,549
Debt service	-	-	-	-	-	-	619,938	619,938
Transportation	-	-	714,434	-	-	-	-	714,434
Community development	-	-	-	-	481,188	-	1,030,506	1,511,694
Tourism and events	-	-	-	-	-	-	223,174	223,174
Committed to:								
Equipment and vehicle replacement	11,705	-	-	-	-	-	-	11,705
Park maintenance	344,454	-	-	-	-	-	-	344,454
Assigned to:								
Capital projects	-	-	-	-	-	189,463	967,385	1,156,848
Future PERS liability	59,015	-	5,581	-	-	-	-	64,596
Unassigned	1,994,412	-	-	(4,794,064)	-	-	-	(2,799,652)
Total fund balances	6,335,783	-	720,612	(4,794,064)	482,092	189,463	5,446,323	8,380,209
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,017,609	\$ 8,395,000	\$ 797,366	\$ 1,412,800	\$ 2,119,835	\$ 189,463	\$ 5,648,129	

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.	26,687,219
Prepaid bond insurance are not reported in the funds.	49,064
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	8,778,592
The net pension asset and deferred outflows and inflows related to pensions are not available and, therefore, are not reported in the funds.	(3,849,263)
The net OPEB asset and deferred outflows and inflows related to OPEB are not available and, therefore, are not reported in the funds.	(195,528)
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.	1,437,445
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	(26,836,584)
Compensated absences	(305,766)
Leases payable	(67,671)
SBITA payable	(36,590)
Interest payable	(98,225)
Net position of governmental activities	\$ 13,942,902

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, 2023

	General Fund Generally Accepted Accounting Principles	MINET Debt Fund	Transportation Fund	Urban Renewal Projects Fund	Grants Program Fund	Capital Projects Fund	Other Governmental	Total Governmental
REVENUES:								
Property taxes	\$ 2,472,117	\$ -	\$ -	\$ 253,744	\$ -	\$ -	\$ 1,163,142	\$ 3,889,003
Transient lodging taxes	-	-	-	-	-	-	200,629	200,629
Franchise fees	898,312	-	-	-	-	-	-	898,312
Licenses, permits and fees	400,470	-	-	-	-	-	-	400,470
Intergovernmental	523,043	793,349	796,318	-	505,909	-	-	2,618,619
Assessments	-	-	-	-	-	-	4,373	4,373
Grants and donations	-	-	-	-	2,315	713,665	-	715,980
Fines and forfeitures	76,097	-	-	-	-	-	-	76,097
Charges for services	166,266	-	-	-	-	-	-	166,266
Rent	22,308	-	-	-	-	-	2,360	24,668
Interest revenue	72,230	-	16,281	1,352	62,950	3,339	89,271	245,423
Miscellaneous revenue	25,594	-	7,859	-	-	-	192,452	225,905
Loan repayments	-	-	-	-	-	-	14,480	14,480
Royalties	-	-	-	-	-	-	5,286	5,286
System development charges	-	-	-	-	-	-	779,280	779,280
Total revenues	4,656,437	793,349	820,458	255,096	571,174	717,004	2,451,273	10,264,791
EXPENDITURES:								
Current:								
General government	1,349,361	-	-	-	457,258	-	79,773	1,886,392
Public safety	3,368,658	-	-	-	69,480	-	-	3,438,138
Highways and streets	-	-	677,766	-	-	-	4,375	682,141
Community development	516,972	-	-	-	59,312	-	-	576,284
Culture and recreation	1,297,231	-	-	-	18,185	-	389,183	1,704,599
Capital outlay	142,767	-	1,300	-	-	45,383	-	189,450
Debt service:								
Principal	62,808	510,000	-	-	-	-	695,400	1,268,208
Interest	10,317	283,349	-	-	-	-	655,817	949,483
Total expenditures	6,748,114	793,349	679,066	-	604,235	45,383	1,824,548	10,694,695
Revenues over (under) expenditures	(2,091,677)	-	141,392	255,096	(33,061)	671,621	626,725	(429,904)
OTHER FINANCING SOURCES (USES):								
Transfers in	1,801,963	-	-	-	-	-	763,398	2,565,361
Transfers out	(404,440)	-	(159,619)	(496,611)	-	-	(394)	(1,061,064)
Total other financing sources (uses)	1,397,523	-	(159,619)	(496,611)	-	-	763,004	1,504,297
Net change in fund balance	(694,154)	-	(18,227)	(241,515)	(33,061)	671,621	1,389,729	1,074,393
FUND BALANCE, BEGINNING	7,029,937	-	738,839	(4,552,549)	515,153	(482,158)	4,056,594	7,305,816
FUND BALANCE, ENDING	\$ 6,335,783	\$ -	\$ 720,612	\$ (4,794,064)	\$ 482,092	\$ 189,463	\$ 5,446,323	\$ 8,380,209

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, 2023

Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ 1,074,393
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.		303,851
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.		3,775
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.		
Capital asset additions	174,117	
SBITA additions	57,896	
Current year depreciation/amortization	<u>(943,358)</u>	(711,345)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.		
Capital contributions	<u>552,293</u>	552,293
Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities.		(571,206)
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.		
Changes in prepaid bond insurance		(3,067)
Accrued interest expense		(30,100)
Amortization of bond premium and bond insurance		67,830
Interest expense associated with deferred charge on refunding		(61,857)
Changes in compensated absences		12,697
Subscription-based information technology arrangements payable		(36,590)
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	1,268,208	
Lease principal payments	<u>18,625</u>	<u>1,286,833</u>
Change in net position of governmental activities		<u>\$ 1,887,507</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, 2023

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 2,910,826	\$ 6,391,322	\$ 630,052	\$ 9,932,200
Accounts receivable, net	290,680	246,157	78,427	615,264
Prepaid expenses	857	934	433	2,224
Interfund loan receivable	317,406	591,987	25,511	934,904
Loans receivables, net	42,679	60,075	5,781	108,535
Total current assets	3,562,448	7,290,475	740,204	11,593,127
Noncurrent assets:				
Capital assets, net	6,155,862	11,796,619	968,273	18,920,754
OPEB asset	6,364	6,337	3,180	15,881
Total noncurrent assets	6,162,226	11,802,956	971,453	18,936,635
Total assets	9,724,674	19,093,431	1,711,657	30,529,762
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	227,870	226,900	113,881	568,651
Deferred outflows related to OPEB	2,764	2,752	1,381	6,897
Total deferred outflows of resources	230,634	229,652	115,262	575,548
Total assets and deferred outflows of resources	\$ 9,955,308	\$ 19,323,083	\$ 1,826,919	\$ 31,105,310
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 41,260	\$ 1,031,679	\$ 10,678	\$ 1,083,617
Accrued interest payable	3,391	290,312	-	293,703
Deposits	268,314	-	-	268,314
PERS liability reserve	7,460	7,368	3,981	18,809
Accrued compensated absences	10,661	9,328	3,465	23,454
Current portion of leases payable	2,753	2,753	2,752	8,258
Current portion of long-term debt	138,707	85,000	-	223,707
Total current liabilities	472,546	1,426,440	20,876	1,919,862
Noncurrent liabilities:				
Noncurrent portion of leases payable	6,148	6,148	6,150	18,446
Noncurrent portion of long-term debt	1,368,689	9,049,484	-	10,418,173
Accrued compensated absences	10,661	9,328	3,464	23,453
Net pension liability	509,556	507,388	254,658	1,271,602
OPEB liability	19,655	19,571	9,823	49,049
Total noncurrent liabilities	1,914,709	9,591,919	274,095	11,780,723
Total liabilities	2,387,255	11,018,359	294,971	13,700,585
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	157,030	156,362	78,478	391,870
Deferred inflows related to OPEB	11,758	11,708	5,876	29,342
Total deferred inflows of resources	168,788	168,070	84,354	421,212
NET POSITION:				
Net investment in capital assets	4,639,565	2,653,234	959,371	8,252,170
Restricted for:				
OPEB asset benefits	6,364	6,337	3,180	15,881
System development	278,764	1,813,842	405,422	2,498,028
Unrestricted	2,474,572	3,663,241	79,621	6,217,434
Total net position	7,399,265	8,136,654	1,447,594	16,983,513
Total liabilities, deferred inflows of resources, and net position	\$ 9,955,308	\$ 19,323,083	\$ 1,826,919	\$ 31,105,310

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, 2023

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
OPERATING REVENUES:				
Charges for services	\$ 2,794,786	\$ 2,569,786	\$ 656,382	\$ 6,020,954
Miscellaneous income	500	869	-	1,369
Total operating revenues	2,795,286	2,570,655	656,382	6,022,323
OPERATING EXPENSES:				
Personnel service	717,950	755,151	446,014	1,919,115
Materials and service	515,265	1,506,564	82,626	2,104,455
Depreciation/Amortization	210,270	180,456	46,438	437,164
Total operating expenses	1,443,485	2,442,171	575,078	4,460,734
Operating income (loss)	1,351,801	128,484	81,304	1,561,589
NON-OPERATING REVENUES (EXPENSES):				
Gain (loss) on sale of assets	-	(16,386)	-	(16,386)
Interest income	122,440	120,289	12,075	254,804
Interest expense	(42,735)	(166,444)	(141)	(209,320)
Capital grants	-	2,000,000	-	2,000,000
Total non-operating revenues (expenses)	79,705	1,937,459	11,934	2,029,098
Net income (loss) before transfers and contributions	1,431,506	2,065,943	93,238	3,590,687
TRANSFERS AND CONTRIBUTIONS:				
Transfers in (out)	(857,107)	(515,604)	(131,586)	(1,504,297)
Capital contributions	325,511	561,932	136,013	1,023,456
Change in net position	899,910	2,112,271	97,665	3,109,846
NET POSITION, BEGINNING	6,499,355	6,024,383	1,349,929	13,873,667
NET POSITION, ENDING	\$ 7,399,265	\$ 8,136,654	\$ 1,447,594	\$ 16,983,513

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, 2023

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,850,330	\$ 2,670,730	\$ 672,331	\$ 6,193,391
Cash paid to employees and others for salaries and benefits	(612,779)	(605,455)	(329,708)	(1,547,942)
Cash paid to suppliers and others	(484,656)	(486,989)	(71,856)	(1,043,501)
Net cash provided by operating activities	1,752,895	1,578,286	270,767	3,601,948
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Payment from (to) other funds	465,711	90,077	(64,944)	490,844
Transfers in (out)	(857,107)	(515,604)	(131,586)	(1,504,297)
Net cash (used for) non-capital financing activities	(391,396)	(425,527)	(196,530)	(1,013,453)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(111,190)	(371,065)	(1,200)	(483,455)
Principal paid on long-term obligations	(139,748)	(85,000)	-	(224,748)
Principal paid on lease obligations	(2,717)	(2,717)	(2,716)	(8,150)
Proceeds from system development charges	176,361	398,622	56,031	631,014
Capital grants	-	2,000,000	-	2,000,000
Cash proceeds from disposal of capital asset	-	13,700	-	13,700
Interest paid	(43,466)	(62,890)	(141)	(106,497)
Net cash provided by (used for) capital and related financing activities	(120,760)	1,890,650	51,974	1,821,864
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	122,440	120,289	12,075	254,804
Net cash provided by investing activities	122,440	120,289	12,075	254,804
Net increase (decrease) in cash and cash equivalents	1,363,179	3,163,698	138,286	4,665,163
CASH AND CASH EQUIVALENTS, BEGINNING	1,547,647	3,227,624	491,766	5,267,037
CASH AND CASH EQUIVALENTS, ENDING	\$ 2,910,826	\$ 6,391,322	\$ 630,052	\$ 9,932,200
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income	\$ 1,351,801	\$ 128,484	\$ 81,304	\$ 1,561,589
Adjustments				
Depreciation and amortization	210,270	180,456	46,438	437,164
Decrease (increase) in:				
Accounts receivable and loans receivable	28,769	100,075	15,949	144,793
Prepays	6,447	5,875	2,204	14,526
Increase (decrease) in:				
Accounts payable and accrued expenses	24,162	1,013,700	8,566	1,046,428
PERS liability reserve	7,460	7,368	3,981	18,809
Deposits	26,275	-	-	26,275
Net pension liability and pension related items	85,516	128,913	104,466	318,895
Net OPEB liability and OPEB related items	5,335	7,413	5,630	18,378
Accrued compensated absences	6,860	6,002	2,229	15,091
Net cash provided by operating activities	\$ 1,752,895	\$ 1,578,286	\$ 270,767	\$ 3,601,948
NON-CASH CAPITAL FINANCING ACTIVITIES:				
Capital contributions	\$ 149,150	\$ 163,310	\$ 79,982	\$ 392,442
Total non-cash capital financing activities	\$ 149,150	\$ 163,310	\$ 79,982	\$ 392,442

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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 2023:

- 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 *Grants Program Fund* accounts for local, state, and federal grants received for operating purposes, and the associated expenditures.
- The *Transportation Fund* accounts for street maintenance and improvements.
- The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital items and facilities.

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.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

The City reports the following proprietary funds:

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

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.

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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.

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

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.

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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.

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.

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

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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.

I. Lease and Subscription-Based Information Technology Arrangement Assets

Lease and subscription-based information technology arrangement assets are assets which the City has the right to use for a term of more than one year. The value of these assets is determined by the net present value of the asset's payback at the City's incremental borrowing rate at the time of the agreement, amortized over the term of the agreement.

J. 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 assets 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in this category. Unavailable revenue from property taxes, 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 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 and OPEB income. The City also reports deferred amounts related to leases receivable in both the governmental funds balance sheet and the government-wide Statement of Net Position. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as income over the life of the lease term.

K. Leases Payable

In the government-wide financial statements, leases payable is reported as a liability in the statement of net position. In the governmental fund financial statements, the lease payments are reported as debt service expenditures.

L. 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

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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.

M. 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.

N. 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.

O. 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.

P. 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 – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Includes amounts not immediately converted to cash, such as prepaid items.

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

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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.

Q. 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.

R. 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, 2023 investments included in cash and cash equivalents consist of the following:

	Weighted Average Maturity (Years)	Fair Value
Investments in the State Treasurer’s Local Government Investment Pool	0.00	\$ 19,241,203

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.

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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.

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. As of June 30, 2023, the book value of the City's deposits was \$311,263 and the bank balance was \$752,742. \$220,183 of the City's bank balances were exposed to custodial credit risk as they were collateralized under PFCP. 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.

3. Loans and Leases 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.

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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, 2023, there were three loans outstanding totaling \$70,769 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, 2023, the loan receivable balance from MINET is \$12,569,870. The City has estimated the collectability of the loan receivable and has recorded an allowance for doubtful accounts in the amount of \$4,174,870. The loan receivable is as follows:

	MINET Debt		
	Service Fund	Water Fund	Total
Loan receivable balance	\$ 8,395,000	\$ 4,174,870	\$ 12,569,870
Allowance for doubtful accounts	-	(4,174,870)	(4,174,870)
Loan balance	<u>\$ 8,395,000</u>	<u>\$ -</u>	<u>\$ 8,395,000</u>

E. Water Tower Leases Receivable

On July 24, 2015, the City entered into a 48-month lease as Lessor for the use of Verizon Water Tower. On July 1, 2021, an initial lease receivable was recorded in the amount of \$83,807. As of June 30, 2023, the value of the lease receivable is \$44,431. The lessee is required to make monthly fixed payments of \$1,718. The lease has an interest rate of 1.0110%. The value of the deferred inflow of resources as of June 30, 2023 was \$44,431, and the City recognized lease revenue of \$20,623 during the fiscal year. The lessee has 3 extension options, each for 60 months.

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4. Capital Assets

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

Primary Government	Beginning Balance Restated	Additions	Deletions	Ending Balance
Capital assets, non-depreciable/amortizable:				
Land	\$ 1,457,360	\$ -	\$ -	\$ 1,457,360
Work In Progress	2,370,312	47,809	(444,151)	1,973,970
Total capital assets, non-depreciable/amortizable	3,827,672	47,809	(444,151)	3,431,330
Capital assets, depreciable/amortizable:				
Intangibles	219,088	15,795	-	234,883
Buildings	16,257,935	-	-	16,257,935
Equipment	551,963	125,383	-	677,346
Vehicles	958,525	61,343	-	1,019,868
Infrastructure	23,869,412	920,231	-	24,789,643
Right-to-use leased asset - equipment	108,785	-	-	108,785
Subscription-based information technology arrangement assets	57,896	-	-	57,896
Total capital assets, depreciable/amortizable	42,023,604	1,122,752	-	43,146,356
Total assets	45,851,276	1,170,561	(444,151)	46,577,686
Less accum depreciation/amortization for:				
Intangible Assets	(218,525)	(15,561)	-	(234,086)
Buildings	(5,412,043)	(399,098)	-	(5,811,141)
Equipment	(434,332)	(25,730)	-	(460,062)
Vehicles	(689,295)	(58,024)	-	(747,319)
Infrastructure	(12,171,155)	(404,229)	-	(12,575,384)
Right-to-use leased assets	(21,759)	(18,933)	-	(40,692)
Subscription-based information technology arrangement assets	-	(21,783)	-	(21,783)
Total accumulated depreciation/amortization	(18,947,109)	(943,358)	-	(19,890,467)
Net depreciable/amortizable capital assets	23,076,495	179,394	-	23,255,889
Net capital assets	\$ 26,904,167	\$ 227,203	\$ (444,151)	\$ 26,687,219
Governmental activities:				
General government		\$ 440,937		
Public safety		41,871		
Roads and Highways		265,007		
Culture and recreation		195,543		
Total depreciation/amortization expense		<u>\$ 943,358</u>		

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

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, non-depreciable/amortizable:				
Land	\$ 201,804	\$ -	\$ -	\$ 201,804
Intangibles	860,893	-	-	860,893
Work in progress	7,319,882	369,865	-	7,689,747
Total capital assets, non-depreciable/amortizable	<u>8,382,579</u>	<u>369,865</u>	<u>-</u>	<u>8,752,444</u>
Capital assets, depreciable/amortizable:				
Buildings	1,245,809	-	-	1,245,809
Distribution systems	19,246,005	502,432	-	19,748,437
Equipment	1,365,009	3,600	(34,384)	1,334,225
Right-to-use leased asset - equipment	41,712	-	-	41,712
Total capital assets, depreciable/amortizable	<u>21,898,535</u>	<u>506,032</u>	<u>(34,384)</u>	<u>22,370,183</u>
Less accum depreciation/amortization for:				
Buildings	(472,811)	(30,782)	-	(503,593)
Distribution systems	(10,302,942)	(347,442)	-	(10,650,384)
Equipment	(986,804)	(50,633)	4,298	(1,033,139)
Right-to-use leased assets	(6,450)	(8,307)	-	(14,757)
Total accumulated depreciation/amortization	<u>(11,769,007)</u>	<u>(437,164)</u>	<u>4,298</u>	<u>(12,201,873)</u>
Net depreciable/amortizable capital assets	<u>10,129,528</u>	<u>68,868</u>	<u>(30,086)</u>	<u>10,168,310</u>
Net capital assets	<u>\$ 18,512,107</u>	<u>\$ 438,733</u>	<u>\$ (30,086)</u>	<u>\$ 18,920,754</u>
Business-type activities:				
Sewer		\$ 180,456		
Water		210,270		
Storm drain		<u>46,438</u>		
Total depreciation/amortization expense		<u>\$ 437,164</u>		

CITY OF INDEPENDENCE, OREGON
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For the Fiscal Year Ended June 30, 2023

5. 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.

Fund Transfers:

	<u>Transfers In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund GAAP	\$ 1,801,964	\$ 404,440
Transportation Fund	-	159,620
Urban Renewal Projects Fund	-	496,611
Total Major Governmental Funds	<u>\$ 1,801,964</u>	<u>\$ 1,060,671</u>
Non-Major Governmental Funds:		
Economic Development Fund	1,697	-
Tourism and Events Fund	-	31
Transportation SDC Fund	2,821	-
Parks SDC Fund	-	363
Urban Renewal Debt Service Fund	423,880	-
Building Repair and Replacement	335,000	-
Total Non-Major Governmental Funds	<u>763,398</u>	<u>394</u>
Major Enterprise Funds:		
Water Fund	-	857,107
Sewer Fund	-	515,604
Storm Drain Fund	-	131,586
Total Enterprise Funds	<u>-</u>	<u>1,504,297</u>
Total All Funds	<u><u>\$ 2,565,362</u></u>	<u><u>\$ 2,565,362</u></u>

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Budgetary Transfers:

	<u>Transfers In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 1,151,492	\$ 404,440
Total Major Governmental Funds	<u>1,151,492</u>	<u>404,440</u>
Non-Major Governmental Funds:		
Building Repair/Replacement Reserve Fund	335,000	-
Transportation Fund	-	158,911
Information Services Equipment Fund	160,000	-
Urban Renewal Debt Service Fund	423,880	-
Total Non-Major Governmental Funds	<u>918,880</u>	<u>158,911</u>
Major Enterprise Funds:		
Water Fund	-	858,367
Sewer Fund	-	517,298
Storm Fund	-	131,356
Total Enterprise Funds	<u>-</u>	<u>1,507,021</u>
Total All Funds	<u>\$ 2,070,372</u>	<u>\$ 2,070,372</u>

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 \$3,867,234. 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, 2023, the balance of this loan is \$1,968,071. 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 \$409,821 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.

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The total balance of loans receivable between the City and the URA is \$6,147,238 as follows:

	ICC Construction and Debt Service	Independence Landing Development Agreement	Total
General Fund	\$ 3,867,234	\$ 10,856	\$ 3,878,090
Transportation SDC Fund	-	770,826	770,826
Parks SDC Funds	-	410,740	410,740
Water SDC Fund	-	260,263	260,263
Sewer SDC Fund	-	391,987	391,987
Storm SDC Fund	-	25,511	25,511
Loan Balances	<u>\$ 3,867,234</u>	<u>\$ 1,870,183</u>	
		Cash Allocations	409,821
		Total Loan Receivable	<u>\$ 6,147,238</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.

From (Receivable)	To (Payable)	June 30, 2023 Balance
General Fund	UR Projects	\$ 3,878,090
Economic Dev	UR Projects	209,821
Transportation SDC	UR Projects	770,826
Parks SDC	UR Projects	410,740
Sewer Fund	UR Projects	200,000
Sewer SDC	UR Projects	391,987
Water SDC	UR Projects	260,263
Storm SDC	UR Projects	25,511
Water Fund	Transportation	57,143
		<u>\$ 6,204,381</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
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C. Interfund Receivables and Payables

Interfund balances which represent unsettled overdrafts of pooled cash as of June 30, 2023, are as follows:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
Urban Renewal Projects Fund	\$ 52,644	-
Information Services Equipment Fund	49,363	-
General Fund	-	\$ 102,007

D. Franchise Fee Payments

The Proprietary funds paid franchise fees to the General Fund for fiscal year ended June 30, 2023 as follows:

Water Fund	\$ 189,212
Sewer Fund	178,808
Storm Drain Fund	<u>46,102</u>
Total	<u><u>\$ 414,122</u></u>

6. Leases Payable

During the year ended June 30, 2023, governmental leases payable activity was as follows:

<u>Governmental Activities</u>	<u>June 30, 2022</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u> <u>Balance</u>
Office copier, postage and plotting machines; interest ranges between 0.74-2.36%, monthly payments of principal and interest of \$1,854, due 2027	\$ 86,296	\$ -	\$ 18,625	\$ 67,671
				<u>(22,242)</u>
Current portion				<u>\$ 45,429</u>
Long-term portion				

Future maturities are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 22,242	\$ 736
2025	22,511	467
2026	19,605	204
2027	<u>3,313</u>	<u>27</u>
	<u><u>\$ 67,671</u></u>	<u><u>\$ 1,434</u></u>

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For the Fiscal Year Ended June 30, 2023

During the year ended June 30, 2023, business-type leases payable activity was as follows:

<u>Business-Type Activities</u>	<u>June 30, 2022 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022 Balance</u>
Office copier, postage and plotting machines; interest at 1.04-2.36%, monthly payments of principal and interest of \$226, due 2027	\$ 34,854	\$ -	\$ 8,150	\$ 26,704
Current portion				(8,258)
Long-term portion				<u>\$ 18,446</u>

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,258	\$ 314
2025	8,366	205
2026	8,477	94
2027	<u>1,603</u>	<u>14</u>
	<u>\$ 26,704</u>	<u>\$ 627</u>

7. Subscription-Based Information Technology Arrangements

The City has entered into subscription-based information technology arrangements (SBITAs) involving:

- Various desktop and server software subscriptions
- Payroll and human resources services software

The total of the City's subscription assets are recorded at a cost of \$57,896, less accumulated amortization of \$21,783.

Subscription-based information technology arrangements payable activity for the year was as follows:

	<u>June 30, 2022 Balance Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023 Balance</u>
Subscription-based information technology arrangements	\$ 57,896	\$ -	\$ 21,306	\$ 36,590
	<u>\$ 57,896</u>	<u>\$ -</u>	<u>\$ 21,306</u>	36,590
Current portion				(22,270)
Long-term portion				<u>\$ 14,320</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

The future subscription payments under subscription-based information technology arrangements are as follows:

Fiscal Year	Principal	Interest
2024	\$ 22,270	\$ 1,738
2025	14,320	680
	<u>\$ 36,590</u>	<u>\$ 2,418</u>

8. Long Term Debt

During the year ended June 30, 2023, 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	\$ 3,450,000	\$ -	\$ 250,000	\$ 3,200,000	\$ 265,000
Bond Premium	15,326	-	1,523	13,803	-
2015 FF&C MINET Bond	2,650,000	-	225,000	2,425,000	235,000
2016A FF&C Refunding Obligation	7,875,000	-	35,000	7,840,000	40,000
Bond Premium	393,950	-	23,174	370,776	-
2017C FF&C MINET Bond	1,475,000	-	285,000	1,190,000	295,000
2017A FF&C Refunding Obligation	3,305,000	-	385,000	2,920,000	400,000
Bond Premium	293,923	-	17,289	276,634	-
2020 FF&C MINET Refunding Obligation	4,780,000	-	-	4,780,000	-
Bond Premium	439,349	-	25,844	413,505	-
Total Bonds	<u>24,677,548</u>	<u>-</u>	<u>1,247,830</u>	<u>23,429,718</u>	<u>1,235,000</u>
Notes Payable					
SPWF Loan - Hoffman	50,843	-	25,400	25,443	25,443
2020 Chase Bank (Museum)	539,651	-	62,808	476,843	64,083
2021 IFA Loan - Indy Landing	2,904,580	-	-	2,904,580	91,332
Total Notes Payable	<u>3,495,074</u>	<u>-</u>	<u>88,208</u>	<u>3,406,866</u>	<u>180,858</u>
Total Bonds, Notes, and Leases	<u>28,172,622</u>	<u>-</u>	<u>1,336,038</u>	<u>26,836,584</u>	<u>1,415,858</u>
Compensated Absences	<u>318,463</u>	<u>289,382</u>	<u>302,079</u>	<u>305,766</u>	<u>152,883</u>
Total Governmental Activities	<u>\$ 28,491,085</u>	<u>\$ 289,382</u>	<u>\$ 1,638,117</u>	<u>\$ 27,142,350</u>	<u>\$ 1,568,741</u>

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, 2023 are as follows:

CITY OF INDEPENDENCE, OREGON
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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.	\$ 3,200,000
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.	2,425,000
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	7,840,000
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.	1,190,000
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.	2,920,000
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.	4,780,000
Total bonds	<u>\$ 22,355,000</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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

Fiscal Year	2013 GO Refunding Bonds		2015 FF&C MINET Bond	
	Principal	Interest	Principal	Interest
2024	\$ 265,000	\$ 133,319	\$ 235,000	\$ 87,088
2025	275,000	122,719	240,000	79,485
2026	290,000	111,719	250,000	71,150
2027	300,000	100,119	255,000	62,185
2028	315,000	88,119	265,000	52,693
2029-33	1,755,000	233,913	1,180,000	98,212
	<u>\$ 3,200,000</u>	<u>\$ 789,908</u>	<u>\$ 2,425,000</u>	<u>\$ 450,813</u>

Fiscal Year	2016A FF&C Refunding Bond		2017C FF&C MINET Bond	
	Principal	Interest	Principal	Interest
2024	\$ 40,000	\$ 298,006	\$ 295,000	\$ 38,055
2025	40,000	296,406	305,000	29,058
2026	40,000	294,806	315,000	19,450
2027	40,000	293,206	275,000	9,212
2028	45,000	291,606	-	-
2029-33	2,220,000	1,335,430	-	-
2034-38	3,725,000	719,030	-	-
2039-43	1,690,000	86,063	-	-
	<u>\$ 7,840,000</u>	<u>\$ 3,614,553</u>	<u>\$ 1,190,000</u>	<u>\$ 95,775</u>

CITY OF INDEPENDENCE, OREGON
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For the Fiscal Year Ended June 30, 2023

Fiscal Year	2017A FF& C Refunding Bond		2020 FF&C MINET Refunding	
	Principal	Interest	Principal	Interest
2024	\$ 400,000	\$ 116,800	\$ -	\$ 143,050
2025	415,000	100,800	-	143,050
2026	430,000	84,200	-	143,050
2027	450,000	67,000	35,000	143,050
2028	465,000	49,000	315,000	142,350
2029-33	760,000	41,400	1,705,000	565,950
2034-38	-	-	1,985,000	293,100
2039-43	-	-	740,000	32,550
	<u>\$ 2,920,000</u>	<u>\$ 459,200</u>	<u>\$ 4,780,000</u>	<u>\$ 1,606,150</u>

Fiscal Year	Total Bonds Payable	
	Principal	Interest
2024	\$ 1,235,000	\$ 816,318
2025	1,275,000	771,518
2026	1,325,000	724,375
2027	1,355,000	674,772
2028	1,405,000	623,768
2029-33	7,620,000	2,274,905
2034-38	5,710,000	1,012,130
2039-43	2,430,000	118,613
	<u>\$ 22,355,000</u>	<u>\$ 7,016,399</u>

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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%.

\$ 25,443

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.

476,843

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

Total notes payable

\$ 3,406,866

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

Fiscal Year	2002 IFA Loan - Ash Street		2020 Chase Bank (Museum)	
	Principal	Interest	Principal	Interest
2024	\$ 25,443	\$ 1,272	\$ 64,083	\$ 9,029
2025	-	-	65,384	7,715
2026	-	-	66,711	6,375
2027	-	-	68,066	5,007
2028	-	-	69,447	3,611
2029-33	-	-	143,152	2,920
	<u>\$ 25,443</u>	<u>\$ 1,272</u>	<u>\$ 476,843</u>	<u>\$ 34,657</u>

CITY OF INDEPENDENCE, OREGON
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Fiscal Year	2021 IFA SPWF - Indy Landing		Total Notes Payable	
	Principal	Interest	Principal	Interest
2024	\$ 91,332	\$ 82,200	\$ 180,858	\$ 92,501
2025	93,916	79,615	159,300	87,330
2026	96,574	76,957	163,285	83,332
2027	99,307	71,224	167,373	76,231
2028	102,118	71,414	171,565	75,025
2029-33	555,608	312,049	698,760	314,969
2034-38	638,803	228,852	638,803	228,852
2039-43	734,458	133,198	734,458	133,198
2044-48	492,464	28,133	492,464	28,133
	<u>\$ 2,904,580</u>	<u>\$ 1,083,642</u>	<u>\$ 3,406,866</u>	<u>\$ 1,119,571</u>

During the year ended June 30, 2023, 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	\$ 1,945,000	\$ -	\$ 85,000	\$ 1,860,000	\$ 85,000
Bond Discount	(10,357)	-	(576)	(9,781)	-
2016A Full Faith & Credit Water Bond	1,020,000	-	60,000	960,000	60,000
Bond Premium	44,994	-	3,214	41,780	-
Total Bonds	<u>2,999,637</u>	<u>-</u>	<u>147,638</u>	<u>2,851,999</u>	<u>145,000</u>
Notes Payable					
CWSRF Loan	7,284,265	-	-	7,284,265	-
Direct Borrowing					
2018 Chase Bank Loan	<u>582,150</u>	<u>-</u>	<u>76,534</u>	<u>505,616</u>	<u>78,707</u>
Total Notes Payable	<u>7,866,415</u>	<u>-</u>	<u>76,534</u>	<u>7,789,881</u>	<u>78,707</u>
Total Bonds, Notes and Leases	10,866,052	-	224,172	10,641,880	223,707
Compensated Absences	<u>31,816</u>	<u>53,088</u>	<u>37,997</u>	<u>46,907</u>	<u>23,454</u>
Total Business Activities	<u>\$ 10,897,868</u>	<u>\$ 53,088</u>	<u>\$ 262,169</u>	<u>\$ 10,688,787</u>	<u>\$ 247,161</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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

\$ 1,860,000

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.

960,000

Total bonds payable

\$ 2,820,000

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		Total Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 85,000	\$ 60,200	\$ 60,000	\$ 29,450	\$ 145,000	\$ 89,650
2025	90,000	57,650	65,000	27,650	155,000	85,300
2026	90,000	54,950	65,000	25,050	155,000	80,000
2027	95,000	52,250	65,000	23,100	160,000	75,350
2028	95,000	49,400	70,000	21,150	165,000	70,550
2029-33	525,000	202,150	380,000	73,200	905,000	275,350
2034-38	610,000	112,525	255,000	15,300	865,000	127,825
2039-43	270,000	14,175	-	-	270,000	14,175
	<u>\$ 1,860,000</u>	<u>\$ 603,300</u>	<u>\$ 960,000</u>	<u>\$ 214,900</u>	<u>\$ 2,820,000</u>	<u>\$ 818,200</u>

CITY OF INDEPENDENCE, OREGON
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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.

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: \$ 7,284,265

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. 505,616

Total notes payable \$ 7,789,881

The City has an unused draw down for business-type activities related to the Clean Water State Revolving Fund Loan agreement above in the amount of \$2,131,865.

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

Fiscal Year	2019 FF&C Chase - Water	
	Principal	Interest
2024	\$ 78,707	\$ 13,398
2025	80,946	11,309
2026	83,092	9,164
2027	85,293	6,962
2028	87,554	4,702
2029-33	<u>90,024</u>	<u>2,382</u>
	<u>\$ 505,616</u>	<u>\$ 47,917</u>

9. Net Position

The government-wide statement of net position reports \$8,248,396 of restricted net position of which \$5,296,751 is restricted by enabling legislation.

10. Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2023. These deficits will be financed through future revenues.

CITY OF INDEPENDENCE, OREGON
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Fund	Amount
Urban Renewal Projects Fund	\$ (4,794,064)
Information Services Equipment Fund	\$ (13,279)

11. Tax Abatements

Polk County negotiates property tax abatement agreements on an individual basis. For the fiscal year ended June 30, 2023, the County had agreements which reduced property taxes levied on 12 properties for certified historic properties and for enterprise zone properties.

Property taxes for certified historic properties are abated for 15 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, 2023, listed by abatement program are as follows:

<u>Abatement Program</u>	<u>Percentage of Taxes Abated</u>	<u>Total Property Taxes Abated</u>	<u>Independence Share Taxes Abated</u>
Historic Property	30% - 55%	\$ 5,814	\$ 2,049
Enterprise Zone	100%	44,640	-
Total Abatement		<u>\$ 50,454</u>	<u>\$ 2,049</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

12. 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:

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB Asset	\$ -	\$ 71,717	\$ 71,717
Deferred Outflows of Resources			
Change in Assumptions	12,633	562	13,195
Difference in Expected and Actual Experience	6,257	-	6,257
Difference in Earnings	-	-	-
Change in Proportionate Share	-	9,326	9,326
Contributions After MD	1,868	505	2,373
Total OPEB Liability	(221,501)	-	(221,501)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(59,598)	(1,943)	(61,541)
Difference in Earnings	-	(5,469)	(5,469)
Change in Assumptions	(63,107)	(2,391)	(65,498)
Change in Proportionate Share	-	-	-
OPEB Expense/(Income)*	19,796	(2,819)	16,977

*Included in program expenses on Statement of Activities

Implicit Rate Subsidy

Plan Description

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

CITY OF INDEPENDENCE, OREGON
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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, 2022, the following employees were covered by the benefit terms:

Active employees	38
Eligible retirees	0
Spouses of ineligible retirees	<u>0</u>
Total participants	<u>38</u>

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

The City's net OPEB liability of \$221,501 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2023, the City recognized OPEB expense from this plan of \$19,796. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,257	\$ 59,598
Changes of assumptions	<u>12,633</u>	<u>63,107</u>
Total (prior to post-MD contributions)	18,890	122,705
Contributions subsequent to the MD	<u>1,868</u>	<u>-</u>
Total	<u>\$ 20,758</u>	<u>\$ 122,705</u>

Deferred outflows of resources related to OPEB of \$1,868 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB income as follows:

<u>Year ended June 30:</u>	
2024	\$ (13,142)
2025	(13,142)
2026	(13,142)
2027	(12,601)
2028	(11,346)
Thereafter	<u>(40,442)</u>
Total	<u>\$ (103,815)</u>

CITY OF INDEPENDENCE, OREGON
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For the Fiscal Year Ended June 30, 2023

Actuarial Assumptions and Other Inputs

The net OPEB liability in the July 1, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Discount Rate	3.54 percent
Projected Salary Increases	3.40 percent overall payroll growth
Retiree Healthcare Participation	35% 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>Future mortality improvement: Generational Unisex Social Security Data Scale</p> <p>Healthcare cost trend rate:</p> <p>Medical and vision: 3.75 percent per year increasing to 6.75 percent.</p> <p>Dental: 4.00 percent per year until 2072, then 3.75 percent thereafter.</p>

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

CITY OF INDEPENDENCE, OREGON
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For the Fiscal Year Ended June 30, 2023

Changes in the Net OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2022	\$ 287,148
Changes for the year:	
Service cost	26,202
Interest on total OPEB liability	6,736
Effect of economic demographic gains or losses	(47,651)
Effect of assumptions, changes, or inputs	(47,960)
Benefit payments	(2,974)
Balance as of June 30, 2023	<u>\$ 221,501</u>

Changes in assumptions are the result of the change in the discount rate from 2.16% to 3.54%.

Sensitivity of the Total OPEB Liability

The following presents the City's OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Discount Rate:			
Total OPEB Liability	\$ 245,234	\$ 221,501	\$ 199,823
	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Healthcare Cost Trend:			
Total OPEB Liability	\$ 190,300	\$ 221,501	\$ 259,002

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

CITY OF INDEPENDENCE, OREGON
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For the Fiscal Year Ended June 30, 2023

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/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

Benefits Provided

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

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation and a percentage of payroll that first became effective July 1, 2021. The City contributed 0.05% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The City's total for the year ended June 30, 2023 contributions was \$505.

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

At June 30, 2023, the City reported an asset of \$71,717 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2023, the City's proportionate share was 0.0201%, which is a decrease from its proportion of 0.0244% as of June 30, 2022.

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For the year ended June 30, 2023, the City recognized OPEB income from this plan of \$2,819. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,943
Changes of assumptions	562	2,391
Net difference between projected and actual earnings on investments	-	5,469
Changes in proportionate share	9,326	-
Total (prior to post-MD contributions)	9,888	9,803
Contributions subsequent to the MD	505	-
Total	<u>\$ 10,393</u>	<u>\$ 9,803</u>

Deferred outflows of resources related to OPEB of \$505 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, 2024. 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>	
2024	\$ 2,990
2025	(1,204)
2026	(3,451)
2027	1,750
Total	<u>\$ 85</u>

Actuarial Methods and Assumptions

The net OPEB asset in the December 31, 2020 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 net OPEB asset was 6.90% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the net OPEB asset.

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

	Current Discount		
	<u>1% Decrease (5.90%)</u>	<u>Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Discount Rate:			
Total OPEB Asset	\$ (64,637)	\$ (71,717)	\$ (77,786)

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, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

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

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

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under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

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

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

Death Benefits

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

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

Disability Benefits

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

Benefit Changes

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

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2. OPSRP/Defined Benefit Pension Program (OPSRP DB)

Pension Benefits

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

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

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

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

A member 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.

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3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

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, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2023 were \$865,066 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 were 25.61 percent for Tier One/Tier Two General Service Member, 25.61 percent for Tier One/Tier Two Police and Fire, 18.76 percent for OPSRP Pension Program General Service Members, 23.12 percent for OPSRP Pension Program Police and Fire 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

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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. As permitted, the City has opted to pick-up the contributions on behalf of employees; contribution were \$228,406 for the year ended June 30, 2023.

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

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

At June 30, 2023, the City reported a liability of \$5,742,402 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was 0.0375 percent, which was an increase from its proportion of 0.0359 measured as of June 30, 2021.

For the year ended June 30, 2023, the City's recognized pension expense of \$875,869. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 278,747	\$ 35,811
Changes of assumptions	901,014	8,232
Net difference between projected and actual earnings on investments	-	1,026,630
Changes in proportion	522,315	-
Differences between employer contributions and proportionate share of contributions	817	698,968
Total (prior to post-MD contributions)	1,702,893	1,769,641
Contributions subsequent to the MD	865,066	-
Total	<u>\$ 2,567,959</u>	<u>\$ 1,769,641</u>

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City's contributions subsequent to the measurement date of \$865,066 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	\$ 12,514
2025	(119,888)
2026	(431,282)
2027	477,786
2028	<u>(5,878)</u>
Total	<u>\$ (66,748)</u>

E. Actuarial assumptions

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

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Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 24, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and 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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

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 June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-

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looking capital market economic model.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	100.00%	

Assumed Inflation - Mean	2.40%
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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 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.

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For the Fiscal Year Ended June 30, 2023

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

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

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

Discount Rate

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

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

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability	\$ 10,183,653	\$ 5,742,402	\$ 2,025,280

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

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

CITY OF INDEPENDENCE, OREGON
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J. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2022 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.

Below is a list of outstanding commitments the City has. These amounts are or will be included in future budgets.

Proj No.	Project	Contract Amount	Paid thru 6/30/2023	Remaining Commitment
2018-03	Polk Well #4	179,864	129,880	49,984
2020-01	F-Street Bridge Reconstruction	2,027,855	1,953,590	74,265
2019-02	9th Street Pump Station Improvements Ph. 1	1,499,639	371,770	1,127,869
2022-08	WWTP Biosolids Removal	1,688,393	1,070,999	617,394
2022-14	C-Street Sewer Replacement	115,752	77,069	38,683
				<u>1,908,195</u>

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.

The total amount loaned to MINET as of June 30, 2023, is shown below:

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MINET Loan	Purpose	Amount	Interest Rate	Repayment Terms
2015 Full Faith & Credit	Capital/Infrastructure	\$ 2,425,000	0.65% - 4.05%	16 years
2017 Full Faith & Credit	Capital/Infrastructure	1,190,000	0.85% - 5.84%	22 years
2020 Full Faith & Credit	Capital/Infrastructure	4,780,000	2% - 3%	20 years
Advances to MINET	Cover prior year shortfall	4,174,870	3%	13 years

Summarized financial data for MINET is as follows:

	<u>2023</u>	<u>2024</u>
ASSETS		
Current assets	\$ 1,805,181	\$ 1,445,717
Capital assets (net of depreciation)	<u>12,668,674</u>	<u>12,547,284</u>
Total assets	<u>14,473,855</u>	<u>13,993,001</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges for debt refunding	<u>746,826</u>	<u>841,680</u>
LIABILITIES		
Current liabilities	1,560,074	3,601,237
long-term liabilities	<u>27,733,207</u>	<u>26,578,366</u>
Total liabilities	<u>29,293,281</u>	<u>30,179,603</u>
NET POSITION		
Net investment in capital assets	(5,008,065)	(5,966,036)
Unrestricted	<u>(9,064,535)</u>	<u>(9,378,886)</u>
Total net position	<u>\$ (14,072,600)</u>	<u>\$ (15,344,922)</u>

16. New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). See notes 4 and 7 for more information on impacts of this new pronouncement on the City's financial statements.

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
 - Transportation Fund
 - Grants Program Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of the Proportionate Share - RHIA
- Schedule of Contributions - RHIA
- Schedule of Changes in Total OPEB Liability and Related Ratios

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 2,575,000	\$ 2,575,000	\$ 2,472,117	\$ (102,883)
Franchise fees	850,000	850,000	898,312	48,312
Licenses, permits and fees	152,750	152,750	400,470	247,720
Intergovernmental	490,680	490,680	523,043	32,363
Grants and donations	1,500	1,500	-	(1,500)
Fines and forfeitures	116,100	116,100	76,097	(40,003)
Charges for services	137,500	137,500	166,266	28,766
Rent	21,160	21,160	22,308	1,148
Interest revenue	10,500	10,500	62,868	52,368
Miscellaneous revenue	2,000	2,000	25,032	23,032
Total revenues	4,357,190	4,357,190	4,646,513	289,323
EXPENDITURES:				
General government	1,126,100	1,176,100	1,213,527	(37,427)
Public safety	3,404,300	3,404,300	3,368,659	35,641
Community development	539,600	539,600	516,972	22,628
Culture and recreation	1,431,650	1,431,650	1,297,231	134,419
Debt service:				
Principal	62,810	62,810	62,808	2
Interest	10,350	10,350	10,317	33
Contingency	1,191,000	1,141,000	-	1,141,000
Total expenditures	7,765,810	7,765,810	6,469,514	1,296,296
Revenues over (under) expenditures	(3,408,620)	(3,408,620)	(1,823,001)	1,585,619
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	511,393	511,393	511,393	-
Transfers in	1,114,460	1,114,460	1,151,492	37,032
Transfers out	(404,440)	(404,440)	(404,440)	-
Total other financing sources (uses)	1,221,413	1,221,413	1,258,445	37,032
Net change in fund balance	(2,187,207)	(2,187,207)	(564,556)	1,622,651
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,187,207	2,187,207	2,679,369	492,162
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	2,114,813	\$ 2,114,813
Interfund receivable			3,878,090	
General equipment and vehicle reserve fund			11,705	
Information services equipment fund			(13,279)	
Parks capital reserve fund			344,454	
FUND BALANCE, ENDING GAAP			\$ 6,335,783	

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 1,002,000	\$ 1,002,000	\$ 796,318	\$ (205,682)
Grants and donations	40,000	40,000	-	(40,000)
Interest revenue	2,000	2,000	16,281	14,281
Miscellaneous revenue	-	-	7,859	7,859
Total revenues	1,044,000	1,044,000	820,458	(223,542)
EXPENDITURES:				
Personnel service	455,000	455,000	423,710	31,290
Materials and service	541,000	541,000	254,056	286,944
Capital outlay	13,750	13,750	1,300	12,450
Contingency	321,726	321,726	-	321,726
Total expenditures	1,331,476	1,331,476	679,066	652,410
Revenues over (under) expenditures	(287,476)	(287,476)	141,392	428,868
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(84,995)	(84,995)	(84,993)	2
Transfers out	(408,911)	(408,911)	(158,911)	250,000
Total other financing sources (uses)	(493,906)	(493,906)	(243,904)	250,002
Net change in fund balance	(781,382)	(781,382)	(102,512)	678,870
FUND BALANCE, BEGINNING - BUDGETARY BASIS	786,382	786,382	880,267	93,885
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 5,000</u>	<u>\$ 5,000</u>	777,755	<u>\$ 772,755</u>
Interfund loan payable			(57,143)	
FUND BALANCE, ENDING			<u>\$ 720,612</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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,197,145	\$ 1,197,145	\$ 505,909	\$ (691,236)
Grants and donations	3,600	3,600	2,315	(1,285)
Interest revenue	4,000	4,000	62,950	58,950
Total revenues	1,204,745	1,204,745	571,174	(633,571)
EXPENDITURES:				
Personnel service	200,000	200,000	170,272	29,728
Materials and service	1,736,100	1,736,100	433,963	1,302,137
Contingency	478,404	478,404	-	478,404
Total expenditures	2,414,504	2,414,504	604,235	1,810,269
Net changes in fund balances	(1,209,759)	(1,209,759)	(33,061)	1,176,698
FUND BALANCE, BEGINNING	1,209,759	1,209,759	515,153	(694,606)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 482,092	\$ 482,092

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
2022	0.03750261%	\$ 5,742,402	\$ 3,379,700	169.91%	84.5%
2021	0.03592788%	4,299,303	3,793,030	113.35%	87.6%
2020	0.03422785%	7,469,694	3,665,402	203.79%	75.8%
2019	0.03335804%	5,770,142	3,437,258	167.87%	80.2%
2018	0.03086104%	4,675,041	3,211,306	145.58%	82.1%
2017	0.03078833%	4,150,279	2,965,410	139.96%	83.1%
2016	0.03134115%	4,705,034	2,661,504	176.78%	80.5%
2015	0.02869354%	1,647,429	2,374,283	69.39%	91.9%
2014	0.02677427%	(606,896)	2,259,338	-26.86%	103.6%
2013	0.02869354%	673,613	2,233,312	30.16%	92.0%

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. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF CONTRIBUTIONS - PENSION
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
2023	\$ 865,066	\$ 865,066	\$ -	\$ 3,608,313	23.97%
2022	768,563	768,563	-	3,379,700	22.74%
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

	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Actuarial valuation	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Effective	Entry Age Normal				Projected Unit Credit
Actuarial cost method	Level percentage of payroll				
Amortization method	Market Value				
Asset valuation method	20 years				
Remaining amortization periods					N/A
Actuarial assumptions:					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent		3.50 percent		
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 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
2022	0.02018283%	\$ (71,717)	\$ 3,379,700	-2.12%	194.6%
2021	0.02436595%	(83,673)	3,793,030	-2.21%	183.9%
2020	0.03021349%	(61,563)	3,665,402	-1.68%	150.1%
2019	0.02915515%	(56,338)	3,437,258	-1.64%	144.4%
2018	0.02776841%	(30,997)	3,211,306	-0.97%	124.0%
2017	0.02714883%	(11,330)	2,965,410	-0.38%	108.9%

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, 2021 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.20 to 6.90 percent and the inflation rate from 2.5 to 2.4 percent. In addition, the healthy healthcare participation and cost trend rates, and healthy mortality assumptions were changed 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
2023	\$ 505	\$ 505	\$ -	\$ 3,608,313	1.41%
2022	497	497	-	3,379,700	0.01%
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, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2021 - June 2023	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:	Fair value				
Remaining amortization periods:	10 years		20 years		N/A
Actuarial assumptions					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent		3.75 percent	
Investment rate of return	6.90 percent	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 RATIOS
For the Last Ten Plan Years¹

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Interest	\$ 26,202	\$ 25,411	\$ 18,835	\$ 16,637	\$ 18,322	\$ 19,773
Interest	6,736	6,285	9,593	9,642	9,095	7,422
Differences between economic/demographic gains or losses	(47,651)	-	(23,396)	-	12,511	-
Changes of assumptions	(47,960)	1,453	8,242	9,285	(26,636)	(17,378)
Benefit payment	(2,974)	(9,862)	(9,256)	(16,293)	(16,737)	(12,793)
Net change in total OPEB liability	(65,647)	23,287	4,018	19,271	(3,445)	(2,976)
Total OPEB liability - beginning	287,148	263,861	259,843	240,572	244,017	246,993
Total OPEB liability - ending	\$ 221,501	\$ 287,148	\$ 263,861	\$ 259,843	\$ 240,572	\$ 244,017
Covered-employee payroll	\$ 3,379,700	\$ 3,793,030	\$ 3,665,402	\$ 3,437,258	\$ 3,211,306	\$ 2,965,410
Total OPEB liability as a percentage of covered-employee payroll	6.55%	7.57%	7.20%	7.56%	7.49%	8.23%

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.

No assets are accumulated in a trust.

CITY OF INDEPENDENCE
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended June 30, 2023

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, 2023. The City had two supplemental budgets during the year-ended June 30, 2023. Appropriations lapse as of year-end.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2023:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund	Administration	\$(96,405)
General Fund	Economic development	\$(12,342)
General Fund	Information technology	\$(9,613)
Information Services Equipment Fund	Capital outlay	\$(795)
Tourism and Events Fund	Personnel service	\$(11,907)
Water Fund	Personnel service	\$(25,099)
Water Fund	Transfers/interfund loans	\$(14,930)
Water SDC Fund	Capital outlay	\$(650)
Sewer Fund	Materials and service	\$(17,825)
Sewer Fund	Transfers	\$(18,002)
Sewer SDC Fund	Capital outlay	\$(1,064)
Storm Drain Fund	Transfers/interfund loans	\$(4,094)

B. Deficit Fund Balances

At June 30, 2023, the following fund had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Information Services Equipment Fund	\$(13,279)

OTHER SUPPLEMENTARY INFORMATION

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:

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. Expenditures directly support those events.

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 Funds

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.

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CITY OF INDEPENDENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2023

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Building Repair & Replacement - A Capital Project Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 2,429,805	\$ 611,681	\$ 967,385	\$ 4,008,871
Property taxes receivable	-	41,522	-	41,522
Accounts receivable, net	23,583	-	-	23,583
SDC and assessments receivables	-	15,448	-	15,448
Prepays	29,771	-	-	29,771
Loans receivable, net	321,771	-	-	321,771
Interfund loan receivables	1,391,387	-	-	1,391,387
Total assets	<u>\$ 4,196,317</u>	<u>\$ 668,651</u>	<u>\$ 967,385</u>	<u>\$ 5,832,353</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 15,146	\$ -	\$ -	\$ 15,146
Deposits	400	-	-	400
Total liabilities	<u>15,546</u>	<u>-</u>	<u>-</u>	<u>15,546</u>
DEREFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	33,265	-	33,265
Unavailable revenue - loan receivables	321,771	-	-	321,771
Unavailable revenue - SDC and assesments receivables	-	15,448	-	15,448
Total deferred inflows of resources	<u>321,771</u>	<u>48,713</u>	<u>-</u>	<u>370,484</u>
FUND BALANCE:				
Nonspendable:				
Prepaid items	29,771	-	-	29,771
Restricted for:				
System development	2,575,549	-	-	2,575,549
Debt service	-	619,938	-	619,938
Community development	1,030,506	-	-	1,030,506
Tourism and events	223,174	-	-	223,174
Assigned to:				
Building inspections	-	-	-	-
Capital projects	-	-	967,385	967,385
Unassigned	-	-	-	-
Total fund balance	<u>3,859,000</u>	<u>619,938</u>	<u>967,385</u>	<u>5,446,323</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,196,317</u>	<u>\$ 668,651</u>	<u>\$ 967,385</u>	<u>\$ 5,832,353</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, 2023

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Building Repair & Replacement - A Capital Project Fund	Total
REVENUES:				
Property taxes	\$ -	\$ 1,163,142	\$ -	\$ 1,163,142
Transient lodging taxes	200,629	-	-	200,629
Assessments	-	4,373	-	4,373
Rent	2,360	-	-	2,360
Interest revenue	46,756	25,351	17,164	89,271
Miscellaneous revenue	192,452	-	-	192,452
Loan repayments	14,480	-	-	14,480
Royalties	5,286	-	-	5,286
System development charges	779,280	-	-	779,280
Total revenues	1,241,243	1,192,866	17,164	2,451,273
EXPENDITURES:				
General government	-	-	79,773	79,773
Highways and streets	4,375	-	-	4,375
Culture and recreation	389,183	-	-	389,183
Debt service:				
Principal	-	695,400	-	695,400
Interest	-	655,817	-	655,817
Total expenditures	393,558	1,351,217	79,773	1,824,548
Revenues over (under) expenditures	847,685	(158,351)	(62,609)	626,725
OTHER FINANCING SOURCES (USES):				
Transfers in	4,518	423,880	335,000	763,398
Transfers out	(394)	-	-	(394)
Total other financing sources (uses)	4,124	423,880	335,000	763,004
Net change in fund balance	851,809	265,529	272,391	1,389,729
FUND BALANCE, BEGINNING	3,007,191	354,409	694,994	4,056,594
FUND BALANCE, ENDING	\$ 3,859,000	\$ 619,938	\$ 967,385	\$ 5,446,323

CITY OF INDEPENDENCE, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2023

	Economic Development Loan Fund	Tourism and Events Fund
ASSETS:		
Cash and cash equivalents	\$ 820,685	\$ 215,137
Accounts receivable, net	-	23,583
Prepays	-	29,771
Loans receivable, net	70,769	-
Interfund loan receivables	209,821	-
Total assets	<u>\$ 1,101,275</u>	<u>\$ 268,491</u>
LIABILITIES:		
Accounts payable and accrued expenses	\$ -	\$ 15,146
Deposits	-	400
Total liabilities	<u>-</u>	<u>15,546</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue- loans receivable	70,769	-
Total deferred inflows of resources	<u>70,769</u>	<u>-</u>
FUND BALANCE:		
Nonspendable:		
Prepaid items	-	29,771
Restricted for:		
System development	-	-
Community development	1,030,506	-
Tourism and events	-	223,174
Total fund balance	<u>1,030,506</u>	<u>252,945</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,101,275</u>	<u>\$ 268,491</u>

Transportation SDC Fund	Parks SDC Fund	Total
\$ 856,882	\$ 537,101	\$ 2,429,805
-	-	23,583
-	-	29,771
66,778	184,224	321,771
770,826	410,740	1,391,387
<u>\$ 1,694,486</u>	<u>\$ 1,132,065</u>	<u>\$ 4,196,317</u>
\$ -	\$ -	\$ 15,146
-	-	400
-	-	15,546
66,778	184,224	321,771
66,778	184,224	321,771
-	-	29,771
1,627,708	947,841	2,575,549
-	-	1,030,506
-	-	223,174
1,627,708	947,841	3,859,000
<u>\$ 1,694,486</u>	<u>\$ 1,132,065</u>	<u>\$ 4,196,317</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, 2023

	Economic Development Loan Fund	Tourism and Events Fund
REVENUES:		
Transient lodging taxes	\$ -	\$ 200,629
Rent	-	2,360
Interest revenue	17,682	5,192
Miscellaneous revenue	-	192,452
Loan repayments	14,480	-
Royalties	-	5,286
System development charges	-	-
Total revenues	32,162	405,919
EXPENDITURES:		
Highways and streets	-	-
Culture and recreation	-	389,183
Total expenditures	-	389,183
Revenues over (under) expenditures	32,162	16,736
OTHER FINANCING SOURCES (USES):		
Transfers in	1,697	-
Transfers out	-	(31)
Total other financing sources (uses)	1,697	(31)
Net change in fund balance	33,859	16,705
FUND BALANCE, BEGINNING	996,647	236,240
FUND BALANCE, ENDING	<u>\$ 1,030,506</u>	<u>\$ 252,945</u>

Transportation SDC Fund	Parks SDC Fund	Total
\$ -	\$ -	\$ 200,629
-	-	2,360
14,723	9,159	46,756
-	-	192,452
-	-	14,480
-	-	5,286
<u>410,408</u>	<u>368,872</u>	<u>779,280</u>
<u>425,131</u>	<u>378,031</u>	<u>1,241,243</u>
4,375	-	4,375
<u>-</u>	<u>-</u>	<u>389,183</u>
<u>4,375</u>	<u>-</u>	<u>393,558</u>
<u>420,756</u>	<u>378,031</u>	<u>847,685</u>
2,821	-	4,518
<u>-</u>	<u>(363)</u>	<u>(394)</u>
<u>2,821</u>	<u>(363)</u>	<u>4,124</u>
423,577	377,668	851,809
<u>1,204,131</u>	<u>570,173</u>	<u>3,007,191</u>
<u>\$ 1,627,708</u>	<u>\$ 947,841</u>	<u>\$ 3,859,000</u>

CITY OF INDEPENDENCE, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2023

	General Obligation Bond Fund	Special Assessment Fund	Urban Renewal Debt Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 241,492	\$ 39,856	\$ 330,333	\$ 611,681
Property taxes receivable	15,274	-	26,248	41,522
SDC and assessments receivables	-	15,448	-	15,448
Total assets	<u>\$ 256,766</u>	<u>\$ 55,304</u>	<u>\$ 356,581</u>	<u>\$ 668,651</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue- property taxes	\$ 12,318	\$ -	\$ 20,947	\$ 33,265
Unavailable revenue- assessments	-	15,448	-	15,448
Total deferred inflows of resources	<u>12,318</u>	<u>15,448</u>	<u>20,947</u>	<u>48,713</u>
FUND BALANCE:				
Restricted for:				
Debt service	<u>244,448</u>	<u>39,856</u>	<u>335,634</u>	<u>619,938</u>
Total fund balance	<u>244,448</u>	<u>39,856</u>	<u>335,634</u>	<u>619,938</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 256,766</u>	<u>\$ 55,304</u>	<u>\$ 356,581</u>	<u>\$ 668,651</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, 2023

	General Obligation Bond Fund	Special Assessment Fund	Urban Renewal Debt Fund	Total
REVENUES:				
Property taxes	\$ 401,909	\$ -	\$ 761,233	\$ 1,163,142
Assessments	-	4,373	-	4,373
Interest revenue	10,645	1,049	13,657	25,351
Total revenues	412,554	5,422	774,890	1,192,866
EXPENDITURES:				
Principal	250,000	25,400	420,000	695,400
Interest	143,319	2,542	509,956	655,817
Total expenditures	393,319	27,942	929,956	1,351,217
Revenues over (under) expenditures	19,235	(22,520)	(155,066)	(158,351)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	423,880	423,880
Total other financing sources (uses)	-	-	423,880	423,880
Net change in fund balance	19,235	(22,520)	268,814	265,529
FUND BALANCE, BEGINNING	225,213	62,376	66,820	354,409
FUND BALANCE, ENDING	<u>\$ 244,448</u>	<u>\$ 39,856</u>	<u>\$ 335,634</u>	<u>\$ 619,938</u>

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2023

	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 - Budgetary Basis
ASSETS:					
Cash and cash equivalents	\$ 2,240,584	\$ 11,705	\$ -	\$ 346,881	\$ 2,599,170
Property taxes receivable	91,785	-	-	-	91,785
Accounts receivable, net	254,019	-	-	-	254,019
Leases receivable	44,431	-	-	-	44,431
Prepays	10,816	-	37,291	-	48,107
Due from other funds	102,007	-	-	-	102,007
Interfund loan receivables	3,878,090	-	-	-	3,878,090
Total assets	<u>\$ 6,621,732</u>	<u>\$ 11,705</u>	<u>\$ 37,291</u>	<u>\$ 346,881</u>	<u>\$ 7,017,609</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 190,556	\$ -	\$ 1,207	\$ 2,427	\$ 194,190
Deposits	203,491	-	-	-	203,491
Due to other funds	-	-	49,363	-	49,363
Unearned revenue	25,677	-	-	-	25,677
Total liabilities	<u>419,724</u>	<u>-</u>	<u>50,570</u>	<u>2,427</u>	<u>472,721</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	164,509	-	-	-	164,509
Unavailable revenue - municipal court receivables	9,317	-	-	-	9,317
Unavailable revenue - leases receivable	44,431	-	-	-	44,431
Total deferred inflows of resources	<u>218,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,257</u>
FUND BALANCE:					
Nonspendable:					
Prepaid items	10,816	-	37,291	-	48,107
Loan receivable	3,878,090	-	-	-	3,878,090
Committed to:					
Equipment and vehicle replacement	-	11,705	-	-	11,705
Park maintenance	-	-	-	344,454	344,454
Assigned to:					
Future PERS liability	59,015	-	-	-	59,015
Unassigned	2,035,830	-	(50,570)	-	1,985,260
Total fund balance	<u>5,983,751</u>	<u>11,705</u>	<u>(13,279)</u>	<u>344,454</u>	<u>6,326,631</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,621,732</u>	<u>\$ 11,705</u>	<u>\$ 37,291</u>	<u>\$ 346,881</u>	<u>\$ 7,017,609</u>

CITY OF INDEPENDENCE, OREGON
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

	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 - Budgetary Basis
REVENUES:					
Property taxes	\$ 2,488,641	\$ -	\$ -	\$ -	\$ 2,488,641
Franchise fees	898,312	-	-	-	898,312
Licenses, permits and fees	400,470	-	-	-	400,470
Intergovernmental	523,043	-	-	-	523,043
Grants and donations	1	-	-	-	1
Fines and forfeitures	76,097	-	-	-	76,097
Charges for services	140,589	-	-	-	140,589
Rent	22,308	-	-	-	22,308
Interest revenue	62,868	617	-	8,745	72,230
Miscellaneous revenue	25,032	-	562	-	25,594
Total revenues	4,637,361	617	562	8,745	4,647,285
EXPENDITURES:					
General government	1,213,527	-	135,834	-	1,349,361
Public safety	3,368,659	-	-	-	3,368,659
Community development	516,972	-	-	-	516,972
Culture and recreation	1,297,231	-	-	-	1,297,231
Capital outlay	-	61,343	15,795	65,629	142,767
Debt service:					
Principal	62,808	-	-	-	62,808
Interest	10,317	-	-	-	10,317
Total expenditures	6,469,514	61,343	151,629	65,629	6,748,115
Revenues over (under) expenditures	(1,832,153)	(60,726)	(151,067)	(56,884)	(2,100,830)
OTHER FINANCING SOURCES (USES):					
Interfund loan proceeds	511,393	-	-	-	511,393
Transfers in	1,151,492	-	160,000	-	1,311,492
Transfers out	(404,440)	-	-	-	(404,440)
Total other financing sources (uses)	1,258,445	-	160,000	-	1,418,445
Net change in fund balance	(573,708)	(60,726)	8,933	(56,884)	(682,385)
FUND BALANCE, BEGINNING -BUDGETARY	2,679,369	72,431	(22,212)	401,338	3,130,926
FUND BALANCE, ENDING - BUDGETARY BASIS	2,105,661	11,705	(13,279)	344,454	2,448,541
Interfund receivable	3,878,090	-	-	-	3,878,090
FUND BALANCE, ENDING	\$ 5,983,751	\$ 11,705	\$ (13,279)	\$ 344,454	\$ 6,326,631

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
- Capital Projects 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
 - Economic Development Loan Fund
 - Tourism and Events 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

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Police operations:				
Personnel service	\$ 2,759,000	\$ 2,759,000	\$ 2,765,375	\$ (6,375) *
Materials and service	591,305	591,305	562,517	28,788 *
Subtotal	3,350,305	3,350,305	3,327,892	22,413
Municipal court:				
Personnel service	24,000	24,000	22,026	1,974
Materials and service	29,995	29,995	18,741	11,254
Subtotal	53,995	53,995	40,767	13,228
Administration & finance services:				
Personnel service	370,000	370,000	464,969	(94,969)
Materials and service	293,750	343,750	345,186	(1,436)
Subtotal	663,750	713,750	810,155	(96,405)
Parks:				
Personnel services	183,000	183,000	163,015	19,985
Materials and service	192,500	192,500	179,257	13,243
Subtotal	375,500	375,500	342,272	33,228
Community development:				
Personnel service	201,000	201,000	141,920	59,080 *
Materials and service	29,350	29,350	53,460	(24,110) *
Subtotal	230,350	230,350	195,380	34,970
Library:				
Personnel service	483,000	483,000	480,112	2,888
Materials and service	122,450	122,450	120,275	2,175
Subtotal	605,450	605,450	600,387	5,063
Museum:				
Personnel service	165,000	165,000	158,499	6,501 *
Materials and service	46,700	46,700	47,102	(402) *
Subtotal	211,700	211,700	205,601	6,099
Facilities Maintenance:				
Personnel service	133,000	133,000	89,870	43,130
Materials and service	53,900	53,900	42,271	11,629
Subtotal	186,900	186,900	132,141	54,759
Pool:				
Materials and service	52,100	52,100	16,830	35,270
Subtotal	52,100	52,100	16,830	35,270
Economic development:				
Personnel service	274,000	274,000	279,660	(5,660)
Materials and service	35,250	35,250	41,932	(6,682)
Subtotal	309,250	309,250	321,592	(12,342)
Building inspection:				
Personnel services	304,000	304,000	243,178	60,822
Materials and services	22,100	22,100	14,331	7,769
Subtotal	326,100	326,100	257,509	68,591
Information technology:				
Personnel services	106,000	106,000	123,460	(17,460)
Materials and services	30,250	30,250	22,403	7,847
Subtotal	136,250	136,250	145,863	(9,613)
Non-departmental:				
Debt service:				
Principal	62,810	62,810	62,808	2
Interest	10,350	10,350	10,317	33
Subtotal	73,160	73,160	73,125	35
Total expenditures	\$ 6,574,810	\$ 6,624,810	\$ 6,469,514	\$ 155,296

*Subtotal equals appropriation level.

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 80	\$ 80	\$ 617	\$ 537
Total revenues	80	80	617	537
EXPENDITURES:				
Capital outlay	72,000	72,000	61,343	10,657
Contingency	487	487	-	487
Total expenditures	72,487	72,487	61,343	11,144
Net change in fund balance	(72,407)	(72,407)	(60,726)	11,681
FUND BALANCE, BEGINNING - BUDGETARY BASIS	72,407	72,407	72,431	24
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 11,705	\$ 11,705

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 50	\$ 50	\$ -	\$ (50)
Miscellaneous revenue	5,000	5,000	562	(4,438)
Total revenues	5,050	5,050	562	(4,488)
EXPENDITURES:				
Materials and service	150,000	150,000	135,834	14,166
Capital outlay	15,000	15,000	15,795	(795)
Contingency	7,933	7,933	-	7,933
Total expenditures	172,933	172,933	151,629	21,304
Revenues over (under) expenditures	(167,883)	(167,883)	(151,067)	16,816
OTHER FINANCING SOURCES (USES):				
Transfers in	160,000	160,000	160,000	-
Total other financing sources (uses)	160,000	160,000	160,000	-
Net change in fund balance	(7,883)	(7,883)	8,933	16,816
FUND BALANCE, BEGINNING - BUDGETARY BASIS	7,883	7,883	(22,212)	(30,095)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ (13,279)	\$ (13,279)

**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, 2023**

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Grants and donations	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Interest revenue	1,000	1,000	8,745	7,745
Total revenues	51,000	51,000	8,745	(42,255)
EXPENDITURES:				
Capital outlay	217,250	217,250	65,629	151,621
Contingency	227,162	227,162	-	227,162
Total expenditures	444,412	444,412	65,629	378,783
Net change in fund balance	(393,412)	(393,412)	(56,884)	336,528
FUND BALANCE, BEGINNING - BUDGETARY BASIS	398,412	398,412	401,338	2,926
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 344,454</u>	<u>\$ 339,454</u>

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 793,370	\$ 793,370	\$ 793,349	\$ (21)
Total revenues	793,370	793,370	793,349	(21)
EXPENDITURES:				
Debt service:				
Principal	283,370	283,370	510,000	(226,630) *
Interest	510,000	510,000	283,349	226,651 *
Total expenditures	793,370	793,370	793,349	21
Net change in fund balance	-	-	-	-
FUND BALANCE, BEGINNING-BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Loan receivable			8,395,000	
Unavailable revenue - loan receivables			<u>(8,395,000)</u>	
FUND BALANCE, ENDING			<u>\$ -</u>	

* Appropriated together as debt service.

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, 2023

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Grants and donations	\$ -	\$ -	\$ 713,665	\$ 713,665
Interest revenue	100	100	3,339	3,239
Total revenues	100	100	717,004	716,904
EXPENDITURES:				
Capital outlay	250,000	250,000	45,383	204,617
Contingency	35,502	35,502	-	35,502
Total expenditures	285,502	285,502	45,383	240,119
Revenues over (under) expenditures	(285,402)	(285,402)	671,621	957,023
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	250,000	-	(250,000)
Total other financing sources (uses)	250,000	250,000	-	(250,000)
Net changes in fund balances	(35,402)	(35,402)	671,621	707,023
FUND BALANCE, BEGINNING	35,402	35,402	(482,158)	(517,560)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 189,463	\$ 189,463

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 240,000	\$ 240,000	\$ 253,744	\$ 13,744
Interest revenue	1,000	1,000	1,352	352
Total revenues	241,000	241,000	255,096	14,096
EXPENDITURES:				
Contingency	1,526,913	1,524,713	-	1,524,713
Total expenditures	1,526,913	1,524,713	-	1,524,713
Revenues over (under) expenditures	(1,285,913)	(1,283,713)	255,096	1,538,809
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	-	-	2,171	2,171
Interfund loan payments	(765,505)	(767,705)	(767,671)	34
Total other financing sources (uses)	(765,505)	(767,705)	(765,500)	2,205
Net change in fund balance	(2,051,418)	(2,051,418)	(510,404)	1,541,014
FUND BALANCE, BEGINNING BUDGETARY BASIS	2,051,418	2,051,418	1,863,578	(187,840)
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	1,353,174	<u>\$ 1,353,174</u>
Interfund loan payable			(6,147,238)	
FUND BALANCE, ENDING			<u>\$ (4,794,064)</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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 2,500	\$ 2,500	\$ 17,682	\$ 15,182
Loan repayments	14,480	14,480	14,480	-
Total revenues	16,980	16,980	32,162	15,182
EXPENDITURES:				
Personnel service	120,000	120,000	-	120,000
Contingency	585,221	585,221	-	585,221
Total expenditures	705,221	705,221	-	705,221
Revenues over (under) expenditures	(688,241)	(688,241)	32,162	720,403
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	131,520	131,520	131,519	(1)
Total other financing sources (uses)	131,520	131,520	131,519	(1)
Net change in fund balance	(556,721)	(556,721)	163,681	720,402
FUND BALANCE, BEGINNING - BUDGETARY BASIS	556,721	556,721	657,004	100,283
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	820,685	<u>\$ 820,685</u>
Interfund loan receivable			209,821	
FUND BALANCE, ENDING			<u>\$ 1,030,506</u>	

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Lodging tax	\$ 240,000	\$ 240,000	\$ 200,629	\$ (39,371)
Rent	2,000	2,000	2,360	360
Interest revenue	1,000	1,000	5,192	4,192
Miscellaneous revenue	140,650	140,650	192,452	51,802
Royalties	5,000	5,000	5,286	286
Total revenues	388,650	388,650	405,919	17,269
EXPENDITURES:				
Personnel service	122,000	122,000	133,907	(11,907)
Materials and service	274,500	274,500	255,276	19,224
Contingency	179,497	179,497	-	179,497
Total expenditures	575,997	575,997	389,183	186,814
Revenues over (under) expenditures	(187,347)	(187,347)	16,736	204,083
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(6,285)	(6,285)	(6,281)	4
Total other financing sources (uses)	(6,285)	(6,285)	(6,281)	4
Net change in fund balance	(193,632)	(193,632)	10,455	204,087
FUND BALANCE, BEGINNING - BUDGETARY BASIS	193,632	193,632	242,490	48,858
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 252,945	\$ 252,945

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	800	800	14,723	\$ 13,923
System development charges	152,770	152,770	410,408	257,638
Total revenues	153,570	153,570	425,131	271,561
EXPENDITURES:				
Materials and service	25,000	25,000	4,375	20,625
Capital outlay	81,000	81,000	-	81,000
Contingency	427,597	427,597	-	427,597
Total expenditures	533,597	533,597	4,375	529,222
Revenues over (under) expenditures	(380,027)	(380,027)	420,756	800,783
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	96,870	96,870	96,866	(4)
Total other financing sources (uses)	96,870	96,870	96,866	(4)
Net change in fund balance	(283,157)	(283,157)	517,622	800,779
FUND BALANCE, BEGINNING- BUDGETARY BASIS	283,157	283,157	339,260	56,103
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	856,882	<u>\$ 856,882</u>
Interfund loan receivable			770,826	
FUND BALANCE, ENDING			<u>\$ 1,627,708</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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	500	500	9,159	\$ 8,659
System development charges	157,800	157,800	368,872	211,072
Total revenues	158,300	158,300	378,031	219,731
EXPENDITURES:				
Materials and service	15,000	15,000	-	15,000
Contingency	281,006	281,005	-	281,005
Total expenditures	296,006	296,005	-	296,005
Revenues over (under) expenditures	(137,706)	(137,705)	378,031	515,736
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(71,790)	(71,791)	(71,791)	-
Total other financing sources (uses)	(71,790)	(71,791)	(71,791)	-
Net change in fund balance	(209,496)	(209,496)	306,240	515,736
FUND BALANCE, BEGINNING - BUDGETARY BASIS	209,496	209,496	230,861	21,365
FUND BALANCE, ENDING -BUDGETARY BASIS	\$ -	\$ -	537,101	\$ 537,101
Interfund loans			410,740	
FUND BALANCE, ENDING			\$ 947,841	

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 403,320	\$ 403,320	\$ 401,909	\$ (1,411)
Interest revenue	1,000	1,000	10,645	9,645
Total revenues	404,320	404,320	412,554	8,234
EXPENDITURES:				
Debt service:				
Principal	250,000	250,000	250,000	-
Interest	143,320	143,320	143,319	1
Total expenditures	393,320	393,320	393,319	1
Net change in fund balance	11,000	11,000	19,235	8,235
FUND BALANCE, BEGINNING	227,053	227,053	225,213	(1,840)
FUND BALANCE, ENDING	<u>\$ 238,053</u>	<u>\$ 238,053</u>	<u>\$ 244,448</u>	<u>\$ 6,395</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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Assessments	4,515	4,515	4,373	\$ (142)
Interest revenue	100	100	1,049	949
Total revenues	4,615	4,615	5,422	807
EXPENDITURES:				
Principal	25,400	25,400	25,400	-
Interest	2,545	2,545	2,542	3
Contingency	38,976	38,976	-	38,976
Total expenditures	66,921	66,921	27,942	38,979
Net change in fund balance	(62,306)	(62,306)	(22,520)	39,786
FUND BALANCE, BEGINNING	62,306	62,306	62,376	70
FUND BALANCE, ENDING	\$ -	\$ -	\$ 39,856	\$ 39,856

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 715,000	\$ 715,000	\$ 761,233	\$ 46,233
Interest revenue	1,000	1,000	13,657	12,657
Total revenues	716,000	716,000	774,890	58,890
EXPENDITURES:				
Principal	420,000	420,000	420,000	-
Interest	509,960	509,960	509,956	4
Contingency	283,502	283,502	-	283,502
Total expenditures	1,213,462	1,213,462	929,956	283,506
Revenues over (under) expenditures	(497,462)	(497,462)	(155,066)	342,396
OTHER FINANCING SOURCES (USES):				
Transfers in	423,880	423,880	423,880	-
Total other financing sources (uses)	423,880	423,880	423,880	-
Net change in fund balance	(73,582)	(73,582)	268,814	342,396
FUND BALANCE, BEGINNING	73,582	73,582	66,820	(6,762)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 335,634	\$ 335,634

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 1,000	\$ 1,000	\$ 17,164	\$ 16,164
Total revenues	1,000	1,000	17,164	16,164
EXPENDITURES:				
Materials and service	100,000	100,000	79,773	20,227
Contingency	11,838	11,838	-	11,838
Total expenditures	111,838	111,838	79,773	32,065
Revenues over (under) expenditures	(110,838)	(110,838)	(62,609)	48,229
OTHER FINANCING SOURCES (USES):				
Transfers in	335,000	335,000	335,000	-
Total other financing sources (uses)	335,000	335,000	335,000	-
Net change in fund balance	224,162	224,162	272,391	48,229
FUND BALANCE, BEGINNING	315,838	315,838	694,994	379,156
FUND BALANCE, ENDING	<u>\$ 540,000</u>	<u>\$ 540,000</u>	<u>\$ 967,385</u>	<u>\$ 427,385</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, 2023

	Water Fund	Water SDC Fund	Total Water Operations
REVENUES:			
Charges for services	\$ 2,797,474	\$ -	\$ 2,797,474
Rent	2,720	-	2,720
Interest revenue	118,242	4,198	122,440
Miscellaneous revenue	500	-	500
System development charges	-	236,145	236,145
Total revenues	2,918,936	240,343	3,159,279
EXPENDITURES:			
Personnel service	627,099	-	627,099
Materials and service	475,771	40,981	516,752
Capital outlay	111,473	650	112,123
Debt service:			
Principal	136,971	-	136,971
Interest	46,540	-	46,540
Total expenditures	1,397,854	41,631	1,439,485
Revenues over (under) expenditures	1,521,082	198,712	1,719,794
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	168,090	6,665	174,755
Interfund loan payments	(12,561)	-	(12,561)
Transfers out	(858,367)	-	(858,367)
Total other financing sources (uses)	(702,838)	6,665	(696,173)
Net change in fund balance	818,244	205,377	1,023,621
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,818,295	73,387	1,891,682
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 2,636,539</u>	<u>\$ 278,764</u>	2,915,303

RECONCILIATION TO NET POSITION - GAAP BASIS

Allowance for doubtful accounts	(51,296)
Interfund loan	317,406
Loan receivable	42,679
Capital assets, net	6,155,862
OPEB asset	6,364
Deferred outflows related to pensions	227,870
Deferred outflows related to OPEB	2,764
Accrued interest	(3,391)
Loans payable	(1,507,396)
Leases payable	(8,901)
Net pension liability	(509,556)
OPEB liability	(19,655)
Deferred outflows related to pensions	(157,030)
Deferred outflows related to OPEB	(11,758)

NET POSITION \$ 7,399,265

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 2,786,500	\$ 2,786,500	\$ 2,797,474	\$ 10,974
Rent	1,500	1,500	2,720	1,220
Interest revenue	6,000	6,000	55,765	49,765
Miscellaneous revenue	-	-	500	500
Total revenues	2,794,000	2,794,000	2,856,459	62,459
EXPENDITURES:				
Personnel service	602,000	602,000	627,099	(25,099)
Materials and service	625,900	625,900	413,294	212,606
Capital outlay	608,750	608,750	111,473	497,277
Debt service:				
Principal	136,385	136,385	136,971	(586) *
Interest	48,175	48,175	46,540	1,635 *
Contingency	1,590,368	1,590,368	-	1,590,368
Total expenditures	3,611,578	3,611,578	1,335,377	2,276,201
Revenues over (under) expenditures	(817,578)	(817,578)	1,521,082	2,338,660
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	168,090	168,090	168,090	-
Interfund loan payments	(12,565)	(12,565)	(12,561)	4
Transfers out	(843,433)	(843,433)	(858,367)	(14,934)
Total other financing sources (uses)	(687,908)	(687,908)	(702,838)	(14,930)
Net change in fund balance	(1,505,486)	(1,505,486)	818,244	2,323,730
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,530,486	1,530,486	1,818,295	287,809
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 25,000	\$ 25,000	\$ 2,636,539	\$ 2,611,539

* Appropriated together as debt service.

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 100	\$ 100	\$ 4,198	\$ 4,098
System development charges	109,255	109,255	236,145	126,890
Total revenues	109,355	109,355	240,343	130,988
EXPENDITURES:				
Materials and service	55,000	55,000	40,981	14,019
Capital outlay	-	-	650	(650)
Contingency	153,253	153,253	-	153,253
Total expenditures	208,253	208,253	41,631	166,622
Revenues over (under) expenditures	(98,898)	(98,898)	198,712	297,610
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	6,665	6,665	6,665	-
Total other financing sources (uses)	6,665	6,665	6,665	-
Net change in fund balance	(92,233)	(92,233)	205,377	297,610
FUND BALANCE, BEGINNING - BUDGETARY BASIS	92,233	92,233	73,387	(18,846)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 278,764	\$ 278,764

CITY OF INDEPENDENCE, OREGON
SEWER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

	Sewer Fund	Sewer SDC Fund	Total Sewer Operations
REVENUES:			
Grants and donations	\$ 2,000,000	\$ -	\$ 2,000,000
Charges for services	2,576,599	-	2,576,599
Interest revenue	85,105	35,184	120,289
Miscellaneous revenue	869	-	869
System development charges	-	489,043	489,043
Total revenues	4,662,573	524,227	5,186,800
EXPENDITURES:			
Personnel service	618,825	-	618,825
Materials and service	421,333	4,618	425,951
Capital outlay	1,453,471	1,064	1,454,535
Debt service:			
Principal	85,000	-	85,000
Interest	62,750	-	62,750
Total expenditures	2,641,379	5,682	2,647,061
Revenues over (under) expenditures	2,021,194	518,545	2,539,739
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	81,760	10,011	91,771
Proceeds from sale of capital asset	13,700	-	13,700
Transfers out	(517,298)	-	(517,298)
Total other financing sources (uses)	(421,838)	10,011	(411,827)
Net change in fund balance	1,599,356	528,556	2,127,912
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,210,951	1,285,286	3,496,237
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 3,810,307	\$ 1,813,842	5,624,149
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(43,439)
Interfund loan			591,987
Loan receivable			60,075
Capital assets, net			11,796,619
OPEB asset			6,337
Deferred outflows related to pensions			226,900
Deferred outflows related to OPEB			2,752
Accrued interest			(290,312)
Loans payable			(9,134,484)
Leases payable			(8,901)
Net pension liability			(507,388)
OPEB liability			(19,571)
Deferred inflows related to pensions			(156,362)
Deferred inflows related to OPEB			(11,708)
NET POSITION			\$ 8,136,654

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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and donations	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
Charges for services	2,525,000	2,525,000	2,576,599	51,599
Interest revenue	2,000	2,000	85,105	83,105
Miscellaneous revenue	500	500	869	369
Total revenues	2,527,500	2,527,500	4,662,573	2,135,073
EXPENDITURES:				
Personnel service	601,000	601,000	618,825	(17,825)
Materials and service	524,500	524,500	421,333	103,167
Capital outlay	2,919,750	2,919,750	1,453,471	1,466,279
Debt service:				
Principal	85,000	85,000	85,000	-
Interest	62,750	62,750	62,750	-
Contingency	556,018	556,018	-	556,018
Total expenditures	4,749,018	4,749,018	2,641,379	2,107,639
Revenues over (under) expenditures	(2,221,518)	(2,221,518)	2,021,194	4,242,712
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	81,760	81,760	81,760	-
Proceeds from sale of capital asset	-	-	13,700	13,700
Transfers out	(499,296)	(499,296)	(517,298)	(18,002)
Total other financing sources (uses)	(417,536)	(417,536)	(421,838)	(4,302)
Net change in fund balance	(2,639,054)	(2,639,054)	1,599,356	4,238,410
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,769,834	2,769,834	2,210,951	(558,883)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 130,780	\$ 130,780	\$ 3,810,307	\$ 3,679,527

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 3,000	\$ 3,000	\$ 35,184	\$ 32,184
System development charges	158,660	158,660	489,043	330,383
Total revenues	161,660	161,660	524,227	362,567
EXPENDITURES:				
Materials and service	25,000	25,000	4,618	20,382
Capital outlay	-	-	1,064	(1,064)
Contingency	1,380,779	1,380,779	-	1,380,779
Total expenditures	1,405,779	1,405,779	5,682	1,400,097
Revenues over (under) expenditures	(1,244,119)	(1,244,119)	518,545	1,762,664
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	10,010	10,010	10,011	1
Total other financing sources (uses)	10,010	10,010	10,011	1
Net change in fund balance	(1,234,109)	(1,234,109)	528,556	1,762,665
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,234,109	1,234,109	1,285,286	51,177
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 1,813,842	\$ 1,813,842

CITY OF INDEPENDENCE, OREGON
STORM DRAIN OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

	Storm Drain Fund	Storm Drain SDC Fund	Total Storm Drain Operations
REVENUES:			
Charges for services	\$ 658,574	\$ -	\$ 658,574
Interest revenue	3,713	8,362	12,075
System development charges	-	70,393	70,393
Total revenues	662,287	78,755	741,042
EXPENDITURES:			
Personnel service	335,918	-	335,918
Materials and service	85,483	-	85,483
Capital outlay	1,200	-	1,200
Total expenditures	422,601	-	422,601
Revenues over (under) expenditures	239,686	78,755	318,441
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	-	3,920	3,920
Interfund loan payments	(69,094)	-	(69,094)
Transfers out	(131,356)	-	(131,356)
Total other financing sources (uses)	(200,450)	3,920	(196,530)
Net change in fund balance	39,236	82,675	121,911
FUND BALANCE, BEGINNING - BUDGETARY BASIS	256,506	322,747	579,253
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 295,742	\$ 405,422	701,164
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(13,840)
Interfund loan			25,511
Loan receivable			5,781
Capital assets, net			968,273
OPEB asset			3,180
Deferred outflows related to pensions			113,881
Deferred outflows related to OPEB			1,381
Leases payable			(8,902)
Net pension liability			(254,658)
OPEB liability			(9,823)
Deferred inflows related to pension			(78,478)
Deferred inflows related to OPEB			(5,876)
NET POSITION			\$ 1,447,594

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 655,000	\$ 655,000	\$ 658,574	\$ 3,574
Interest revenue	700	700	3,713	3,013
Total revenues	655,700	655,700	662,287	6,587
EXPENDITURES:				
Personnel service	347,000	347,000	335,918	11,082
Materials and service	121,860	121,860	85,483	36,377
Capital outlay	13,750	13,750	1,200	12,550
Contingency	288,689	288,689	-	288,689
Total expenditures	771,299	771,299	422,601	348,698
Revenues over (under) expenditures	(115,599)	(115,599)	239,686	355,285
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(69,095)	(69,095)	(69,094)	1
Transfers out	(127,261)	(127,261)	(131,356)	(4,095)
Total other financing sources (uses)	(196,356)	(196,356)	(200,450)	(4,094)
Net change in fund balance	(311,955)	(311,955)	39,236	351,191
FUND BALANCE, BEGINNING - BUDGETARY BASIS	316,955	316,955	256,506	(60,449)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 5,000	\$ 5,000	\$ 295,742	\$ 290,742

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 600	\$ 600	\$ 8,362	7,762
System development charges	34,010	34,010	70,393	36,383
Total revenues	34,610	34,610	78,755	44,145
EXPENDITURES:				
Contingency	356,175	356,175	-	356,175
Total expenditures	356,175	356,175	-	356,175
Revenues over (under) expenditures	(321,565)	(321,565)	78,755	400,320
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	3,920	3,920	3,920	-
Total other financing sources (uses)	3,920	3,920	3,920	-
Net change in fund balance	(317,645)	(317,645)	82,675	400,320
FUND BALANCE, BEGINNING - BUDGETARY BASIS	317,645	317,645	322,747	5,102
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 405,422	\$ 405,422

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the Government's annual comprehensive 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

	2023	2022	2021	2020	2019
Governmental activities:					
Net investment in capital assets	\$ 10,076,599	\$ 9,503,825	\$ 6,318,721	\$ 5,923,500	\$ 7,600,589
Restricted for special purposes	5,734,487	4,117,626	11,251,013	11,526,316	8,699,117
Unrestricted	(1,709,636)	(1,566,056)	(10,030,635)	(8,991,769)	(11,828,745)
Total governmental activities net position	\$ 14,101,450	\$ 12,055,395	\$ 7,539,099	\$ 8,458,047	\$ 4,470,961
Business-type activities:					
Net investment in capital assets	\$ 8,252,170	\$ 7,611,201	\$ 7,522,230	\$ 8,523,341	\$ 7,456,240
Restricted for special purposes	2,513,909	1,694,592	1,457,572	1,760,621	3,047,642
Unrestricted	6,266,180	4,567,874	4,253,839	2,291,202	1,637,277
Total business-type activities net position	\$ 17,032,259	\$ 13,873,667	\$ 13,233,641	\$ 12,575,164	\$ 12,141,159
Primary government:					
Net investment in capital assets	\$ 18,328,769	\$ 17,115,026	\$ 13,840,951	\$ 14,446,841	\$ 15,056,829
Restricted for special purposes	8,248,396	5,812,218	12,708,585	13,286,937	11,746,759
Unrestricted	4,556,544	3,001,818	(5,776,796)	(6,700,567)	(10,191,468)
Total primary government net position	\$ 31,133,709	\$ 25,929,062	\$ 20,772,740	\$ 21,033,211	\$ 16,612,120

* Modified Cash Basis

Source: City of Independence Annual Comprehensive Financial Reports

2018	2017	2016	2015	2014
\$ 7,600,589	\$ 7,735,737	\$ 7,929,384	\$ 6,780,505	\$ 6,780,505
8,841,429	687,834	554,476	501,226	392,938
(14,116,395)	(8,449,465)	(8,242,130)	(6,445,485)	1,091,328
\$ 2,325,623	\$ (25,894)	\$ 241,730	\$ 836,246	\$ 8,264,771
\$ 8,572,939	\$ 7,686,901	\$ 8,633,040	\$ 7,944,263	\$ 6,423,105
2,035,952	1,894,742	1,597,730	1,696,318	181,269
1,544,702	2,332,309	1,768,320	2,319,635	2,676,380
\$ 12,153,593	\$ 11,913,952	\$ 11,999,090	\$ 11,960,216	\$ 9,280,754
\$ 16,173,528	\$ 15,422,638	\$ 16,562,424	\$ 14,724,768	\$ 13,203,610
10,877,381	2,582,576	2,152,206	2,197,544	574,207
(12,571,693)	(6,117,156)	(6,473,810)	(4,125,850)	3,767,708
\$ 14,479,216	\$ 11,888,058	\$ 12,240,820	\$ 12,796,462	\$ 17,545,525

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

	2023	2022	2021	2020	2019
EXPENSES					
Governmental activities:					
General government	2,225,182	\$ 2,540,736	4,173,961	\$ 3,111,872	\$ 2,294,624
Public safety	3,315,767	3,201,136	3,838,448	3,634,371	3,151,005
Highways and streets	922,463	558,117	222,645	491,406	489,319
Culture and recreation	1,850,899	635,635	1,370,051	1,425,708	1,370,438
Community development	573,745	1,502,482	500,698	649,461	694,165
Interest on long-term debt	974,612	937,394	1,344,431	1,179,199	1,203,615
Total governmental activities expenses	9,862,668	9,375,500	11,450,234	10,492,017	9,203,166
Business-type activities:					
Sewer	2,608,615	1,366,184	1,081,503	954,088	1,106,165
Water	1,423,743	1,038,905	1,070,534	1,123,342	923,467
Storm Drain	575,219	322,553	272,685	345,341	349,240
Total business-type activities expenses	4,607,577	2,727,642	2,424,722	2,422,771	2,378,872
Total expenses	14,470,245	12,103,142	13,874,956	12,914,788	11,582,038
PROGRAM REVENUES					
Governmental activities:					
Charges for services					
General Government	557,252	\$ 400,970	213,435	\$ 481,768	\$ 665,614
Public Safety	61,681	116,832	122,027	161,684	188,962
Highways and streets	-	-	-	-	-
Culture and recreation	2,360	4,265	1,225	(175)	2,185
Community development	15,055	89,059	14,731	149,108	70,773
Operating grants and contributions	2,920,189	3,681,338	1,597,202	1,479,569	2,100,240
Capital grants and contributions	1,331,573	566,062	1,772,020	1,985,320	1,718,416
Total governmental activities program revenues	4,888,110	4,858,526	3,720,640	4,257,274	4,746,190
Business-type activities:					
Charges for services	6,020,954	5,980,995	5,810,054	5,914,642	5,445,257
Operating grants and contributions	2,000,000	-	-	-	-
Capital grants and contributions	1,023,456	355,184	-	-	-
Total business-type activities program revenues	9,044,410	6,336,179	5,810,054	5,914,642	5,445,257
Total program revenues	13,932,520	11,194,705	9,530,694	10,171,916	10,191,447
Net (Expense)/Revenue					
Governmental activities	(4,974,558)	(4,516,974)	(7,729,594)	\$ (6,234,744)	\$ (4,456,976)
Business-type activities	4,436,833	3,608,537	3,385,332	3,491,871	3,066,385
Total net expense	(537,725)	(908,437)	(4,344,262)	\$ (2,742,873)	\$ (1,390,591)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes and assessments	3,946,047	3,819,888	3,593,118	\$ 3,231,751	\$ 3,008,161
Franchise fees	898,312	829,260	840,401	817,269	777,739
Intergovernmental	200,629	-	-	-	-
Miscellaneous	471,328	463,901	108,825	799,661	171,932
Gain on the sale of assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Proceeds from sale of assets	-	263,393	-	-	-
Proceeds from issuance of debt	-	-	-	-	-
Transfers	1,504,297	3,051,293	2,748,302	3,113,149	3,144,482
Total governmental activities	7,020,613	8,427,735	7,290,646	7,961,830	7,102,314
Business-type activities:					
Miscellaneous	242,442	29,916	21,447	55,283	65,663
Proceeds from issuance of debt	-	-	-	-	-
Gain on the sale of assets	(16,386)	-	-	-	-
Capital contributions	-	-	-	-	-
Transfers	(1,504,297)	(3,051,293)	(2,748,302)	(3,113,149)	(3,144,482)
Total business-type activities	(1,278,241)	(3,021,377)	(2,726,855)	(3,057,866)	(3,078,819)
Total	5,742,372	5,406,358	4,563,791	\$ 4,903,964	\$ 4,023,495
Change in accounting principal and estimate	-	658,401	(480,000)	2,260,000	(500,000)
Change in Net Position					
Governmental activities	2,046,055	3,910,761	(438,948)	\$ 1,727,086	\$ 2,645,338
Business-type activities	3,158,592	587,160	658,477	434,005	(12,434)
Total	5,204,647	5,156,322	(260,471)	\$ 4,421,091	\$ 2,132,904

*Modified Cash Basis

Source: City of Independence Annual Comprehensive Financial Reports

	2018		2017		2016		2015		2014
\$	2,705,399	\$	2,485,423	\$	2,620,796	\$	1,707,068	\$	1,611,602
	3,140,966		2,995,454		3,382,690		2,188,843		2,334,198
	348,280		482,086		603,939		262,555		397,394
	1,248,918		996,997		836,864		578,362		673,431
	532,557		642,575		477,766		834,303		1,111,469
	1,272,262		1,226,811		1,300,778		1,572,457		1,516,687
	9,248,382		8,829,346		9,222,833		7,143,588		7,644,781
	886,517		905,802		989,603		789,521		700,064
	1,015,831		1,053,187		802,403		678,701		697,000
	248,498		321,749		270,790		195,612		182,306
	2,150,846		2,280,738		2,062,796		1,663,834		1,579,370
	11,399,228	\$	11,110,084		11,285,629		8,807,422	\$	9,224,151

\$	47,687	\$	227,975	\$	53,619	\$	157,987	\$	66,517
	162,482		137,321		159,084		156,002		136,690
	-		1,070		-		453,406		72,952
	9,475		7,708		84,317		168,782		139,067
	321,026		60,687		152,517		237,163		229,167
	2,108,609		1,551,797		1,118,133		173,190		384,325
	239,347		296,561		932,146		14,126		4,901
	2,888,626		2,283,119		2,499,816		1,360,656		1,033,619
	5,322,399		4,908,134		4,696,232		5,669,838		3,985,214
	-		-		-		-		-
	-		-		91,652		83,727		-
	5,322,399		4,908,134		4,787,884		5,753,565		3,985,214
\$	8,211,025	\$	7,191,253		7,287,700		7,114,221	\$	5,018,833

\$	(6,359,756)	\$	(6,546,227)	\$	(6,723,017)	\$	(5,782,932)	\$	(6,611,162)
	3,171,553		2,627,396		2,725,088		4,089,731		2,405,844
\$	(3,188,203)	\$	(3,918,831)		(3,997,929)		(1,693,201)	\$	(4,205,318)

\$	2,857,390	\$	2,730,220	\$	2,598,269	\$	2,467,848	\$	2,412,538
	754,384		636,597		628,850		610,168		631,682
	-		-		-		1,432,080		1,398,173
	629,831		178,128		104,183		169,553		191,345
	-		-		-		-		-
	-		-		-		(5,200,000)		-
	-		-		-		-		-
	3,050,853		2,733,658		2,797,199		(130,073)		1,908,380
	7,292,458		6,278,603		6,128,501		(650,424)		6,542,118
	39,626		21,124		12,601		262		44,772
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		(1,394,884)		-
	(3,050,853)		(2,733,658)		(2,797,199)		130,073		(1,908,380)
	(3,011,227)		(2,712,534)		(2,784,598)		(1,264,549)		(1,863,608)
\$	4,281,231	\$	3,566,069		3,343,903		(1,914,973)	\$	4,678,510

1,498,130 - - -

\$	932,702	\$	(267,624)	\$	(594,516)	\$	(6,433,356)	\$	(69,044)
	160,326		(85,138)		(59,510)		2,825,182		542,236
\$	2,591,158	\$	(352,762)	\$	(654,026)	\$	(3,608,174)	\$	473,192

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund:					
Nondisposable	\$ 3,926,197	\$ 4,033,264	\$ 4,047,131	\$ 4,058,702	\$ 4,073,171
Restricted	-	-	-	-	-
Committed	356,159	473,769	247,414	187,773	122,704
Assigned	59,015	327,210	-	-	-
Unassigned	1,985,260	2,195,694	2,133,546	3,119,954	1,733,479
Total General Fund	<u>\$ 6,326,631</u>	<u>\$ 7,029,937</u>	<u>\$ 6,428,091</u>	<u>\$ 7,366,429</u>	<u>\$ 5,929,354</u>
Special Revenue Funds:					
Nondisposable	\$ 29,771	\$ 64,667	\$ 28,742	\$ 9,142	\$ 20,325
Restricted	3,829,229	3,670,848	-	-	-
Committed	-	-	-	-	-
Assigned	-	525,668	994,456	1,165,144	874,268
Unassigned	-	-	961,972	367,033	358,508
Total Special Revenue Funds	<u>\$ 3,859,000</u>	<u>\$ 4,261,183</u>	<u>\$ 1,985,170</u>	<u>\$ 1,541,319</u>	<u>\$ 1,253,101</u>
Debt Service Funds:					
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	619,938	354,409	9,798,927	10,137,539	7,812,991
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Debt Service Funds	<u>\$ 619,938</u>	<u>\$ 354,409</u>	<u>\$ 9,798,927</u>	<u>\$ 10,137,539</u>	<u>\$ 7,812,991</u>
Capital Projects Funds:					
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	1,452,086	1,388,777	991,356
Committed	-	-	-	-	-
Assigned	967,385	694,994	293,822	318,943	-
Unassigned	-	(5,034,707)	(4,769,450)	(5,141,144)	(6,338,767)
Total Capital Projects Funds	<u>\$ 967,385</u>	<u>\$ (4,339,713)</u>	<u>\$ (3,023,542)</u>	<u>\$ (3,433,424)</u>	<u>\$ (5,347,411)</u>
All Governmental Funds:					
Nondisposable	\$ 3,955,968	\$ 4,097,931	\$ 4,075,873	\$ 4,067,844	\$ 4,093,496
Restricted	4,449,167	4,025,257	11,251,013	11,526,316	8,804,347
Committed	356,159	473,769	247,414	187,773	122,704
Assigned	1,026,400	1,547,872	1,288,278	1,484,087	874,268
Unassigned	1,985,260	(2,839,013)	(1,673,932)	(1,654,157)	(4,246,780)
Total All Governmental Funds	<u>\$ 11,772,954</u>	<u>\$ 7,305,816</u>	<u>\$ 15,188,646</u>	<u>\$ 15,611,863</u>	<u>\$ 9,648,035</u>

*Modified Cash Basis

Source: City of Independence Annual Comprehensive Financial Reports

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

2018	2017	2016	2015	2014
\$ 4,003,462	\$ 129,855	\$ 73,518	\$ 40,259	\$ -
-	-	-	-	-
157,755	117,986	72,233	34,322	25,898
-	-	-	-	-
1,253,348	825,699	1,099,844	1,051,790	1,254,205
<u>\$ 5,414,565</u>	<u>\$ 1,073,540</u>	<u>\$ 1,245,595</u>	<u>\$ 1,126,371</u>	<u>\$ 1,280,103</u>
\$ 7,831	\$ 28,216	\$ 39,020	\$ 40,814	\$ -
-	-	-	-	-
-	-	-	-	-
970,499	1,044,566	1,071,566	1,324,312	1,027,370
(490,162)	(179,561)	(309,000)	(174,381)	(151,721)
<u>\$ 488,168</u>	<u>\$ 893,221</u>	<u>\$ 801,586</u>	<u>\$ 1,190,745</u>	<u>\$ 875,649</u>
\$ -	\$ -	\$ -	\$ -	\$ -
8,286,707	6,698,156	6,622,369	111,416	392,938
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 8,286,707</u>	<u>\$ 6,698,156</u>	<u>\$ 6,622,369</u>	<u>\$ 111,416</u>	<u>\$ 392,938</u>
\$ -	\$ -	\$ 980	\$ -	\$ -
554,722	499,678	442,107	389,810	-
-	-	-	-	-
82,786	112,101	94,832	-	148,959
(6,716,183)	(3,158,971)	(2,993,059)	(2,446,459)	(2,100,118)
<u>\$ (6,078,675)</u>	<u>\$ (2,547,192)</u>	<u>\$ (2,455,140)</u>	<u>\$ (2,056,649)</u>	<u>\$ (1,951,159)</u>
\$ 4,011,293	\$ 158,071	\$ 113,518	\$ 81,073	\$ -
8,841,429	7,197,834	7,064,476.00	501,226.00	392,938
157,755	117,986	72,233.00	34,322.00	25,898
1,053,285	1,156,667	1,166,398.00	1,324,312.00	1,176,329
(5,952,997)	(2,512,833)	(2,202,215.00)	(1,569,050.00)	(997,634)
<u>\$ 8,110,765</u>	<u>\$ 6,117,725</u>	<u>\$ 6,214,410</u>	<u>\$ 371,883</u>	<u>\$ 597,531</u>

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

	2023	2022	2021	2020	2019
REVENUES					
Taxes and assessments	\$ 3,909,900	\$ 3,906,324	\$ 3,613,523	\$ 3,252,719	\$ 3,116,266
Licenses and permits	400,470	229,954	153,854	353,674	515,603
Intergovernmental	2,618,619	3,142,158	2,818,244	1,916,506	3,376,594
Grants and donations	715,981	-	-	-	-
Franchise fees	898,312	829,260	840,401	817,269	777,739
Charges for services	919,869	735,829	525,793	734,602	517,252
Fines and forfeitures	76,097	126,166	116,217	194,337	167,988
Miscellaneous	510,476	1,548,822	311,744	-	234,260
Total Revenues	10,049,724	10,518,513	8,379,776	7,269,107	8,705,702
EXPENDITURES					
Current operating:					
General government	1,886,392	2,235,955	3,394,218	2,618,797	1,677,331
Highways and streets	682,140	289,612	293,186	285,467	299,681
Culture and recreation	1,704,599	1,294,810	1,059,231	1,157,577	1,159,613
Public Safety	3,438,139	3,190,708	3,302,871	3,243,263	3,022,821
Community development	576,284	634,715	491,498	646,819	699,295
Capital outlay	189,450	2,534,317	595,466	747,717	1,263,645
Debt service					
Interest	1,268,208	1,235,748	926,403	987,064	1,020,057
Principal	949,483	1,237,469	1,186,829	6,271,371	1,077,396
Total Expenditures	10,694,695	12,653,334	11,249,702	15,958,075	10,219,839
REVENUES OVER (UNDER) EXPENDITURES	(644,971)	(2,134,821)	(2,869,926)	(8,688,968)	(1,514,137)
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of capital assets	-	330,259	-	-	-
Repayment of short-term debt	-	-	-	-	-
Transfers in	2,565,362	4,474,111	5,354,218	4,541,466	4,415,144
Transfers out	(1,061,065)	(1,422,818)	(2,605,916)	(1,428,317)	(1,270,662)
Payment to refunded bond escrow agent	-	-	-	-	-
Principal payments received	-	-	-	-	-
Issuance of debt	-	-	178,407	5,946,881	226,848
Proceeds from sale of capital asset	-	-	-	-	-
Capital Contributions	-	-	-	-	180,077
Total Other Financing Sources (Uses)	1,504,297	3,381,552	2,926,709	9,060,030	3,551,407
NET CHANGE IN FUND BALANCES	\$ 859,326	\$ 1,246,731	56,783	371,062	\$ 2,037,270
Debt service as a percentage of noncapital expenditures	26.76%	32.65%	24.74%	91.28% *	30.58%

* In instances of debt refunding, percentages are inflated

Source: City of Independence Annual Comprehensive Financial Reports

	2018	2017	2016	2015	2014
\$	3,051,952	\$ 2,739,429	\$ 2,810,466	\$ 3,078,693	\$ 2,488,517
	108,080	114,567	109,007	334,327	178,113
	1,563,249	1,469,121	1,146,777	1,752,058	2,059,033
	-	-	-	-	-
	754,384	636,597	628,850	610,168	631,682
	126,154	118,725	97,232	97,878	223,781
	166,716	137,984	142,072	122,407	119,180
	1,375,863	628,053	309,224	709,409	243,120
	7,146,398	5,844,476	5,243,628	6,704,940	5,943,426
	1,676,480	1,295,846	1,370,608	1,074,133	1,038,201
	263,346	400,080	360,566	214,800	202,998
	1,181,528	934,641	687,474	631,920	652,163
	2,901,233	2,738,853	2,643,402	2,621,402	2,332,784
	526,884	639,889	474,593	534,442	812,711
	2,385,211	1,709,028	1,112,638	1,504,323	312,295
	1,927,818	1,223,297	1,299,384	4,740,636	1,480,903
	11,286,072	1,058,894	9,411,110	1,628,999	4,030,581
	22,148,572	10,000,528	17,359,775	12,950,655	10,862,636
	(15,002,174)	(4,156,052)	(12,116,147)	(6,245,715)	(4,919,210)
	-	-	-	-	-
	-	-	-	-	-
	4,408,328	3,708,039	3,929,951	2,824,095	2,945,802
	(1,357,475)	(974,381)	(1,132,752)	(1,123,547)	(1,037,422)
	-	-	-	46,640	51,053
	12,329,361	1,325,709	8,651,475	4,272,879	3,487,227
	-	-	-	-	-
	-	-	-	-	-
	15,380,214	4,059,367	11,448,674	6,020,067	5,446,660
\$	378,040	\$ (96,685)	\$ (667,473)	\$ (225,648)	\$ 527,450
	201.76% *	37.98%	193.45% *	125.47% *	109.38%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General government	\$ 2,546,582	\$ 1,583,856	\$ 1,724,223	\$ 1,243,099	\$ 1,984,318
Public safety	98,546	247,215	145,685	185,341	212,620
Highways and streets	1,759,019	1,476,253	715,132	913,366	857,627
Culture and recreation	455,908	317,895	58,981	1,761,359	1,615,852
Community development	28,055	1,233,307	19,731	154,108	75,773
Total Governmental Activities	<u>4,888,110</u>	<u>4,858,526</u>	<u>2,663,752</u>	<u>4,257,273</u>	<u>4,746,190</u>
Business-type Activities:					
Sewer	5,131,718	2,752,745	2,568,229	2,658,913	2,258,467
Water	3,120,297	2,880,885	2,523,872	2,477,067	2,560,736
Storm Drain	792,395	702,549	717,953	778,662	626,054
Total Business-type Activities	<u>9,044,410</u>	<u>6,336,179</u>	<u>5,810,054</u>	<u>5,914,642</u>	<u>5,445,257</u>
Total Activities	<u>13,932,520</u>	<u>11,194,705</u>	<u>8,473,806</u>	<u>10,171,915</u>	<u>10,191,447</u>

Source: City of Independence Annual Comprehensive Financial Reports

2018	2017	2016	2015	2014
\$ 1,423,140	\$ 1,077,633	\$ 590,841	\$ 157,987	\$ 66,517
208,817	167,877	189,785	199,144	159,127
688,072	809,508	1,056,292	454,400	72,952
177,571	167,414	455,870	227,583	183,502
391,026	60,687	207,028	321,542	551,521
<u>2,888,626</u>	<u>2,283,119</u>	<u>2,499,816</u>	<u>1,360,656</u>	<u>1,033,619</u>
2,197,510	1,983,365	1,937,249	2,570,638	1,564,687
2,539,337	2,387,683	2,327,494	2,656,085	2,015,666
585,552	537,086	523,141	526,842	404,861
<u>5,322,399</u>	<u>4,908,134</u>	<u>4,787,884</u>	<u>5,753,565</u>	<u>3,985,214</u>
<u><u>8,211,025</u></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>

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

Fiscal Year Ended June 30,	Real Property	Personal Property*	Public Utility Property	Total		Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Estimated Actual Value		
2014	362,146,881	9,624,992	7,627,050	379,398,923	458,658,686	82.72	5.85
2015	374,713,304	9,450,908	7,398,497	391,562,709	472,700,818	82.84	5.69
2016	398,203,180	9,189,510	7,702,000	415,094,690	517,600,090	80.20	5.64
2017	424,521,894	9,382,525	8,217,600	442,122,019	560,243,769	78.92	5.55
2018	446,817,349	10,040,055	8,780,000	465,637,404	629,330,216	73.99	5.50
2019	464,112,789	10,646,454	10,860,000	485,619,243	705,620,234	68.82	5.46
2020	495,930,540	12,505,486	10,491,000	518,927,026	794,597,465	65.31	5.40
2021	526,094,110	15,178,848	12,070,900	553,343,858	891,949,852	62.04	5.34
2022	563,666,436	13,774,356	12,458,900	589,899,692	992,977,814	59.41	5.29
2023	600,131,214	14,885,467	13,804,900	628,821,581	1,200,384,182	52.39	5.25

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

* Includes mobile homes

Source: Polk County Department of Assessment and Taxation

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				Central School District No. 13J				Special Districts				Overlapping Rates														
	Total		Public		Total		General		Debt		Total		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
	General	Debt	City	General	Safety	Debt	County	General	Debt	School District	Chemeketa College	Chemeketa Library	Chemeketa Bonds	Willamette ESD	Creek WCD	Polk County FD#1	Polk County FD#1 LO/Bonds	Polk Soil/Water CD	Hilltop Cemetery District												
2014	4.5897	1.2627	5.8524	1.7160	-	0.5440	2.2600	4.8834	3.1863	8.0697	0.8593	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.5235											
2015	4.5897	1.1042	5.6939	1.7160	-	-	2.2598	4.8834	8.4158	8.4158	0.8942	0.0818	-	0.2967	0.1069	1.5038	0.3303	0.0500	0.1132	30.4220											
2016	4.5897	1.0494	5.6391	1.7160	0.0305	0.5190	2.2655	4.8834	3.1117	7.9951	0.9190	0.0818	-	0.2967	0.1069	1.5038	0.3442	0.0500	0.1132	29.5759											
2017	4.5897	0.9568	5.5465	1.7160	0.0396	0.5043	2.5399	4.8834	3.4611	8.3445	0.9018	0.0818	-	0.2967	0.1069	1.5038	0.3079	0.0500	0.1040	30.6882											
2018	4.5897	0.9085	5.4982	1.7160	0.0303	-	1.9097	4.4947	2.6242	7.1189	0.8484	0.0753	-	0.2731	0.0974	1.3841	0.3059	0.0461	0.1035	26.6892											
2019	4.5897	0.8658	5.4555	1.5764	0.3303	-	1.9067	4.4947	2.6242	7.1189	0.8484	0.0753	-	0.2731	0.0974	1.3841	0.3059	0.0461	0.1035	26.6405											
2020	4.5897	0.8152	5.4049	1.5693	0.4250	-	1.9943	4.4659	2.6762	7.1421	0.5724	0.0749	0.2627	0.0974	0.0974	1.3841	0.3059	0.0461	0.1035	26.7961											
2021	4.5897	0.7549	5.3446	1.5517	0.4250	-	1.9767	4.4159	2.7080	7.1239	0.5660	0.0740	0.2602	0.0949	0.0949	1.3599	0.3043	0.0453	0.1015	26.6202											
2022	4.5897	0.7042	5.2939	1.5299	0.4250	-	1.9549	4.3538	2.6931	7.0469	0.5679	0.0730	0.2579	0.0929	0.0929	1.3407	0.2949	0.0446	0.0999	26.3341											
2023	4.5897	0.6567	5.2464	1.5119	0.4250	-	1.9369	4.3024	2.4129	6.7153	0.5515	0.0721	0.2626	0.0912	0.0912	1.3249	0.2923	0.0441	0.0986	25.5495											

Source: Polk County Department of Assessment and Taxation

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

Taxpayer	2023		
	Assessed Value	Rank	% of Total City Taxable Assessed Value
RIVERPLACE APARTMENT HOMES LLC	\$ 19,634,110	1	3.33%
INDEPENDENCE LANDING II LLC	14,789,000	2	2.51%
ACPI WOOD PRODUCTS LLC *	12,859,030	3	2.18%
RFBS-LEGACY LLC ETAL	12,889,400	4	2.19%
NORTHWEST NATURAL GAS CO	6,549,000	5	1.11%
RICHMOND SQUARE APARTMENTS LLC	5,887,730	6	1.00%
1315 MONMOUTH LLC	5,875,720	7	1.00%
CREEKSIDE MEADOWS, LLC	5,541,950	8	0.94%
75 C ST STREET LLC ETAL	5,109,480	9	0.87%
INDEPENDENCE LANDING I LLC	5,019,530	10	0.85%
PRT INVESTORS LLC ETAL	-	-	-
SPURLOCK JAMES H AND MARY ANN	-	-	-
CITY OF INDEPENDENCE	-	-	-
SLEGGERS TRUST	-	-	-
CENTRAL PLAZA SHOPPING CENTER LLC	-	-	-
FOX LAND ASSOCIATES, LTD	-	-	-
WINCO FOODS, LLC	-	-	-
	<u>\$ 94,154,950</u>		<u>15.98%</u>

Source: Polk County Department of Assessment and Taxation

* aka MEDALION CABINETRY, LLC & ELKAY WOOD PRODUCTS

2014		
Assessed Value	Rank	% of Total City Taxable Assessed Value
\$ -	-	-
-	-	-
10,285,850	1	2.71%
-	-	-
3,233,000	5	0.55%
-	-	-
-	-	-
4,247,490	4	0.72%
-	-	-
-	-	-
9,878,690	2	1.67%
4,512,540	3	0.76%
3,155,680	6	0.53%
2,756,250	7	0.47%
2,704,840	8	0.46%
2,380,170	9	0.40%
2,151,150	10	0.36%
<u>\$ 45,305,660</u>		<u>8.63%</u>

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
2014	2,419,024	2,336,497	96.59	65,487	2,401,984	99.30
2015	2,520,529	2,381,798	94.50	62,596	2,444,394	96.98
2016	2,647,861	2,507,283	94.69	66,484	2,573,767	97.20
2017	2,799,122	2,642,030	94.39	60,223	2,702,253	96.54
2018	2,928,888	2,769,218	94.55	54,569	2,823,787	96.41
2019	3,039,254	2,987,150	98.29	60,886	3,048,036	100.29
2020	3,231,847	3,173,287	98.19	56,393	3,229,680	99.93
2021	3,456,854	3,402,769	98.44	32,001	3,434,770	99.36
2022	3,753,964	3,578,541	95.33	53,677	3,632,218	96.76
2023	3,905,528	3,888,483	99.56	-	3,888,483	99.56

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

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF OUTSTANDING DEBT
JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental Activities					
Bonds					
2013 GO Refunding Bonds	\$ 3,200,000	\$ 3,450,000	\$ 3,695,000	\$ 3,935,000	\$ 4,170,000
Bond Premium	13,803	15,326	16,849	18,372	19,895
2016A FFC ICC Refunding	7,840,000	7,875,000	7,910,000	7,945,000	7,980,000
Bond Premium	370,776	393,950	417,124	440,298	463,472
2015 FFC MINET Refunding Bonds	2,425,000	2,650,000	2,870,000	3,080,000	3,290,000
2010 FFC (ICC) Bonds	-	-	-	-	350,000
2010 FFC A&B (MINET)	-	-	-	-	770,000
2017C FFC MINET Refunding Bonds	1,190,000	1,475,000	1,755,000	2,025,000	2,095,000
2017B FFC MINET Refunding Bonds	-	-	-	-	4,570,000
2017A FFC ICC Refunding Bonds	2,920,000	3,305,000	3,675,000	4,035,000	4,035,000
Bond Premium	276,634	293,922	311,211	328,500	345,789
2020 FF&C MINET Refunding Bonds	4,780,000	4,780,000	4,780,000	4,780,000	4,035,000
Bond Premium	413,505	439,349	465,193	491,037	345,789
Notes Payable					
IFA Loan - Urban Renewal	2,904,580	2,904,580	2,904,580	2,726,173	2,726,173
SPWF Loan - Hoffman Rd	25,443	50,843	75,033	98,071	120,012
OECD MINET Loan #1	-	-	-	-	-
2020 Chase Bank - Museum	476,843	539,651	601,209	650,000	-
Capital Lease	-	-	-	-	9,614
Total Governmental	<u>\$26,836,584</u>	<u>\$28,172,621</u>	<u>\$29,476,199</u>	<u>\$30,552,451</u>	<u>\$35,325,744</u>
Business-type Activities					
Bonds					
2016A FFC Water Bonds	\$ 960,000	\$ 1,020,000	\$ 1,075,000	\$ 1,130,000	\$ 1,185,000
2016B FFC Water Bonds	-	-	-	-	-
Bond Premium	41,780	44,994	48,208	51,422	54,636
2013 Sewer Refunding Bonds	1,860,000	1,945,000	2,025,000	2,105,000	2,210,000
Bond Discount	(10,357)	(10,357)	(10,933)	(11,509)	(12,085)
Notes Payable					
CWSRF Loan	7,284,265	7,284,265	7,231,342	3,426,305	457,915
2018 Chase Bank Loan - Water	505,616	582,150	656,988	729,894	800,000
Capital Lease	-	-	-	-	14,420
Total Business-type	<u>\$10,641,304</u>	<u>\$10,866,052</u>	<u>\$11,025,605</u>	<u>\$ 7,431,112</u>	<u>\$ 4,709,886</u>

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 4,395,000	\$ 4,615,000	\$ 4,830,000	\$ 5,045,000	\$ 5,255,000
21,418	22,763	24,286	25,809	27,243
8,010,000	8,040,000	8,070,000	-	-
486,646	509,998	533,083	-	-
3,495,000	3,695,000	3,925,000	4,145,000	-
685,000	5,185,000	5,500,000	13,115,000	13,410,000
955,000	7,235,000	7,405,000	7,565,000	7,720,000
2,160,000	-	-	-	-
4,570,000	-	-	-	-
4,035,000	-	-	-	-
363,078	-	-	-	-
4,035,000	-	-	-	-
363,078	-	-	-	-
2,499,325	1,275,772	-	-	-
140,908	160,809	179,763	198,839	253,598
-	-	-	-	4,019,274
-	-	-	-	-
<u>21,115</u>	<u>57,286</u>	<u>87,289</u>	<u>99,892</u>	<u>4,730</u>
<u>\$36,235,568</u>	<u>\$30,796,628</u>	<u>\$30,554,421</u>	<u>\$30,194,540</u>	<u>\$30,689,845</u>

\$ 1,185,000	\$ 1,185,000	\$ -	\$ -	\$ -
55,000	105,000	-	-	-
57,850	61,064	-	-	-
2,335,000	2,455,000	2,570,000	2,685,000	2,750,000
(12,661)	(13,237)	(13,813)	(14,389)	(14,965)
-	-	-	-	-
-	-	-	-	-
<u>31,671</u>	<u>48,372</u>	<u>64,278</u>	<u>80,030</u>	<u>4,730</u>
<u>\$ 3,651,860</u>	<u>\$ 3,841,199</u>	<u>\$ 2,620,465</u>	<u>\$ 2,750,641</u>	<u>\$ 2,739,765</u>

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	Ratio of Bonded Debt to Assessed Value	Debt as % Personal Income	Bonded Debt Per Capita
2014	8,654	\$ 379,398,923	\$ 30,689,845	0.0809	22.29%	\$ 3,546
2015	8,772	391,562,709	30,194,540	0.0771	20.86%	3,442
2016	8,982	415,094,690	30,554,421	0.0736	17.95%	3,402
2017	9,246	442,122,019	30,796,628	0.0697	16.53%	3,331
2018	9,370	465,637,404	36,235,568	0.0778	18.35%	3,867
2019	9,530	485,619,243	35,325,744	0.0727	18.45%	3,707
2020	9,675	518,927,026	30,552,451	0.0589	15.44%	3,158
2021	9,828	553,343,858	29,476,199	0.0533	14.32%	2,999
2022	10,081	589,899,692	28,172,621	0.0478	12.76%	2,795
2023	10,274	628,821,581	26,836,584	0.0427	6.71%	2,612

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. MINET debt is included for accounting standards only, however MINET debt is conduit debt and paid fully by MINET and not the tax payers of Independence.

CITY OF INDEPENDENCE, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2023

<u>Governmental Unit</u>	<u>Real Market values of overlapping districts</u>	<u>Outstanding net property tax backed debt outstanding¹</u>	<u>Percentage overlapping²</u>	<u>Overlapping debt applicable to the City of Independence</u>
Debt Repaid with Property Taxes				
Chemeketa Community College	\$ 83,222,379,462	\$ 83,385,000	1.43 %	\$ 1,256,608
Willamette ESD	91,244,927,605	5,724,823	1.30 %	77,737
Polk County FD #1	3,211,965,885	1,125,000	37.05 %	461,605
Central SD 13J	3,333,601,089	52,736,902	35.70 %	20,753,359
Polk County	13,706,633,287	12,557,868	8.68 %	1,170,358
Subtotal, overlapping debt	194,719,507,328	155,529,593		23,719,667
Direct debt outstanding:				
City of Independence	<u>1,189,982,205</u>	<u>19,247,138</u>	100.00 %	<u>\$ 19,247,138</u>
Total Direct and Overlapping Debt	<u>\$ 195,909,489,533</u>	<u>\$ 174,776,731</u>		<u>\$ 42,966,805</u>

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 Leases Payable 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, 2023

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

Real Market value	\$ 1,200,384,182
Rate	x 3%
Debt limit	<u>36,011,525</u>
Debt applicable to limit	<u>3,200,000</u>
Legal debt margin	<u>\$ 32,811,525</u>

<u>Fiscal year ended June 30,</u>	<u>Debt Limit</u>	<u>Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
2014	13,759,761	5,259,730	8,500,031
2015	14,181,025	5,144,892	9,036,133
2016	15,528,003	4,917,289	10,610,714
2017	16,807,313	4,672,286	12,135,027
2018	18,879,906	4,416,115	14,463,791
2019	21,168,607	4,179,614	16,988,993
2020	23,837,924	4,585,000	19,252,924
2021	26,758,496	4,296,209	22,462,287
2022	29,789,334	3,989,651	25,799,683
2023	36,011,525	3,200,000	32,811,525

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	
2014	\$ 2,038,704	\$ 451,626	\$ 1,587,078	\$ 194,709	\$ 88,544	\$ 283,253	560%
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	2,388,116	1,053,187	1,334,929	45,000	32,772	77,772	1,716
2018	2,555,410	1,015,831	1,539,579	50,000	37,108	87,108	1,767
2019	2,467,956	1,200,156	1,267,800	55,000	37,522	92,522	1,370
2020	2,522,410	1,457,972	1,064,438	125,106	59,400	184,506	577
2021	2,725,994	1,069,753	1,656,241	127,906	53,895	181,801	911
2022	2,764,576	1,366,184	1,398,392	219,799	50,318	270,117	518
2023	2,917,726	1,443,485	1,474,241	136,971	46,540	183,511	803

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	
2014	\$ 1,565,230	\$ 387,561	\$ 1,177,669	\$ -	\$ 84,450	\$ 84,450	1395%
2015	2,570,638	789,521	1,781,117	65,000	84,450	149,450	1,192
2016	1,812,097	941,809	870,288	115,000	79,050	194,050	448
2017	2,004,056	905,802	1,098,254	115,000	79,915	194,915	563
2018	2,219,763	886,517	1,333,246	120,000	75,600	195,600	682
2019	2,124,252	1,152,603	971,649	125,000	73,200	198,200	490
2020	5,225,809	4,715,653	510,156	105,000	70,700	175,700	290
2021	6,184,229	3,793,918	2,390,311	80,000	67,550	147,550	1,620
2022	2,774,052	733,542	2,040,510	80,000	65,149	145,149	1,406
2023	2,690,944	2,442,171	248,773	85,000	62,750	147,750	168

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
2014	\$ 28,564	\$ 30,437	\$ 29,945	\$ 60,382	47%
2015	54,995	54,759	14,136	68,895	80
2016	24,479	19,076	8,866	27,942	88
2017	26,825	18,954	8,988	27,942	96
2018	14,344	19,901	8,040	27,941	51
2019	14,971	20,896	7,045	27,941	54
2020	15,086	21,941	6,001	27,942	54
2021	10,018	23,038	4,904	27,942	36
2022	63,332	24,190	3,752	27,942	227
2023	4,373	25,400	2,542	27,942	16

CITY OF INDEPENDENCE, OREGON
Top Ten Sewer System Rate Payers
June 30, 2023

		Amount	EDU's
Legacy Oaks	Multi-Family Housing	\$ 127,940	197
Tokola Properties	Multi-Family Housing	81,180	125
Ash Creek Mobile Court	Mobile Home Park	49,357	76
Hazel Glen Court	Mobile Home Park	36,369	56
Independence MHP	Mobile Home Park	24,679	37
Greystone Apartments	Multi-Family Housing	22,730	35
Vista Ridge Appartments	Multi-Family Housing	22,575	32
Colonia Amistad Limited Part	Multi-Family Housing	11,287	16
Legacy Creek Duplexes LLC	Multi-Family Housing	8,466	12
Independence Living Center	Assistant Living/ Retirement Center	9,869	0
		<hr/>	
Total Top Ten Rate Payers		\$ 394,452	586
		<hr/>	
Total All Users		\$ 2,554,399	

CITY OF INDEPENDENCE, OREGON
Top Ten Water System Rate Payers
June 30, 2023

		Amount	Units
Legacy Oaks Apartments	Multi-Family Housing	\$ 83,224	20,340
Riverplace Apartments	Multi-Family Housing	94,383	17,885
Ash Creek Mobile Court	Mobile Home Park	40,615	8,372
School District 13-J	Government	82,077	11,368
Tokola Properties	Multi-Family Housing	33,191	6,268
Richmond Square Apts	Multi-Family Housing	39,634	9,996
Greystone Apts	Mobile Home Park	20,090	5,080
Hazel Glen Court	Mobile Home Park	29,188	5,066
Independence MHP	Mobile Home Park	23,027	4,683
Independence Living Center	Assistant Living/ Retirement Center	21,843	5,343
Total Top Ten Rate Payers		<u>\$ 467,272</u>	94,401
Total All Users		\$ 2,708,250	399,085

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
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% *
2022	10,081	21,836	220,823	2.86	3,524.8	4.5% *
2023	10,274	38,920	399,864	2.86	3,592.3	3.4% *

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
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	9	10	13	14	12	16	17	16	17	19
Public safety	17	18	18	18	18	20	20	20	17	19
Highways and streets	2	2	2	2	2	2	2	2	2	3
Culture and recreation	3	4	6	6	7	7	7	7	10	8
Sewer	1	1	2	2	3	3	3	3	3	3
Water	3	3	3	3	3	3	3	3	3	3
Storm Drain	1	1	1	2	2	2	2	2	2	2
Total	36	39	45	47	47	53	54	53	54	57

Source: City of Independence

CITY OF INDEPENDENCE, OREGON
OPERATING INDICATORS
LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017
Police				
Arrests	631	507	574	510
Traffic violations	662	684	915	884
Municipal Court Cases	508	826	919	610
Charges	620	1,015	1,026	758
Building Activity				
Permits Issued	76	47	86	63
Estimated Value	\$23,105,490	\$12,559,620	\$7,586,405	\$8,053,833
Planning Applications	7	7	11	7
Library				
Circulation	146,262	141,519	138,943	117,363
Miles of Streets Maintained	27.60	27.60	27.60	33.50
Water				
Connections	2,297	2,378	2,410	2,440
Sewer				
Connections	2,275	2,317	2,339	2,370

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

** FY2022 Staffing shortages caused by COVID-19 pandemic

Source: City of Independence

2018	2019	2020	2021	2022	2023
534	517	544	366 *	416 **	445
884	1,050	1,162	568 *	529 **	408
690	870	950	428 *	348 **	266
843	1,047	1,135	524 *	448 **	331
62	108	145	97 *	90	133
\$15,486,171	\$17,825,303	\$32,616,967	\$10,983,030	\$12,723,397	\$21,249,998
12	11	13	14	21	17
116,352	115,684	119,544	51,075 *	66,563 **	76,327
36.68	37.18	37.43	38.09	38.09	38.09
2,481	2,530	2,595	2,652	2,700	2,729
2,398	2,476	2,536	2,575	3,570	2,671

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	27.6	27.6	27.6	33.5	36.68	37.18	37.43	38.09	38.09	38.09
Culture and recreation										
Number of parks	9	9	9	9	9	10	10	10	10	10
Acreage	114.3	114.3	114.3	114.3	114.3	119	119	119	119	119
Pool (sq ft)	2400	2400	2400	2400	2400	2400	2400	2400	0	0
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	2.1 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	2.1 mgd
Fire hydrants	212	214	214	214	214	263	269	278	278	278

Source: City of Independence

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Honorable Mayor and City Council
City of Independence
Independence, Oregon

We have audited the basic financial statements of the City of Independence (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 30, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

- OAR 150-294-0430(1) states: "An estimate for general operating contingency may be included in any operating fund." OAR 150-294-0430(1)(a) defines an operating fund as: An operating fund is one which contains estimates for personnel services, materials and services, or capital outlay. The 2023-24 budget for the Sewer SDC Fund included appropriations for contingency but did not include personnel services, materials and services, or capital outlay.
- Repayment of interfund loans should be budgeted as a debt service requirement in the funds that received the loan. In the 2023-24 budget, the City budgeted repayment of interfund loans as transfers out.

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS, CONTINUED

- Reserved for future expenditure should not be included in the resolution making appropriations. In the 2023-24 budget, the City appropriated reserve for future expenditures in the Transportation, Fac/Veh/Equip/Repl Reserve, Parks Capital Reserve, Water, Sewer, and Stormwater Funds.
- ORS 294.388 requires the "total amount of expenditures and other requirements in each fund equals the total amount of resources in the fund for the same period." For the 2023-24 approved budget, the General Fund had requirements totaling \$7,377,506 while resources totaled \$7,180,296.
- The financial summary attached to the notice of budget hearing showed 2023-24 approved budget total resources of \$38,212,179. The budget document showed 2023-24 approved budget total resources of \$38,014,968.
- Expenditures in the following funds exceeded appropriations for the year ended June 30, 2023:

<u>Fund</u>	<u>Budget Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Over Expenditure</u>
General	Administration	\$713,750	\$810,155	\$(96,405)
General	Economic Development	309,250	321,592	(12,342)
General	Information Technology	136,250	145,863	(9,613)
Information Services Equipment	Capital Outlay	15,000	15,795	(795)
Tourism and Events	Personnel Service	122,000	133,907	(11,907)
Water	Personnel Service	602,000	627,099	(25,099)
Water SDC	Capital Outlay	-	650	(650)
Sewer	Personnel Service	601,000	618,825	(17,825)
Sewer SDC	Capital Outlay	-	1,064	(1,064)

- The City did not obtain three informal quotes for two of their procurements under \$150,000 as required under ORS 279.

OAR 162-10-0230 Internal Control

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

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

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS,
CONTINUED

Restriction on Use

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

Aldrich CPAs + Advisors LLP

By:

A handwritten signature in black ink, appearing to read "Andrew Maffia". The signature is fluid and cursive, with the first name "Andrew" and last name "Maffia" clearly distinguishable.

Andrew Maffia, CPA, Partner
Salem, Oregon
January 30, 2024