



CITY OF INDEPENDENCE, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

City of Independence, Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2020

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

March 31, 2021

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

I am pleased to submit the Comprehensive Annual Financial Report of the City of Independence, Oregon for the fiscal year ended June 30, 2020. This report is published to provide the City Council, city staff, citizens, and other readers with detailed information concerning the financial position and activities of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management team. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The State of Oregon requires an annual audit of the fiscal affairs of the City by independent, certified public accountants. The City's financial statements have been audited by Merina & Company, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements included in this report are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Independence's financial statements for the fiscal year ended June 30, 2020, and are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

City Profile

The City of Independence, founded in 1845 and incorporated in 1874, is located in the Mid-Willamette Valley, just southwest of Salem, Oregon, the state's capitol. The City currently occupies a land area of approximately 2.8 square miles and serves an estimated population of 9,675 per Portland State University. The City of Independence is empowered to levy a property tax on real properties located within its boundaries.

The City of Independence operates under the council-manager form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and six other members. The City

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

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

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

Sadly, these events and activities were either altered significantly or canceled for the end of FY2020 and beginning of FY2021. The City is hopeful that Summer 2021 will see the end of the COVID-19 pandemic and be back to "normal".

Factors Affecting Financial Condition

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

Local Economy

The City's local economy continues to develop and diversify at a faster pace than most other communities in the region. Since 2010, Independence has been the 4th fastest growing city in Oregon, behind only Bend, Happy Valley and Wilsonville. With two new subdivisions building houses and the annexation in 2019 of 70 acres for additional residential development, this trend has continued through FY2020, even as the national is experiencing an economic slowdown that has resulted from the pandemic.

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. According to Zillow, the average home value in Independence rose over 9% in the last year.

While downtown Independence has experienced a revitalization over the past decade, 2019 saw several projects which has accelerated the revival and spur regional economic growth. The Independence Hotel, a 75-room boutique lodging property, opened in October 2019 and has been the focal point for a variety of

efforts to increase regional tourism. The same developer broke ground on 124 units of high-density residential on an adjacent property in the Fall of 2019 and are nearing completion. When completed, the new residents and hotel visitors was anticipated to generate over \$6 million in new spending annually in Independence alone. With the onset and continuation of the COVID-19 crisis, this influx of economic stimulus has been paused. An additional 40-unit mixed-use building also broke ground across the street from the hotel, which will create additional economic benefits when it is completed in 2021.

While COVID has slowed economies nationwide, these keystone developments have improved the resiliency of Independence economy. Vacancy remains low downtown and three restaurant/pubs opened during these challenging times. (we can include this next sentence for details or leave it out. Your choice) The brewery in the old city hall building opened their long-awaited taproom, Gilgamesh opened their restaurant and pub, and Silk Thai brought Thai food back to downtown. Coho Realty completed an extensive renovation of the former Main Street Antiques building, and IndyCommons is working to add a shared-use commercial kitchen to its co-working facility. Participation has been strong in City entrepreneurship and technical assistance programs, and the Independence Downtown Association has been a strong partner supporting Buy Local promotions to support local businesses. Local industries are continuing to add new jobs and one will complete an expansion of their facility in 2021.

Long-Term Planning

In May 2019, the City of Independence began a Vision 2040 process. Beginning with meetings with citizens and stakeholders. There has also been a survey conducted with citizens and visitors. Completion of the visioning process was in early 2020 and lead into the Council Goal Setting and a Strategic Planning process. Unfortunately, this too was put on pause while staff responded to "Stay Home" orders while still maintaining and providing essential city services.

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

Independence remains committed to providing essential services and infrastructure to its residential and commercial population. With concern over the rising costs of operating materials like asphalt and fuel, and personal services costs, City officials remain careful with spending over the years. While revenue came in mostly as expected, in spite of the pandemic, costs were kept to essentials in the later part of the fiscal year due to unknown impacts caused by the pandemic. Over the past few years, this conservative approach has been a good strategy to rebuild financial reserves for cash flow purposes and unforeseen expenses. But in order to keep pace with the rising costs, the city is in constant pursuit of new revenue. In support of long-term planning, the City of Independence has an aggressive economic development program. The city has partnered with Travel Oregon, SEDCOR, Business Oregon, the Regional Solutions Team and leaders in technology and hospitality to bring business, technology, housing and hospitality industries to Independence.

Financial Information

Internal Controls

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Since the cost of internal controls should not outweigh the benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

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

Budget Process

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

Relevant Financial Policies

In 2013 the City adopted Comprehensive Financial Policies. These were adopted at the City Council level. Financial Policies and Procedures have also been adopted and implemented at the administrative level to offer staff more defined guidance in the day-to-day functions of the City. The City Council will be reviewing and updating the comprehensive financial policies during FY2021.

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

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

Major Initiatives

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

To prepare for the budget, the City Council defines and adopts new goals as part of its regular Strategic Plan Update process, however for FY2020-21 it was anticipated that new goals would be identified in the Vision 2040 completion process; this was put on hold as staff responded to the pandemic. The list of goals during

the 2020-21 fiscal year remain the same as the past two years and included these major policy areas: Maintain and improve financial stability; Sustain public services and assets; Identify strategies to strengthening economic and community development efforts; Explore barriers to participation; Develop additional quality of life and livability strategies; and Explore opportunities for and barriers to cooperation.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 5th year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,

Gloria Butsch
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Independence
Oregon**

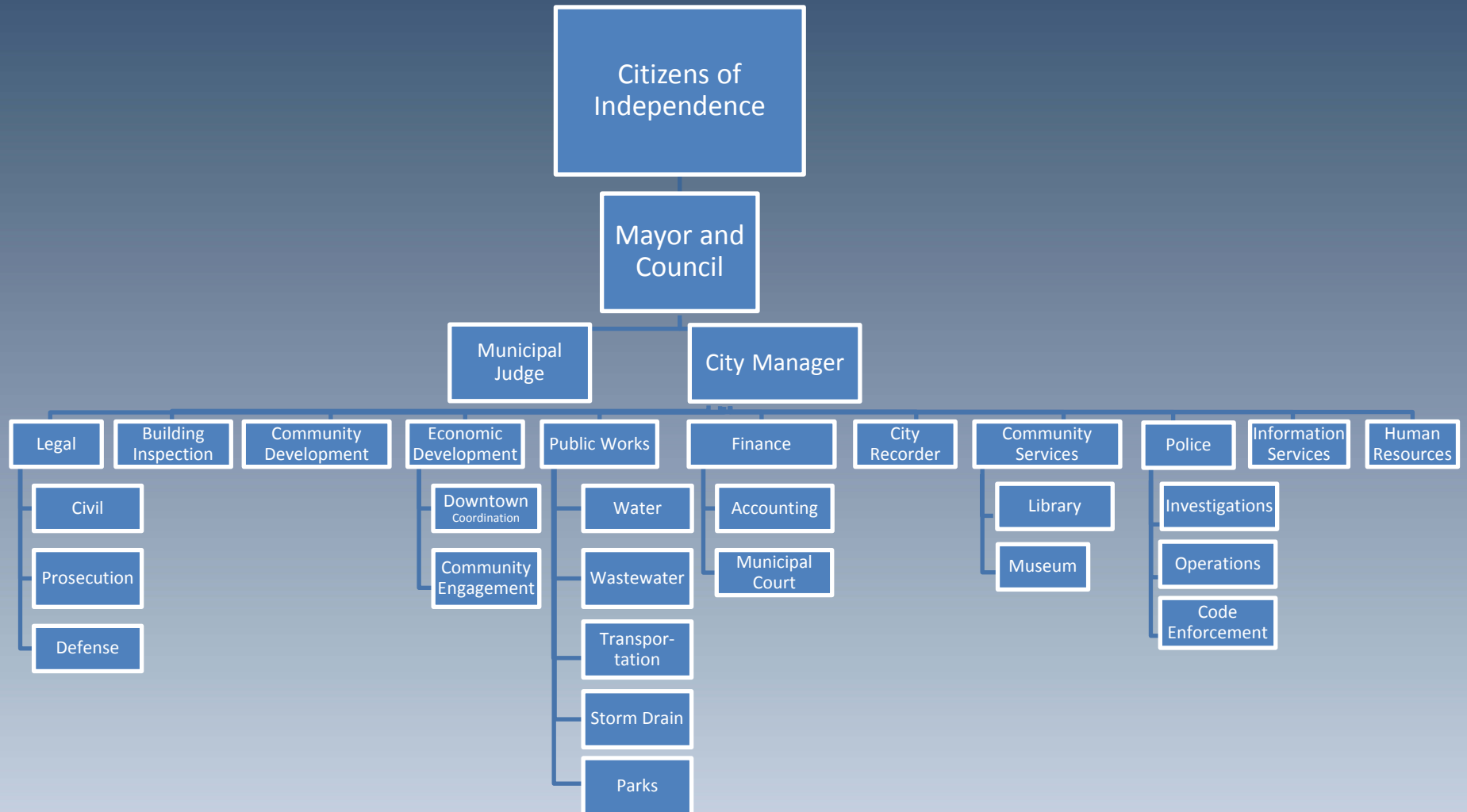
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FYE 2020 Organization Chart





INDEPENDENCE
Oregon's Story Begins Here

2020 BUDGET COMMITTEE

INDEPENDENCE CITY COUNCIL

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

RESIDENT REPRESENTATIVES

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

CITY STAFF

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Independence, Oregon

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Independence, Oregon, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of proportionate share – RHIA, schedule of contributions – RHIA, schedule of changes in total OPEB liability and related ratio's, and schedule of contributions – implicit rate subsidy, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Independence, Oregon's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Reports on Other Legal and Regulatory Requirements

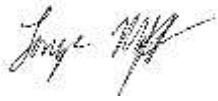
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021 on our consideration of City of Independence, Oregon's internal control over financial reporting and on our tests of its

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

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 31, 2021, on our consideration of City of Independence, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co
Tualatin, Oregon
March 31, 2021

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

JUNE 30, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

	<u>June 30,</u>		
	2020	2019	Change
Net Position	21,033,211	16,612,120	4,421,091
Change in Net Position	2,161,091	2,132,904	28,187
Governmental Net Position	8,458,047	4,470,961	3,987,086
Proprietary Net Position	12,575,164	12,141,159	434,005
Change in Governmental Net Position	1,727,086	2,145,338	(418,252)
Change in Proprietary Net Position	434,005	(12,434)	446,439

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Fund Financial Statements. The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net position. The statement of net position is provided on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows by \$21,033,211 as of June 30, 2020. Current liabilities consist of deferred revenue and deposits. Long-term liabilities, specifically debt is in the notes to the financial statements. Restricted net position represents resources that are subject to external restrictions on their use, such as debt service payments or construction of capital assets. Unrestricted net position is available for general operations of the City.

Statement of Net Position June 30,						
	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 5,429,980	\$ 2,920,938	\$ 8,350,918	\$ 3,141,477	\$ 3,968,133	\$ 7,109,610
Other Assets	11,666,126	3,454,592	15,120,718	7,579,375	2,349,506	9,928,881
Non-depreciable Capital Assets	6,676,367	5,490,676	12,167,043	7,599,974	906,810	8,506,784
Depreciable Capital Assets, net	18,349,692	10,423,867	28,773,559	19,041,470	10,574,521	29,615,991
Total Assets	42,122,165	22,290,073	64,412,238	37,362,296	17,798,970	55,161,266
Deferred Outflows of Resources	3,387,965	385,537	3,773,502	3,253,469	346,454	3,599,923
Liabilities	798,870	1,271,075	2,069,945	561,852	108,322	670,174
Deposits	241,530	220,916	462,446	117,014	209,725	326,739
Long-term Liabilities						-
Portion due within one year	1,368,153	236,631	1,604,784	1,299,072	267,765	1,566,837
Portion due in more than one year	34,405,221	8,319,766	42,724,987	33,930,981	5,366,353	39,297,334
Total Liabilities	36,813,774	10,048,388	46,862,162	35,908,919	5,952,165	41,861,084
Deferred Inflows of Resources	238,309	52,058	290,367	235,885	52,100	287,985
Net Position						
Net Investment in Capital Assets	5,923,500	8,523,342	14,446,842	7,600,589	7,456,240	15,056,829
Restricted	11,526,316	1,760,621	13,286,937	8,699,117	3,047,642	11,746,759
Unrestricted	(8,991,769)	2,291,201	(6,700,568)	(11,828,745)	1,637,277	(10,191,468)
Total Net Position	\$ 8,458,047	\$ 12,575,164	\$ 21,033,211	\$ 4,470,961	\$ 12,141,159	\$ 16,612,120

Statement of Activities. The City's net position increased by \$4,421,091 during the current fiscal year. Compared to the prior year, the increase is \$2,288,187 more. The key elements of the change in the comparison of City's net position for the year ended June 30, 2020 over the prior year are as follows:

- The most significant element is the Change in account principals and estimates. This is due to the adjustments in the MINET Debt Service Fund for debt refunding.
- Charges for services were \$334,410 more than the previous year. The increase is primarily in community development and the building department for governmental activities. For business-type activities, the increase is partially from the increase in wastewater user charges and partially from the increase in users from new single-family homes and the hotel.
- Miscellaneous revenue increased by \$599,305. Most of this was CARES funds received.
- Disbursements for general government increased by \$817,248, of which \$500,000 was in the Urban Renewal Projects Fund for reimbursement to the hotel developer. The remainder of the increase is for a pass-through housing grant.
- Public safety expenditures increased by \$483,366 for personnel services and \$250,000 for pensions.
- Disbursements for business activities did not increase or decrease significantly.

Statement of Activities June 30,						
	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program Revenues						
Charges for Services	\$ 792,559	\$ 5,914,642	\$ 6,707,201	\$ 927,534	\$ 5,445,257	\$ 6,372,791
Operating Grants	1,479,569	-	1,479,569	2,100,240	-	2,100,240
Capital Grants	1,985,320	-	1,985,320	1,718,416	-	1,718,416
General Receipts			-			-
Property Taxes & Assessments	3,231,751	-	3,231,751	3,008,161	-	3,008,161
Interest & Investment Earnings	70,902	53,528	124,430	54,899	51,662	106,561
Franchise Taxes	817,269	-	817,269	777,739	-	777,739
Miscellaneous	728,584	1,755	730,339	117,033	14,001	131,034
Total revenues	9,105,954	5,969,925	15,075,879	8,704,022	5,510,920	14,214,942
Expenses						
General Government	3,111,872	-	3,111,872	2,294,624	-	2,294,624
Public Safety	3,634,371	-	3,634,371	3,151,005	-	3,151,005
Transportation	491,406	-	491,406	489,319	-	489,319
Community Development	649,461	-	649,461	694,165	-	694,165
Culture and Recreation	1,425,708	-	1,425,708	1,370,438	-	1,370,438
Interest on Long-term Debt	1,179,199	-	1,179,199	1,203,615	-	1,203,615
Water	-	1,123,342	1,123,342	-	1,106,165	1,106,165
Sewer	-	954,088	954,088	-	923,467	923,467
Storm	-	345,341	345,341	-	349,240	349,240
Total Disbursements	10,492,017	2,422,771	12,914,788	9,203,166	2,378,872	11,582,038
Transfers	3,113,149	(3,113,149)	-	3,144,482	(3,144,482)	-
Change in Net Position	1,727,086	434,005	2,161,091	2,645,338	(12,434)	2,632,904
Net Position, beginning of year	4,470,961	12,141,159	16,612,120	2,325,623	12,153,593	14,479,216
Change in account principles and estimates	2,260,000	-	2,260,000	(500,000)	-	(500,000)
Net Position, end of year	<u>\$ 8,458,047</u>	<u>\$ 12,575,164</u>	<u>\$ 21,033,211</u>	<u>\$ 4,470,961</u>	<u>\$ 12,141,159</u>	<u>\$ 16,612,120</u>

Governmental activities

The cost for all governmental activities was \$10,492,017 for the year ended June 30, 2020. The amount that our taxpayers paid was \$3,231,751 through property taxes and assessments. Those who directly benefited from the programs (fines, fees and charges for services) paid \$792,384 or 9% of total governmental revenue. Transfers from proprietary funds provided \$3,113,149 or 30% of cost coverage.

Net position of the governmental-type activities increased by \$1,727,086 during the fiscal year ended June 30, 2020. Accounting change of \$2,260,000 for reporting of MINET debt increased governmental-type activities by \$3,987,086, in total.

Business-type activities

As shown in the Statement of Activities, the City's net position of the business-type activities increased by \$434,005 during the year.

Charges for services are revenues that arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise

directly affected by the services. Revenues primarily consist of fees charged for water, sewer and storm drain utilities.

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

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reported combined fund balances of \$15,611,863 at June 30, 2020, an increase of \$5,963,828 from the previous year. The increase includes the accounting change of \$2,260,000 for MINET Debt Fund and a prior year restatement for the Urban Renewal Projects Fund to reclassify the reporting of property held for sale.

The General Fund had an increase of \$1,455,791 during the year. Primarily from an increase in grants, as noted above.

General Fund The General Fund accounts for all of the financial resources of the City, which are not accounted for in any other fund. Unassigned fund balance was \$3,119,954 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 46% of the total General Fund expenditures. CARES Act reimbursements were received in the General Fund; of the \$611,000 in the first reimbursement was for public safety personnel costs.

Transportation SDC Fund The Transportation SDC fund is used to receive system development charges designated for upgrades to the transportation system. Disbursements in this fund are for capital projects related to transportation. The Transportation SDC fund balance increased by \$258,076, which is a result of continued new residential and commercial developments.

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

are equal to the debt service payments. For FY2020, MINET refunded a portion of its outstanding bonds which resulted in the change in accounting estimate.

Urban Renewal Debt Service Fund The Urban Renewal Debt Service Fund is used to receive property taxes designated for debt service payments. Expenditures in this fund are for principal and interest on long-term debt. The fund balance in the Urban Renewal Debt Service Fund increased by \$25,784.

Transportation Fund The Transportation Fund accounts for state highway apportionment, federal funds, and grants, which are restricted to road maintenance. The principal source of revenue is from the state gas tax. Expenditures are for the maintenance and capital improvement of transportation related infrastructure. The Transportation Fund balance increased by \$119,537.

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 \$361,625. This was primarily due to a \$500,000 reimbursement to the hotel developer.

Other Governmental Funds (non-major) These funds are comprised of the Economic Development Loan Fund, the Tourism & Events Fund, Parks SDC Fund, Building Repair & Replacement Reserve Fund, the General Obligation Bond Fund and the Special Assessment Loan Fund. The combined fund balances for these funds increased by \$665,733.

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

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

The primary component of each proprietary fund net position balance is investment in capital assets. The unrestricted net position (available for current disbursements) for Water Operations was \$1,337,976 at year end. The unrestricted net position for Sewer was \$997,762 at year end. For the Storm Drain the unrestricted net position was \$(44,536). Restricted net position(s) are from systems development charges.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Independence's capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$40,940,602 (net of accumulated depreciation), a net increase of \$4,377,077. Capital assets include land, buildings, distribution systems (water, sanitary sewer, and storm drain), major improvements, machinery and equipment, park facilities, roads, bridges, and sidewalks. The City made significant capital outlays during the year.

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

- Purchase and rehabilitation of building for museum
- Construction of new water well
- Purchase of a new police vehicle
- Purchase of a new public works vehicle
- Development and construction of Sunset Meadows Park in progress
- Continued Mt. Fir Park path improvements work in progress
- Continued Riverview Park improvements in progress
- Senior water rights purchase was completed
- Continued Independence Landing Park construction work in progress
- Continued Sewer rehabilitation and improvements work in progress

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	Governmental Activities	Business-Type Activities
Land	\$ 1,457,360	\$ 3,016,608	\$ 201,804	\$ 201,804	\$ 1,659,164	\$ 3,218,412
Work in Progress	5,219,007	4,583,366	4,427,979	705,007	9,646,986	5,288,373
Intangibles	219,088	219,088	860,893	-	1,079,981	219,088
Buildings	15,458,893	15,458,893	1,245,809	1,245,809	16,704,702	16,704,702
Equipment & vehicles	1,656,307	1,649,827	1,361,928	1,336,368	3,018,235	2,986,195
Infrastructure	18,698,918	18,690,025	-	-	18,698,918	18,690,025
Water and Sewer Systems	-	-	18,895,878	18,651,853	18,895,878	18,651,853
	42,709,573	43,617,807	26,994,291	22,140,841	69,703,864	65,758,648
Less:						
Accumulated Depreciation	(17,683,514)	(16,976,363)	(11,079,748)	(10,659,510)	(28,763,262)	(27,635,873)
	\$ 25,026,059	\$ 26,641,444	\$ 15,914,543	\$ 11,481,331	\$ 40,940,602	\$ 38,122,775

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

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

Debt Administration

The City had total debt outstanding of \$37,983,563 at the end of the current fiscal year.

The City's total debt increased by \$2,328,722 during the year. The City obtained a bank loan from Chase Bank to finance the purchase and rehabilitation of building and property to relocate the museum. There were also draws from a Special Public Works Fund loan for sewer system upgrades.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 3 percent of its total real market value. The real market valuation of the City of Independence is \$794,597,465 therefore the current general obligation debt limitation for the City of Independence is \$23,837,924. Current General Obligation Bonds indebtedness is \$3,935,000.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 3,935,000	\$ 4,170,000	\$ -	\$ -	\$ 3,935,000	\$ 4,170,000
Bond Premium	18,372	19,895	-	-	18,372	19,895
Full Faith & Credit Obligations	21,865,000	23,090,000	-	-	21,865,000	23,090,000
Bond Premium	1,259,835	809,261	-	-	1,259,835	809,261
Notes	3,474,244	2,846,185	-	-	3,474,244	2,846,185
Sewer Revenue Bonds	-	-	2,105,000	2,210,000	2,105,000	2,210,000
Bond Discount	-	-	(11,509)	(12,085)	(11,509)	(12,085)
Water Revenue Bonds	-	-	1,130,000	1,185,000	1,130,000	1,185,000
Bond Premium	-	-	51,422	54,636	51,422	54,636
Notes	-	-	4,156,199	1,257,915	4,156,199	1,257,915
Capital Leases	-	9,614	-	14,420	-	24,034
	<u>\$ 30,552,451</u>	<u>\$ 30,944,955</u>	<u>\$ 7,431,112</u>	<u>\$ 4,709,886</u>	<u>\$ 37,983,563</u>	<u>\$ 35,654,841</u>

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

BUDGETARY HIGHLIGHTS

There were two supplemental budgets which resulted in changes to the original budget. The budget changes were for the Building Repair and Replacement Fund for the purchase of property to relocate the museum, for the Tourism and Events Fund to sponsor “drive-in movie” events, in the General Fund for expenditure of unanticipated housing pass-thru grant, and in the Economic Development Loan Fund for expenditure of an unanticipated grant for a trolley feasibility study. Budget amendments approved adjustments to the General Fund, Sewer Fund, Water Fund, Storm Drain Fund, Transportation Fund, and the Building Repair & Replacement Reserve Fund

Economic Factors and Next Year's Budget

The top factors in preparation of the FY2021 budget was the effects of the COVID-19 pandemic on revenues and the over-all economy of the city, including impacts on local businesses. The City of Independence depends on the state gas tax for street maintenance and other state shared revenues that help fund the police department and general services.

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

The primary projects in the Capital Improvement Plan (CIP) continue to be focused on sewer upgrades and improvements and transportation planning, bridge repairs and improvements to meet the needs of the substantial growth over the past 4 years.

The City's Budget Committee considered all the following factors while preparing the budget for the 2020-2021 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 and parks and transportation facilities

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 5,429,980	\$ 2,920,938	\$ 8,350,918
Property taxes receivable	131,065	-	131,065
Accounts receivable, net	280,185	487,086	767,271
SDC and assessments receivables	317,586	2,032,303	2,349,889
Prepays	209,747	23,886	233,633
Internal balances	(901,216)	901,216	-
Total current assets	5,467,347	6,365,429	11,832,776
Noncurrent assets:			
Loans receivable, net	10,178,471	-	10,178,471
Net OPEB asset	46,237	10,101	56,338
Property held for resale	1,404,051		1,404,051
Capital assets:			
Non-depreciable	6,676,367	5,490,676	12,167,043
Depreciable	18,349,692	10,423,867	28,773,559
Total noncurrent assets	36,654,818	15,924,644	52,579,462
Total assets	42,122,165	22,290,073	64,412,238
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	1,623,015	-	1,623,015
Deferred outflows related to pensions	1,740,509	380,198	2,120,707
Deferred outflows related to OPEB	24,441	5,339	29,780
Total deferred outflows of resources	3,387,965	385,537	3,773,502
Total assets and deferred outflows of resources	\$ 45,510,130	\$ 22,675,610	\$ 68,185,740
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 140,939	\$ 1,203,241	\$ 1,344,180
Deposits	241,530	220,916	462,446
PERS liability reserve	212,839	40,424	253,263
Unearned revenue	175,905	-	175,905
Interest payable	269,187	27,410	296,597
Current portion of accrued compensated absences	181,324	29,491	210,815
Current portion of long-term debt	1,186,829	207,140	1,393,969
Total current liabilities	2,408,553	1,728,622	4,137,175
Noncurrent liabilities:			
Net pension liability	4,735,678	1,034,464	5,770,142
Net OPEB liability	213,259	46,584	259,843
Noncurrent portion of accrued compensated absences	90,662	14,746	105,408
Noncurrent portion of long-term debt	29,365,622	7,223,972	36,589,594
Total noncurrent liabilities	34,405,221	8,319,766	42,724,987
Total liabilities	36,813,774	10,048,388	46,862,162
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	201,278	43,968	245,246
Deferred inflows related to OPEB	37,031	8,090	45,121
Total deferred inflows of resources	238,309	52,058	290,367
NET POSITION:			
Net investment in capital assets	5,923,500	8,523,342	14,446,842
Restricted for:			
System development	1,388,777	1,760,621	3,149,398
Debt service	10,137,539	-	10,137,539
Unrestricted	(8,991,769)	2,291,201	(6,700,568)
Total net position	8,458,047	12,575,164	21,033,211
Total liabilities, deferred inflows of resources, and net position	\$ 45,510,130	\$ 22,675,610	\$ 68,185,740

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, 2020

to complete

<u>Functions/Programs</u>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,111,872	\$ 481,767	\$ 761,331	\$ -
Public safety	3,634,371	161,684	23,658	-
Highways and streets	491,406	-	646,737	266,629
Community development	649,461	149,108	5,000	-
Culture and recreation	1,425,708	-	42,843	1,718,691
Interest on long-term debt	1,179,199	-	-	-
Total governmental activities	10,492,017	792,559	1,479,569	1,985,320
Business type activities:				
Water Operations	1,123,342	2,477,067	-	-
Sewer Operations	954,088	2,658,913	-	-
Storm Drain Operations	345,341	778,662	-	-
Total business type activities	2,422,771	5,914,642	-	-
Total government	\$ 12,914,788	\$ 6,707,201	\$ 1,479,569	\$ 1,985,320
General revenues:				
Taxes:				
Property taxes				
Franchise taxes				
Interest and investment earnings				
Miscellaneous revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Change in account principal and estimate				
Net position, ending				

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

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (1,868,774)	\$ -	\$ (1,868,774)
(3,449,029)	-	(3,449,029)
421,960	-	421,960
(495,353)	-	(495,353)
335,826	-	335,826
(1,179,199)	-	(1,179,199)
(6,234,569)	-	(6,234,569)
-	1,353,725	1,353,725
-	1,704,825	1,704,825
-	433,321	433,321
-	3,491,871	3,491,871
(6,234,569)	3,491,871	(2,742,698)
3,231,751	-	3,231,751
817,269	-	817,269
70,902	53,528	124,430
728,584	1,755	730,339
3,113,149	(3,113,149)	-
7,961,655	(3,057,866)	4,903,789
1,727,086	434,005	2,161,091
4,470,961	12,141,159	16,612,120
2,260,000	-	2,260,000
\$ 8,458,047	\$ 12,575,164	\$ 21,033,211

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.

Transportation SDC Fund

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

MINET Debt Fund

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

Urban Renewal Debt Service Fund

This fund accounts for revenues from property taxes. Expenditures are earmarked for debt service incurred by the City of Independence Urban Renewal Agency.

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.

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CITY OF INDEPENDENCE, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2020

	General Fund Generally Accepted Accounting Principles	Transportation SDC Fund	MINET Debt Fund	Urban Renewal Debt Service Fund
ASSETS:				
Cash and cash equivalents	\$ 2,718,856	\$ 416,682	\$ -	\$ 72,819
Property taxes receivable	88,699	-	-	24,816
Accounts receivable, net	189,874	-	-	-
SDC and assessments receivables	-	226,196	-	-
Prepays	140,941	-	-	-
Loans receivable, net	-	-	9,885,000	-
Due from other funds	971,683	-	-	-
Property held for sale	-	-	-	-
Interfund loan receivables	3,917,761	564,270	-	-
Total assets	<u>\$ 8,027,814</u>	<u>\$ 1,207,148</u>	<u>\$ 9,885,000</u>	<u>\$ 97,635</u>
LIABILITIES:				
Accounts payable and accrued expenses	\$ 123,642	\$ -	\$ -	\$ -
Deposits	241,130	-	-	-
Interfund loan payable	-	-	-	-
PERS liability reserve	206,554	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>571,326</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	90,059	-	-	19,478
Unavailable revenue - loan receivables	-	226,196	-	-
Unavailable revenue - SDC and assessments receivables	-	-	-	-
Total deferred inflows of resources	<u>90,059</u>	<u>226,196</u>	<u>-</u>	<u>19,478</u>
FUND BALANCES:				
Nonspendable:				
Prepaid items	140,941	-	-	-
Loan receivable	3,917,761	-	-	-
Restricted for:				
System development	-	980,952	-	-
Debt service	-	-	9,885,000	78,157
Committed to:				
Equipment and vehicle replacement	120,409	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Community development	-	-	-	-
Unassigned	3,187,318	-	-	-
Total fund balances	<u>7,366,429</u>	<u>980,952</u>	<u>9,885,000</u>	<u>78,157</u>
Total liabilities, deferred inflows of resources, and fund balance:	<u>\$ 8,027,814</u>	<u>\$ 1,207,148</u>	<u>\$ 9,885,000</u>	<u>\$ 97,635</u>

Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

The net pension asset and deferred outflows and inflows related to pensions are not available and, therefore, are not reported in the funds.

The net OPEB asset and deferred outflows and inflows related to OPEB are not available and, therefore, are not reported in the funds.

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.

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
Compensated absences
Interest payable

Net position of governmental activities

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

Transportation Fund	Urban Renewal Projects Fund	Other Governmental	Total Governmental
\$ 632,883	\$ -	\$ 1,588,740	\$ 5,429,980
-	-	17,550	131,065
40,136	-	50,175	280,185
-	-	91,390	317,586
1,399	-	9,142	151,482
-	-	293,471	10,178,471
-	-	-	971,683
-	1,404,051	-	1,404,051
-	-	585,000	5,067,031
<u>\$ 674,418</u>	<u>\$ 1,404,051</u>	<u>\$ 2,635,468</u>	<u>\$ 23,931,534</u>
\$ 3,764	\$ -	\$ 13,533	\$ 140,939
-	-	400	241,530
228,750	5,626,997	112,500	5,968,247
3,596	-	2,689	212,839
-	918,198	53,485	971,683
-	-	175,905	175,905
<u>236,110</u>	<u>6,545,195</u>	<u>358,512</u>	<u>7,711,143</u>
-	-	13,839	123,376
-	-	167,566	393,762
-	-	91,390	91,390
<u>-</u>	<u>-</u>	<u>272,795</u>	<u>608,528</u>
-	-	9,142	150,083
-	-	-	3,917,761
-	-	407,825	1,388,777
-	-	174,382	10,137,539
-	-	-	120,409
-	-	318,943	318,943
-	-	1,165,144	1,165,144
438,308	(5,141,144)	(71,275)	(1,586,793)
<u>438,308</u>	<u>(5,141,144)</u>	<u>2,004,161</u>	<u>15,611,863</u>
<u>\$ 674,418</u>	<u>\$ 1,404,051</u>	<u>\$ 2,635,468</u>	
			25,026,059
			666,793
			(3,196,447)
			(179,612)
			1,623,015
			(30,552,451)
			(271,986)
			<u>(269,187)</u>
			<u>\$ 8,458,047</u>

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

CITY OF INDEPENDENCE, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	General Fund Generally Accepted Accounting Principles	Transportation SDC Fund	MINET Debt Fund
REVENUES:			
Property taxes	\$ 2,197,755	\$ -	\$ -
Franchise fees	817,269	-	-
Licenses, permits and fees	353,674	-	-
Intergovernmental	454,498	-	815,271
Assessments	-	-	-
Grants and donations	888,317	-	-
Fines and forfeitures	194,328	-	-
Charges for services	99,128	-	-
Rent	23,197	-	-
Interest revenue	35,010	5,522	-
Miscellaneous revenue	378,875	-	-
Loan repayments	-	-	-
Royalties	-	-	-
System development charges	-	266,629	-
Total revenues	5,442,051	272,151	815,271
EXPENDITURES:			
Current:			
General government	1,938,982	-	-
Public safety	3,243,263	-	-
Highways and streets	-	-	-
Community development	600,501	-	-
Culture and recreation	833,796	-	-
Capital outlay	223,614	-	-
Debt service:			
Principal	4,715	-	5,620,000
Interest	4,141	-	344,423
Bond issuance costs	-	-	147,729
Total expenditures	6,849,012	-	6,112,152
Revenues over (under) expenditures	(1,406,961)	272,151	(5,296,881)
OTHER FINANCING SOURCES (USES):			
Issuance of debt	-	-	5,296,881
Transfers in	3,775,036	-	-
Transfers out	(931,000)	(14,075)	-
Total other financing sources (uses)	2,844,036	(14,075)	5,296,881
Net change in fund balance	1,437,075	258,076	-
FUND BALANCE, BEGINNING	5,929,354	722,876	7,625,000
Restatement	-	-	-
FUND BALANCE, BEGINNING AS RESTATED	5,929,354	722,876	7,625,000
Change in accounting estimate	-	-	2,260,000
FUND BALANCE, ENDING	\$ 7,366,429	\$ 980,952	\$ 9,885,000

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

Urban Renewal Debt Service Fund	Transportation Fund	Urban Renewal Projects Fund	Other Governmental	Total Governmental
\$ 447,295	\$ -	\$ 148,499	\$ 444,210	\$ 3,237,759
-	-	-	-	817,269
-	-	-	-	353,674
-	646,737	-	-	1,916,506
-	-	-	14,960	14,960
-	-	-	24,746	913,063
-	-	-	-	194,328
-	154	-	-	99,282
-	-	3,674	-	26,871
4,720	7,948	-	17,702	70,902
-	93	-	349,432	728,400
-	-	-	29,473	29,473
-	-	-	4,818	4,818
-	-	-	368,691	635,320
452,015	654,932	152,173	1,254,032	9,042,625
-	-	500,904	31,182	2,471,068
-	-	-	-	3,243,263
-	285,467	-	-	285,467
-	-	-	46,318	646,819
-	-	-	323,781	1,157,577
-	9,722	9,082	505,299	747,717
385,000	4,715	-	256,941	6,271,371
467,481	108	-	170,911	987,064
-	-	-	-	147,729
852,481	300,012	509,986	1,334,432	15,958,075
(400,466)	354,920	(357,813)	(80,400)	(6,915,450)
-	-	-	650,000	5,946,881
426,250	153,750	-	186,430	4,541,466
-	(389,133)	(3,812)	(90,297)	(1,428,317)
426,250	(235,383)	(3,812)	746,133	9,060,030
25,784	119,537	(361,625)	665,733	2,144,580
52,373	318,771	(6,338,767)	1,338,428	9,648,035
-	-	1,559,248	-	1,559,248
52,373	318,771	(4,779,519)	1,338,428	11,207,283
-	-	-	-	2,260,000
\$ 78,157	\$ 438,308	\$ (5,141,144)	\$ 2,004,161	\$ 15,611,863

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, 2020

Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ 2,144,580
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.		(703,550)
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.		(4,288)
The statement of revenues, expenditures, and changes in fund balance report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Current year depreciation	(766,625)	
Capital asset additions	<u>710,488</u>	(56,137)
Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities.		63,145
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest expense		(50,195)
Amortization of bond premium and bond insurance		84,109
Interest expense associated with deferred charge on refunding		(61,857)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Debt service principal payments	6,258,160	
Loan proceeds	<u>(5,946,881)</u>	<u>311,279</u>
Change in net position of governmental activities		<u>\$ 1,727,086</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, 2020

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 1,192,123	\$ 1,373,594	\$ 355,221	\$ 2,920,938
Accounts receivable, net	235,666	196,869	54,551	487,086
Prepaid expenses	10,693	10,604	2,589	23,886
Interfund loan receivable	445,063	600,953	22,837	1,068,853
Loans receivables	461,370	1,543,490	27,443	2,032,303
Total current assets	2,344,915	3,725,510	462,641	6,533,066
Noncurrent assets:				
Capital assets, net	6,277,254	8,787,358	849,931	15,914,543
Net OPEB asset	4,582	4,024	1,495	10,101
Total noncurrent assets	6,281,836	8,791,382	851,426	15,924,644
Total assets	8,626,751	12,516,892	1,314,067	22,457,710
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	172,469	151,470	56,259	380,198
Deferred outflows related to OPEB	2,422	2,127	790	5,339
Total deferred outflows of resources	174,891	153,597	57,049	385,537
Total assets and deferred outflows of resources	\$ 8,801,642	\$ 12,670,489	\$ 1,371,116	\$ 22,843,247
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 3,477	\$ 1,198,665	\$ 1,099	\$ 1,203,241
Accrued interest payable	4,968	22,442	-	27,410
Interfund loan payable	37,500	-	130,137	167,637
Deposits	220,916	-	-	220,916
PERS liability reserve	18,238	16,013	6,173	40,424
Accrued compensated absences	13,389	11,751	4,351	29,491
Current portion of long-term debt	127,140	80,000	-	207,140
Total current liabilities	425,628	1,328,871	141,760	1,896,259
Noncurrent liabilities:				
Noncurrent portion of long-term debt	1,784,176	5,439,796	-	7,223,972
Accrued compensated absences	6,695	5,875	2,176	14,746
Net pension liability	469,264	412,128	153,072	1,034,464
Net OPEB liability	21,132	18,559	6,893	46,584
Total noncurrent liabilities	2,281,267	5,876,358	162,141	8,319,766
Total liabilities	2,706,895	7,205,229	303,901	10,216,025
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	19,945	17,517	6,506	43,968
Deferred inflows related to OPEB	3,670	3,223	1,197	8,090
Total deferred inflows of resources	23,615	20,740	7,703	52,058
NET POSITION:				
Net investment in capital assets	4,417,358	3,256,053	849,931	8,523,342
Restricted for:				
System development	315,798	1,190,705	254,118	1,760,621
Unrestricted	1,337,976	997,762	(44,537)	2,291,201
Total net position	6,071,132	5,444,520	1,059,512	12,575,164
Total liabilities, deferred inflows of resources, and net position	\$ 8,801,642	\$ 12,670,489	\$ 1,371,116	\$ 22,843,247

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, 2020

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
OPERATING REVENUES:				
Charges for services	\$ 2,508,217	\$ 2,256,512	\$ 628,373	5,393,102
Miscellaneous income	1,240	332	183	1,755
Total operating revenues	2,509,457	2,256,844	628,556	5,394,857
OPERATING EXPENSES:				
Personnel service	564,871	490,208	182,669	1,237,748
Materials and service	296,419	204,573	122,528	623,520
Depreciation	207,307	172,805	40,126	420,238
Total operating expenses	1,068,597	867,586	345,323	2,281,506
Operating income (loss)	1,440,860	1,389,258	283,233	3,113,351
NON-OPERATING REVENUES (EXPENSES):				
Interest income	28,455	20,635	4,438	53,528
Interest expense	(54,745)	(86,502)	(18)	(141,265)
System development (charges)/income	(31,150)	402,401	150,289	521,540
Total non-operating revenues (expenses)	(57,440)	336,534	154,709	433,803
Net income (loss) before transfers	1,383,420	1,725,792	437,942	3,547,154
TRANSFERS:				
Transfers in (out)	(1,398,492)	(1,419,480)	(295,177)	(3,113,149)
Change in net position	(15,072)	306,312	142,765	434,005
NET POSITION, BEGINNING	6,086,204	5,138,208	916,747	12,141,159
NET POSITION, ENDING	<u>\$ 6,071,132</u>	<u>\$ 5,444,520</u>	<u>\$ 1,059,512</u>	<u>\$ 12,575,164</u>

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

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

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,422,114	\$ 1,155,476	\$ 611,187	\$ 4,188,777
Cash paid to employees and others for salaries and benefits	(488,315)	(422,084)	(157,379)	(1,067,778)
Cash paid to suppliers and others	(318,234)	947,837	(122,909)	506,694
Net cash provided by (used for) operating activities	1,615,565	1,681,229	330,899	3,627,693
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Payment from (to) other funds	50,000	102,569	(30,694)	121,875
Transfers in (out)	(1,398,492)	(1,419,480)	(295,177)	(3,113,149)
Loan to MINET	329,467	-	-	329,467
Net cash provided by (used for) non-capital financing activities	(1,019,025)	(1,316,911)	(325,871)	(2,661,807)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(932,960)	(3,911,970)	(8,521)	(4,853,451)
Principal paid on long-term obligations	(459,380)	(109,715)	(4,716)	(573,811)
Proceeds from the issuance of debt	(3,214)	2,968,874	-	2,965,660
Proceeds from system development charges	198,055	402,401	150,289	750,745
Interest paid	(284,357)	(71,288)	(107)	(355,752)
Net cash provided by (used for) capital and related financing activities	(1,481,856)	(721,698)	136,945	(2,066,609)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	28,455	20,635	4,438	53,528
Net cash provided by investing activities	28,455	20,635	4,438	53,528
Net increase (decrease) in cash and cash equivalents	(856,861)	(336,745)	146,411	(1,047,195)
CASH AND CASH EQUIVALENTS, BEGINNING	2,048,984	1,710,339	208,810	3,968,133
CASH AND CASH EQUIVALENTS, ENDING	\$ 1,192,123	\$ 1,373,594	\$ 355,221	\$ 2,920,938
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income	\$ 1,440,860	\$ 1,389,258	\$ 283,233	\$ 3,113,351
Adjustments				
Depreciation and amortization	207,307	172,805	40,126	420,238
Decrease (increase) in:				
Accounts receivable and due from other funds	(98,534)	(1,101,368)	(17,369)	(1,217,271)
Prepays	(2,291)	(2,874)	(31)	(5,196)
Increase (decrease) in:				
Accounts payable and accrued expenses	(19,524)	1,155,284	(350)	1,135,410
PERS liability reserve	5,693	4,983	1,860	12,536
Deposits	11,191	-	-	11,191
Net pension liability	66,466	59,184	21,980	147,630
Net OPEB liability	196	229	85	510
Accrued compensated absences	4,201	3,728	1,365	9,294
Net cash provided by (used for) operating activities	\$ 1,615,565	\$ 1,681,229	\$ 330,899	\$ 3,627,693

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

1. Summary of Significant Accounting Policies

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

A. Description of Reporting Entity

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

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

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

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide statements

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

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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 2020:

- 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 *Transportation Fund* accounts for revenues from motor vehicle fuel taxes used for street maintenance and improvements.
- The *Transportation SDC Fund* accounts for system development charges designated for transportation projects.
- The *Urban Renewal Projects Fund* accounts for the acquisition and construction of facilities financed by the issuance of bonds.
- The *Urban Renewal Debt Service Fund* accounts for increment property taxes used to service debt incurred by the City of Independence Urban Renewal Agency for acquisition and construction of facilities.
- The *MINET Debt Fund* accounts for revenue from MINET for the servicing of MINET-related debt incurred by the City for MINET infrastructure and capital projects.

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to how revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as

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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

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

Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable expected to be collected within sixty days following year end

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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. As of June 30, 2020, \$106,945 of interest costs have been capitalized in the Water Fund.

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

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

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

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I. Deferred Outflows/Inflows of Resource

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in this category. Unavailable revenue from property taxes, receivables, and special assessments is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions and OPEB in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period when the City's recognizes pension income.

J. Pensions

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

K. Postemployment Benefits Other Than Pensions (OPEB)

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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L. Compensated Absences

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

M. Net Position

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. All other net position is considered unrestricted.

N. Fund Balance

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

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

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

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

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

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

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O. Use of Restricted Resources

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

P. Accounting Estimates

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

2. Cash and Cash Equivalents

At June 30, 2020 investments included in cash and cash equivalents consist of the following:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Pool	0.00	<u>\$ 7,080,469</u>

A. Interest Rate Risk

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

B. Credit Risk

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

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

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

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

D. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. The Federal Depositary Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds' deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2020, the book value of the City's deposits was \$1,269,601 and the bank balance was \$2,492,573. Approximately, \$2,013,078 City's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

3. Property Taxes and Assessments Receivable

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

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

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

4. Loans Receivable

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

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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, 2020, there were eight loans outstanding totaling \$167,566 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, 2020, the loan receivable balance from MINET is \$13,139,603. The City has estimated the collectability of the loan receivable and has recorded an allowance for doubtful accounts in the amount of \$5,954,603. The loan receivable is as follows:

	MINET Debt Service Fund	Water Fund	Total
Loan receivable balance	\$ 9,885,000	\$ 3,254,603	\$ 13,139,603
Allowance for doubtful accounts	(2,700,000)	(3,254,603)	(5,954,603)
Loan balance	\$ 7,185,000	\$ -	\$ 7,185,000

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5. Capital Assets

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

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	1,457,360	-	-	1,457,360
Work In Progress	4,583,366	635,641	-	5,219,007
Total capital assets, non-deprec	<u>6,040,726</u>	<u>635,641</u>	<u>-</u>	<u>6,676,367</u>
Capital assets, depreciable:				
Intangibles	219,088	-	-	219,088
Buildings	15,458,893	-	-	15,458,893
Equipment	683,981	3,740	-	687,721
Vehicles	965,846	62,214	(59,474)	968,586
Infrastructure	18,690,025	8,893	-	18,698,918
Total capital assets, depreciable	<u>36,017,833</u>	<u>74,847</u>	<u>(59,474)</u>	<u>36,033,206</u>
Total assets	42,058,559	710,488	(59,474)	42,709,573
Less accum depreciation for:				
Intangible Assets	(149,190)	(32,990)	-	(182,180)
Buildings	(4,282,185)	(379,121)	-	(4,661,306)
Equipment	(482,468)	(26,188)	-	(508,656)
Vehicles	(828,511)	(54,999)	59,474	(824,036)
Infrastructure	(11,234,009)	(273,327)	-	(11,507,336)
Total accumulated depreciation	<u>(16,976,363)</u>	<u>(766,625)</u>	<u>59,474</u>	<u>(17,683,514)</u>
Net depreciable capital assets	<u>19,041,470</u>	<u>(691,778)</u>	<u>-</u>	<u>18,349,692</u>
Net capital assets	<u>\$ 25,082,196</u>	<u>\$ (56,137)</u>	<u>\$ -</u>	<u>\$ 25,026,059</u>
Governmental activities:				
General government		\$ 404,165		
Roads and Highways		190,976		
Culture and recreation		171,484		
Total depreciation expense - governmental activities		<u>\$ 766,625</u>		

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Capital asset activity for the business-type activities for the year ended June 30, 2020 was as follows:

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, non-depreciable:				
Land	\$ 201,804	\$ -	\$ -	\$ 201,804
Intangibles	-	860,893	-	860,893
Work in progress	705,005	4,690,812	(967,838)	4,427,979
Total capital assets, non-depreciable	906,809	5,551,705	(967,838)	5,490,676
Capital assets, depreciable:				
Buildings	1,245,809	-	-	1,245,809
Distribution systems	18,651,853	244,025	-	18,895,878
Equipment	1,336,368	25,560	-	1,361,928
Total capital assets, depreciable	21,234,030	269,585	-	21,503,615
Less accumulated depreciation for:				
Buildings	(380,468)	(30,782)	-	(411,250)
Distribution systems	(9,284,956)	(338,462)	-	(9,623,418)
Equipment	(994,086)	(50,994)	-	(1,045,080)
Total accumulated depreciation	(10,659,510)	(420,238)	-	(11,079,748)
Net depreciable capital assets	10,574,520	(150,653)	-	10,423,867
Net capital assets	<u>\$ 11,481,329</u>	<u>\$ 5,401,052</u>	<u>\$ (967,838)</u>	<u>\$ 15,914,543</u>
Business-type activities:				
Sewer		\$ 172,805		
Water		207,307		
Storm drain		40,126		
Total depreciation expense - business-type activities		<u>\$ 420,238</u>		

6. Interfund Transfers, Loans, Receivables, Payables,

A. Interfund Transfers

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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	<u>Transfers In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 3,512,302	\$ 931,000
Urban Renewal Debt Service Fund	426,250	-
Transportation Fund	153,750	388,342
Transportation SDC Fund	-	14,294
Total Major Governmental Funds	<u>4,092,302</u>	<u>1,333,636</u>
Non-Major Governmental Funds:		
General Fund Equipment Vehicle Reserve Fund	50,000	-
Building Repair/Replacement Reserve Fund	95,000	-
Tourism & Events Fund	75,000	-
Information Services Equipment Fund	107,500	-
Special Assessments Fund	14,000	-
Parks SDC Fund	-	90,000
Parks Capital Reserve Fund	105,000	-
Total Non-Major Governmental Funds	<u>446,500</u>	<u>90,000</u>
Major Enterprise Funds:		
Water Fund	416,670	1,488,830
Sewer Fund	922,000	1,409,315
Storm Fund	-	284,256
Sewer SDC Fund	-	933,890
Water SDC Fund	-	327,428
Storm SDC Fund	-	10,117
Total Enterprise Funds	<u>1,338,670</u>	<u>4,453,836</u>
Total All Funds	<u>\$ 5,877,472</u>	<u>\$ 5,877,472</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 \$3,771,517. This loan receivable is reported in the General Fund.

In 2017, the Urban Renewal finalized a development & disposition agreement for the development of a hotel, apartments and townhomes at Independence Landing. As part of the agreement, the URA agreed to pay construction costs imposed by the City of Independence up to \$2,082,112. As a result, there has been created a loan receivable between the City and the URA. As of June 30, 2020, the balance of this loan is \$792,980. This loan receivable is reported in the General Fund, Transportation SDC Fund, Sewer SDC Fund, Water SDC Fund and Storm SDC Fund.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The total balance of loans receivable between the City and the URA is \$4,564,497 as follows:
As of June 30, 2020

	ICC Construction and Debt Service	Independence Landing Development Agreement	Total
General Fund	\$ 3,771,517	\$ 108,744	\$ 3,880,261
Street SDC Fund	-	564,270	564,270
Water SDC Fund	-	38,813	38,813
Sewer SDC Fund	-	58,316	58,316
Storm SDC Fund	-	22,837	22,837
Loan Balance	\$ 3,771,517	\$ 792,980	\$ 4,564,497

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.

Interfund Capital Loans due over a 10 year period

From (Receivable)	To (Payable)	Balance
Sewer Fund	Storm Drain Fund	\$ 67,637
Water SDC	UR Projects	101,313
Sewer SDC	UR Projects	233,316
Economic Development	Transportation	22,500
Economic Development	Water Fund	37,500
Water Fund	Transportation	181,250
Water Fund	Storm Drain Fund	62,500
Economic Development	UR Projects	525,000
General Fund	Transportation	25,000
General Fund	Tourism & Events	12,500
Water Fund	Parks SDC	100,000
Sewer Fund	UR Projects	300,000
General Fund	UR Projects	3,880,261
Transportation SDC	UR Projects	564,270
Storm SDC	UR Projects	22,837
		<u>\$ 6,135,884</u>

C. Interfund Receivables and Payables

Interfund balances which represent unsettled overdrafts of pooled cash as of June 30, 2020, are as follows:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
Tourism & Events Fund	\$ 53,485	
Urban Renewal Projects Fund	918,198	
General Fund		\$ 971,683

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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D. Franchise Fees Payables

The Proprietary funds paid franchise fees to the General Fund for fiscal year ended June 30, 2020 as follows:

Water Fund	\$ 168,628
Sewer Fund	153,788
Storm Drain Fund	<u>43,972</u>
 Total	 <u>\$ 366,388</u>

7. Long Term Debt

During the year ended June 30, 2020, governmental long-term liability activity was as follows:

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances	Due in One Year
Bonds					
2010 Full Faith & Credit Series A & B (MINET)	\$ 770,000	\$ -	\$ 770,000	\$ -	\$ -
2010 Civic Center Bond	350,000	-	350,000	-	-
2013 GO Refunding Bond	4,170,000	-	235,000	3,935,000	240,000
Bond Premium	19,895	-	1,523	18,372	-
2015 FF&C MINET Bond	3,290,000	-	210,000	3,080,000	210,000
2016A FF&C Refunding Obligation	7,980,000	-	35,000	7,945,000	35,000
Bond Premium	463,472	-	23,174	440,298	-
2017B FF&C MINET Bond	4,570,000	-	4,570,000	-	-
2017C FF&C MINET Bond	2,095,000	-	70,000	2,025,000	270,000
2017A FF&C Refunding Obligation	4,035,000	-	-	4,035,000	360,000
Bond Premium	345,789	-	17,289	328,500	-
2020 FF&C MINET Refunding Obligation	-	4,780,000	-	4,780,000	-
Bond Premium	-	516,881	25,844	491,037	-
Total Bonds	28,089,156	5,296,881	6,307,830	27,078,207	1,115,000
Notes Payable					
SPWF Loan - Hoffman	120,012	-	21,941	98,071	23,038
2020 Chase Bank (Museum)	-	650,000	-	650,000	48,791
IFA Loan	2,726,173	-	-	2,726,173	-
Total Notes Payable	2,846,185	650,000	21,941	3,474,244	71,829
Capital Leases					
Capital Lease Payable	9,614	(184)	9,430	-	-
Total Bonds, Notes, and Leases	30,944,955	5,946,697	6,339,201	30,552,451	1,186,829
Compensated Absences	258,775	220,348	207,137	271,986	181,324
Total Governmental Activities	\$ 31,203,730	\$ 6,167,045	\$ 6,546,338	\$ 30,824,437	\$ 1,368,153

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June 30, 2020

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, 2020 are as follows:

Governmental Activities	
During the 2010-2011 fiscal year, the City issued bonds in the amount of \$7,995,000 to assist refinancing by MINET. Interest rate ranges from 2.00% to 5.00%. The bond principal is payable annually and interest is payable semi-annually. The bonds were refunded in June 2020.	\$ 0
In April 2010, the City issued \$13,410,000 full faith and credit obligation bonds. Proceeds were used for the construction and to equip a new City Hall (Civic Center). Interest rates range from 3.00% to 5.00%. The bonds were refunded in 2016 and 2017, with the remaining unrefunded bonds maturing in June 2020.	0
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.	3,935,000
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.	3,080,000
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	7,945,000
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.	2,025,000
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.	4,035,000

CITY OF INDEPENDENCE
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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

\$ 25,800,000

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

Fiscal Year	2020 FF&C MINET		2013 GO Refunding Bonds	
	Refunding Principal	Interest	Principal	Interest
2021	\$ -	\$ 138,675	\$ 240,000	\$ 157,869
2022	-	138,675	245,000	150,669
2023	-	138,675	250,000	143,319
2024	-	138,675	265,000	133,319
2025	-	138,675	275,000	122,719
2026-30	995,000	666,374	1,565,000	437,182
2031-35	1,820,000	504,075	1,095,000	96,688
2036-40	1,965,000	194,463	-	-
2041-45	-	-	-	-
	<u>\$ 4,780,000</u>	<u>\$ 2,058,287</u>	<u>\$ 3,935,000</u>	<u>\$ 1,241,765</u>

Fiscal Year	2015 FF&C MINET Bond		2017C FF&C MINET Bond	
	Principal	Interest	Principal	Interest
2021	\$ 210,000	\$ 105,768	\$ 270,000	\$ 61,180
2022	220,000	100,225	280,000	54,160
2023	225,000	93,993	285,000	46,320
2024	235,000	87,088	295,000	38,055
2025	240,000	79,485	305,000	29,058
2026-30	1,335,000	259,029	590,000	28,663
2031-35	615,000	25,211	-	-
2036-40	-	-	-	-
2041-45	-	-	-	-
	<u>\$ 3,080,000</u>	<u>\$ 750,799</u>	<u>\$ 2,025,000</u>	<u>\$ 257,436</u>

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Fiscal Year	2016A FF&C Refunding Bond		2017A FF& C Refunding Bond		Total Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 35,000	\$ 302,206	\$ 360,000	\$ 150,250	\$ 1,115,000	\$ 915,948
2022	35,000	300,806	370,000	139,450	1,150,000	883,985
2023	35,000	299,406	385,000	128,350	1,180,000	850,063
2024	40,000	298,006	400,000	116,800	1,235,000	811,943
2025	40,000	296,406	415,000	100,800	1,275,000	767,143
2026-30	435,000	1,457,430	2,105,000	241,600	7,025,000	3,090,278
2031-35	3,310,000	1,132,230	-	-	6,840,000	1,758,204
2036-40	4,015,000	429,586	-	-	5,980,000	624,049
2041-45	-	-	-	-	-	-
	<u>\$ 7,945,000</u>	<u>\$ 4,516,076</u>	<u>\$ 4,035,000</u>	<u>\$ 877,250</u>	<u>\$ 25,800,000</u>	<u>\$ 9,701,613</u>

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

\$ 98,071

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:

2,726,173

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.

650,000

Total notes payable

\$ 3,474,244

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

Fiscal Year	SPWF Loan- Hoffman		2020 Chase Bank (Museum)	
	Principal	Interest	Principal	Interest
2021	\$ 23,038	\$ 4,904	\$ 48,791	\$ 12,700
2022	24,190	3,752	61,558	11,580
2023	25,400	2,542	62,808	10,317
2024	25,443	1,272	64,083	9,029
2025	-	-	65,384	7,715
2026-30	-	-	347,376	29,453
2031-35	-	-	-	-
2036-40	-	-	-	-
2041-45	-	-	-	-
	<u>\$ 98,071</u>	<u>\$ 12,470</u>	<u>\$ 650,000</u>	<u>\$ 80,794</u>

The City has an unused line of credit for government activities related to the Business Oregon Infrastructure Finance Authority agreement above in the amount of \$523,827.

During the year ended June 30, 2020, business-type long-term liability activity was as follows:

Business Activities	Beginning Balances	Additions	Deletions	Ending Balances	Due in One Year
Revenue Bonds					
2013 Sewer Bond	\$ 2,210,000	\$ -	\$ 105,000	\$ 2,105,000	\$ 80,000
Bond Discount	(12,085)	-	(576)	(11,509)	-
2016A Full Faith & Credit Water Bond	1,185,000	-	55,000	1,130,000	55,000
Bond Premium	54,636	-	3,214	51,422	-
Total Bonds	<u>3,437,551</u>	<u>-</u>	<u>162,638</u>	<u>3,274,913</u>	<u>135,000</u>
Notes Payable					
CWSRF Loan	457,915	2,968,390	-	3,426,305	-
Direct Borrowing					
2018 Chase Bank Loan	<u>800,000</u>	<u>-</u>	<u>70,106</u>	<u>729,894</u>	<u>72,140</u>
Total Notes Payable	<u>1,257,915</u>	<u>2,968,390</u>	<u>70,106</u>	<u>4,156,199</u>	<u>72,140</u>
Capital Leases	<u>14,420</u>	<u>(275)</u>	<u>14,145</u>	<u>-</u>	<u>-</u>
Total Bonds, Notes and Leases	4,709,886	2,968,115	246,889	7,431,112	207,140
Compensated Absences	<u>34,943</u>	<u>44,799</u>	<u>35,505</u>	<u>44,237</u>	<u>29,491</u>
Total Business Activities	<u>\$ 4,744,829</u>	<u>\$ 3,012,914</u>	<u>\$ 282,394</u>	<u>\$ 7,475,349</u>	<u>\$ 236,631</u>

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

B. Business-type Bonds and Notes Payable

In 2013, the City issued \$2,900,000 in sewer system revenue bonds, series 2013, to refund the City's loan with the State of Oregon Department of Environmental Quality (DEQ loan) and its sewer revenue bond, series 2000, issued to the US Department of Agriculture Rural Utilities Service, and to pay costs of issuance of the bonds. The City pledged income derived from net revenue of the City's sewer systems to pay debt service. Interest of the bonds is payable semiannually in June and December of each year. Interest rate is 3% and bond maturity is in 2040. \$2,105,000

In October 2016, the City issued \$1,335,000 in full faith and credit bonds, series 2016, to finance capital improvements to the City's water system, and to pay the costs of issuance of the bonds. The City has pledged the full faith and credit of the City for payment of the bonds. Interest of the bonds is payable semiannually in June and December of each year, commencing December 15, 2016. The average interest rate is 3.013% and bond maturity is in 2036. 1,130,000

Total bonds payable \$ 3,235,000

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
2021	\$ 80,000	\$ 67,550	\$ 55,000	\$ 34,550	\$ 135,000	\$ 102,100
2022	80,000	65,150	55,000	32,900	135,000	98,050
2023	85,000	62,750	60,000	31,250	145,000	94,000
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
2026-30	480,000	246,700	345,000	105,300	825,000	352,000
2031-35	560,000	169,625	405,000	49,950	965,000	219,575
2036-40	645,000	69,125	85,000	2,550	730,000	71,675
2041-45	-	-	-	-	-	-
	<u>\$ 2,105,000</u>	<u>\$ 798,750</u>	<u>\$ 1,130,000</u>	<u>\$ 313,600</u>	<u>\$ 3,235,000</u>	<u>\$ 1,112,350</u>

In November 2017, the City entered into a Clean Water State Revolving Fund Loan (CWSRF) agreement with the State of Oregon Department of Environmental Quality (DEQ) to award the City a total of \$5,966,930. The City will repay this amount at the end of the project with 1.42% interest per annum. The City pledged income derived from net revenue of the City's sewer systems to pay debt service.

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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In the event of default, outstanding amounts become immediately due. The loan will be drawn down first. At year-end the City had drawn down: \$3,426,305

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. 729,894

Total notes payable \$4,156,199

The City has an unused line of credit for business-type activities related to the Clean Water State Revolving Fund Loan agreement above in the amount of \$5,989,825.

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

2018 Chase Bank Loan	
Principal	Interest
\$ 72,140	\$ 21,167
74,232	19,075
76,384	16,922
78,599	14,707
428,539	37,994
<u>\$ 729,894</u>	<u>\$ 109,865</u>

8. Net Position

The government-wide statement of net position reports \$13,286,937 of restricted net position of which \$3,149,398 is restricted by enabling legislation.

9. Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2020. These deficits will be financed through future revenues.

<u>Fund</u>	<u>Amount</u>
Tourism and Events Fund	(\$62,122)
Urban Renewal Projects Fund	(\$5,141,144)

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

10. Tax Abatements

Polk County negotiates property tax abatement agreements on an individual basis. For the fiscal year ended June 30, 2020, the County had agreements which reduced property taxes levied on 7 properties for certified historic properties and for enterprise zone properties.

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

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

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

Property taxes abated by Polk County for the year ended June 30, 2020, listed by abatement program are as follows:

<u>Abatement Program</u>	<u>Percentage of Taxes Abated</u>	<u>Total Property Taxes Abated</u>	<u>Polk County Share Taxes Abated</u>
Historic Property	29%-51%	\$ 6,846	\$ 2,322
Enterprise Zone	100%	9,399	3,183
Total Abatement		<u>\$ 16,245</u>	<u>\$ 5,505</u>

11. Post Employment Benefits Other than Pensions

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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:

	Implicit Rate Subsidy	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 56,338	\$ 56,338
Deferred Outflows of Resources			
Difference in Expected and Actual Experience	10,010	-	10,010
Deferred Outflows of Resources			
Change in Assumptions	8,356	-	8,356
Change in Proportionate Share	-	-	-
Contributions After MD	9,256	2,158	11,414
Total OPEB Liability	(259,843)	-	(259,843)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	-	(7,429)	(7,429)
Difference in Earnings	-	(3,477)	(3,477)
Change in Assumptions	(33,311)	(58)	(33,369)
Change in Proportionate Share	-	(846)	(846)
OPEB Expense/(Income)*	24,003	(7,776)	16,227

*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
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	2
Active employees	<u>36</u>
	<u>38</u>

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

The City's total OPEB liability of \$259,843 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2020, the City recognized OPEB expense from this plan of \$24,003.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

Fiscal Year Ending June 30, 2020	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 10,010
Changes of assumptions or inputs	(33,311)	8,356
Benefits Payment	-	9,256
Total as of June 30, 2020	<u>\$ (33,311)</u>	<u>\$ 27,622</u>

Deferred outflows of resources related to OPEB of \$9,256 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ (2,276)
2022	(2,276)
2023	(2,276)
2024	(2,276)
2025	(2,276)
Thereafter	<u>(3,565)</u>
Total	<u>\$ (14,945)</u>

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Actuarial Assumptions and Other Inputs

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

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

Changes in the Total OPEB Liability

Changes in assumptions is the result of the change in the discount rate from 3.87% to 3.50%.

	Total OPEB Liability
Balance as of June 30, 2019	\$ 240,572
Changes for the year:	
Service cost	16,637
Interest on Total OPEB Liability	9,642
Effect of assumptions changes or inputs	9,285
Effect of economic demographic gains or losses	-
Benefit payments	(16,293)
Balance as of June 30, 2020	<u>\$ 259,843</u>

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Sensitivity of the Total OPEB Liability

The following presents the City's OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

<u>Discount Rate:</u>	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 285,777	\$ 259,843	\$ 236,321

<u>Healthcare Cost Trend:</u>	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 226,930	\$ 259,843	\$ 299,836

PERS Retirement Health Insurance Account

Plan Description

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

That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>.

Benefits Provided

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

CITY OF INDEPENDENCE
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Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2020 contributions was \$2,158.

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

At June 30, 2020, the City reported an asset of \$56,338 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2019, the City's proportionate share was 0.029%, which is an increase from its proportion of 0.028% as of June 30, 2018.

For the year ended June 30, 2020, the City recognized OPEB income from this plan of \$7,776. At June 30, 2020, 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	\$ -	\$ 7,429
Changes of assumptions	-	58
Net difference between projected and actual earnings on investments	-	3,477
Changes in proportionate share	-	846
Total (prior to post-MD contributions)	-	11,810
Contributions subsequent to the MD	2,158	-
Total	<u>\$ 2,158</u>	<u>\$ 11,810</u>

Deferred outflows of resources related to OPEB of \$2,158 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ (6,072)
2022	(5,419)
2023	(680)
2024	361
2025	-
Total	<u>\$ (11,810)</u>

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Actuarial Methods and Assumptions

The total OPEB asset in the December 31, 2017 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed below in Note 12 – Pension Plan Actuarial Assumptions.

Long-Term Expected Rate of Return

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

Discount Rate

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

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

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

<u>Discount Rate:</u>	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Asset	\$ (43,677)	\$ (56,338)	\$ (67,127)

OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

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

Changes in Plan Provisions Subsequent to Measurement Date

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

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

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manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

A. Benefits provided

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

Pension Benefits

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

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

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for

disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police members) when determining the monthly benefit.

Benefit Changes

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

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

Pension Benefits

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

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

The Individual Account Program (IAP) is a defined contribution pension plan. 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. Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2018. Employer contributions for the year ended June 30, 2020 were \$702,449, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 24.83 percent for Tier One/Tier Two General Service Member, 24.83 percent for Tier One/Tier Two Police, 16.15 percent for OPSRP Pension Program General Service Members, 20.78 percent for OPSRP Pension Program Police Members.

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

At June 30, 2020, the City reported a liability of \$5,770,142 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the

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City's proportion was 0.0333 percent, which was increased from its proportion of 0.0308 measured as of June 30, 2018.

For the year ended June 30, 2020, the City's recognized pension expense (income) of \$851,181. At June 30, 2020, 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	\$ 318,206	\$ -
Changes of assumptions	782,786	-
Net difference between projected and actual earnings on investments	-	163,578
Changes in proportion	288,327	20,026
Differences between employer contributions and proportionate share of contributions	28,938	61,642
Total (prior to post-MD contributions)	1,418,257	245,246
Contributions subsequent to the MD	702,449	-
Total	<u>\$ 2,120,706</u>	<u>\$ 245,246</u>

\$702,449 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 603,506
2022	101,982
2023	227,821
2024	202,355
2025	37,347
Total	<u>\$ 1,173,011</u>

D. Actuarial assumptions

The employer contribution rates effective July 1, 2019 through June 30, 2021 were set using the entry age normal method.

For the ORS 238 Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the ORS 238A OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the

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estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>Health retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

E. Long-term expected rate of return

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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

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

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

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The

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June 30, 2020

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

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

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

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

Discount Rate

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

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

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

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 9,240,371	\$ 5,770,142	\$ 2,866,039

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

G. Pension plan fiduciary net position

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

H. Changes in Plan Provisions During to Measurement Period

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

I. Changes in Plan Provisions Subsequent to Measurement Date

On June 11, 2019, Senate Bill 1049 was enacted by the People of the State of Oregon. The elements of the bill include a variety of policy and program changes which will affect the City's pension plan. Most prominent are a onetime 22-year re-amortization of the unamortized actuarial liability for Tier 1 and Tier 2 employees and contribution rate adjustments. In August 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain portions of SB 1049. The City cannot predict whether the petitioners will be successful in whole or in part nor what the impact of a successful challenge may be. Further, the City cannot predict whether SB 1049 will be subject to additional legal challenges that could affect some or all of its provisions.

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 three fiscal years.

14. Contingencies and Commitments

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

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

15. Concentration of Credit Risk

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

CITY OF INDEPENDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

The total amount loaned to MINET as of June 30, 2020, is shown below:

<u>MINET Loan</u>	<u>Purpose</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Repayment Terms</u>
2017 Full Faith & Credit	Capital/Infrastructure	\$ 2,025,000	0.85% -5.84%	22 years
2015 Full Faith & Credit	Capital/Infrastructure	\$ 3,080,000	0.65%- 4.05%	16 years
2020 Full Faith & Credit	Capital/Infrastructure	\$ 4,780,000	2% -3%	20 years
Advances to MINET	Cover prior year shortfall	\$ 3,254,603	2.19%-5.84%	Various

Summarized financial data for MINET is as follows:

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets	\$ 1,050,352	\$ 1,037,901
Capital assets (net of depreciation)	13,333,984	13,371,085
<i>Total Assets</i>	<u>14,384,336</u>	<u>14,408,986</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for debt refunding	<u>375,944</u>	<u>959,783</u>
LIABILITIES		
Current liabilities	2,043,918	2,192,736
Long-term liabilities	28,792,778	29,180,619
<i>Total Liabilities</i>	<u>30,836,696</u>	<u>31,373,355</u>
NET POSITION		
Net investment in capital assets	(8,712,088)	(3,673,604)
Unrestricted	(7,364,328)	(12,330,982)
<i>Total Net Position</i>	<u>\$ (16,076,416)</u>	<u>\$ (16,004,586)</u>

16. New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The guidance postpones by one year the effective dates of certain provisions in the following pronouncements: Statement No. 83, Certain Asset Retirement Obligations, Statement No. 84, Fiduciary Activities, Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90, Majority Equity Interests, Statement No. 91 Conduit Debt Obligations, Statement No. 92, Omnibus 2020, Statement No. 93, Replacement of Interbank Offered Rates, Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting), Implementation Guide No. 2018-1, Implementation Guidance Update-2018, Implementation Guide No. 2019-1, Implementation Guidance Update-2019, and Implementation Guide No. 2019-2, Fiduciary Activities. The Statement is intended to provide relief to governments

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June 30, 2020

and other stakeholders in light of the COVID-19 pandemic. The City implemented Statement 95 for the year ending June 30, 2020.

17. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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 SDC Fund
 - Transportation Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Schedule of Proportionate Share - RHIA
- Schedule of Contributions - RHIA
- Schedule of Changes in Total OPEB Liability + Related Ratio's
- Schedule of Contributions - Implicit Rate Subsidy

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 2,103,600	\$ 2,103,600	\$ 2,197,755	\$ 94,155
Franchise fees	735,000	735,000	817,269	82,269
Licenses, permits and fees	367,250	367,250	353,674	(13,576)
Intergovernmental	374,150	374,150	454,498	80,348
Grants and donations	42,717	495,717	813,735	318,018
Fines and forfeitures	153,600	153,600	194,328	40,728
Charges for services	104,500	104,500	99,128	(5,372)
Rent	18,738	18,738	23,197	4,459
Interest revenue	15,500	15,500	33,035	17,535
Miscellaneous revenue	245,500	245,500	378,875	133,375
Total revenues	4,160,555	4,613,555	5,365,494	751,939
EXPENDITURES:				
General government	1,691,570	2,145,570	1,819,021	326,549
Public safety	3,382,214	3,392,214	3,243,263	148,951
Community development	791,760	791,760	600,501	191,259
Culture and recreation	949,620	966,620	833,796	132,824
Debt service:				
Interest	-	4,100	4,033	67
Contingency	1,120,000	1,087,900	-	1,087,900
Total expenditures	7,935,164	8,388,164	6,500,614	1,887,550
Revenues over (under) expenditures	(3,774,609)	(3,774,609)	(1,135,120)	2,639,489
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	9,609	9,609	9,609	-
Transfers in	3,493,750	3,493,750	3,512,302	18,552
Transfers out	(931,000)	(931,000)	(931,000)	-
Total other financing sources (uses)	2,572,359	2,572,359	2,590,911	18,552
Net change in fund balance	(1,202,250)	(1,202,250)	1,455,791	2,658,041
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,202,250	1,202,250	1,805,104	602,854
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	3,260,895	\$ 3,260,895
Interfund receivable			3,917,761	
General equipment and vehicle reserve fund			21,945	
Information services equipment fund			80,878	
Parks capital reserve fund			84,950	
FUND BALANCE, ENDING GAAP			<u>\$ 7,366,429</u>	

CITY OF INDEPENDENCE, OREGON
TRANSPORTATION SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 5,000	\$ 5,000	\$ 5,522	\$ 522
System development charges	160,847	160,847	266,629	105,782
Total revenues	165,847	165,847	272,151	106,304
EXPENDITURES:				
Materials and service	50,000	50,000	-	50,000
Capital outlay	100,000	100,000	-	100,000
Contingency	666,816	663,816	-	663,816
Total expenditures	816,816	813,816	-	813,816
Revenues over (under) expenditures	(650,969)	(647,969)	272,151	920,120
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	6,469	6,469	43,969	37,500
Transfers out	(11,294)	(14,294)	(14,294)	-
Total other financing sources (uses)	(4,825)	(7,825)	29,675	37,500
Net change in fund balance	(655,794)	(655,794)	301,826	957,620
FUND BALANCE, BEGINNING- BUDGETARY BASIS	655,794	655,794	114,856	(540,938)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	416,682	\$ 416,682
Interfund loan receivable			564,270	
FUND BALANCE, ENDING			\$ 980,952	

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 915,395	\$ 915,395	\$ 646,737	\$ (268,658)
Grants and donations	460,000	460,000	-	(460,000)
Charges for services	-	-	154	154
Interest revenue	3,000	3,000	7,948	4,948
Miscellaneous revenue	4,800	4,800	93	(4,707)
Total revenues	1,383,195	1,383,195	654,932	(728,263)
EXPENDITURES:				
Personnel service	101,000	104,000	100,800	3,200
Materials and service	878,250	875,250	184,667	690,583
Capital outlay	474,000	474,000	9,722	464,278
Debt service:				
Principal	4,715	4,715	4,715	-
Interest	89	89	108	(19)
Contingency	228,676	228,676	-	228,676
Total expenditures	1,686,730	1,686,730	300,012	1,386,718
Revenues over (under) expenditures	(303,535)	(303,535)	354,920	658,455
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(30,166)	(30,166)	(30,166)	-
Transfers in	153,750	153,750	153,750	-
Transfers out	(388,342)	(388,342)	(388,342)	-
Total other financing sources (uses)	(264,758)	(264,758)	(264,758)	-
Net change in fund balance	(568,293)	(568,293)	90,162	658,455
FUND BALANCE, BEGINNING - BUDGETARY BASIS	568,293	568,293	576,896	8,603
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	667,058	<u>\$ 667,058</u>
Interfund loan payable			(228,750)	
FUND BALANCE, ENDING			<u>\$ 438,308</u>	

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
2019	0.03335804%	\$ 5,770,142	\$ 3,437,258	167.87%	80.20%
2018	0.03086104%	4,675,041	3,211,306	145.58%	82.10%
2017	0.03078833%	4,150,279	2,965,410	139.96%	83.10%
2016	0.03134115%	4,705,034	2,661,504	176.78%	80.53%
2015	0.02869354%	1,647,429	2,374,283	69.39%	91.90%
2014	0.02677427%	(606,896)	2,259,338	-26.86%	103.60%
2013	0.02869354%	673,613	2,233,312	30.16%	91.97%

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

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

NOTES TO SCHEDULE

Changes in Benefit Terms:

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

Changes of Assumptions:

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

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

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

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
Actuarial assumptions			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	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,	¹ (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
2019	0.02915515%	\$ (56,338)	\$ 3,437,258	-1.64%	144.40%
2018	0.02776841%	(30,997)	3,211,306	-0.97%	124.00%
2017	0.02714883%	(11,330)	2,965,410	-0.38%	108.90%

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

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

NOTES TO SCHEDULE

Changes of Assumptions:

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

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

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
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, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period:	10 years	10 years	10 years
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
Actuarial assumptions			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance

CITY OF INDEPENDENCE, OREGON

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIO'S

For the Last Ten Fiscal Years¹

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

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

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

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

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

CITY OF INDEPENDENCE
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2020

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, 2020. The City had a supplemental budget during the year-ended June 30, 2020. Appropriations lapse as of year-end.

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

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Transportation Fund	Debt service	\$ (19)
Parks Capital Reserve Fund	Debt service	\$ (19)
Urban Renewal Projects Fund	Material and services	\$ (904)
Sewer Fund	Personnel services	\$(1,795)
Sewer Fund	Capital Outlay	\$(392,024)
Sewer SDC Fund	Transfers	\$ (1)
Storm Drain Fund	Personnel services	\$ (604)

B. Deficit Fund Balances

At June 30, 2020, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Tourism and Events Fund	\$ (49,633)

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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.

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.

Capital Projects Fund

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

Building Repair & Replacement Fund

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

CITY OF INDEPENDENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Building Repair & Replacement Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 1,091,944	\$ 170,671	\$ 326,125	\$ 1,588,740
Property taxes receivable	-	17,550	-	17,550
Accounts receivable, net	50,175	-	-	50,175
SDC and assessments receivables	-	91,390	-	91,390
Prepays	9,142	-	-	9,142
Loans receivable, net	293,471	-	-	293,471
Interfund loan receivables	585,000	-	-	585,000
Total assets	<u>\$ 2,029,732</u>	<u>\$ 279,611</u>	<u>\$ 326,125</u>	<u>\$ 2,635,468</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 6,351	\$ -	\$ 7,182	\$ 13,533
Deposits	400	-	-	400
Interfund loan payable	112,500	-	-	112,500
PERS liability reserve	2,689	-	-	2,689
Due to other funds	53,485	-	-	53,485
Unearned revenue	175,905	-	-	175,905
Total liabilities	<u>351,330</u>	<u>-</u>	<u>7,182</u>	<u>358,512</u>
DEREFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	13,839	-	13,839
Unavailable revenue - loan receivables	167,566	-	-	167,566
Unavailable revenue - SDC and assesments receivables	-	91,390	-	91,390
Total deferred inflows of resources	<u>167,566</u>	<u>105,229</u>	<u>-</u>	<u>272,795</u>
FUND BALANCE:				
Nonspendable:				
Prepaid items	9,142	-	-	9,142
Restricted for:				
System development	407,825	-	-	407,825
Debt service	-	174,382	-	174,382
Assigned to:				
Capital projects	-	-	318,943	318,943
Community development	1,165,144	-	-	1,165,144
Unassigned	(71,275)	-	-	(71,275)
Total fund balance	<u>1,510,836</u>	<u>174,382</u>	<u>318,943</u>	<u>2,004,161</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,029,732</u>	<u>\$ 279,611</u>	<u>\$ 326,125</u>	<u>\$ 2,635,468</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, 2020

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Building Repair & Replacement Fund	Total
REVENUES:				
Property taxes	\$ 10,767	\$ 433,443	\$ -	\$ 444,210
Assessments	-	14,960	-	14,960
Grants and donations	24,746	-	-	24,746
Interest revenue	11,600	4,213	1,889	17,702
Miscellaneous revenue	349,432	-	-	349,432
Loan repayments	29,473	-	-	29,473
Royalties	4,818	-	-	4,818
System development charges	368,691	-	-	368,691
Total revenues	799,527	452,616	1,889	1,254,032
EXPENDITURES:				
General government	-	-	31,182	31,182
Community development	46,318	-	-	46,318
Culture and recreation	323,781	-	-	323,781
Capital outlay	3,305	-	501,994	505,299
Debt service:				
Principal	-	256,941	-	256,941
Interest	-	170,911	-	170,911
Total expenditures	373,404	427,852	533,176	1,334,432
Revenues over (under) expenditures	426,123	24,764	(531,287)	(80,400)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	650,000	650,000
Transfers in	77,430	14,000	95,000	186,430
Transfers out	(90,297)	-	-	(90,297)
Total other financing sources (uses)	(12,867)	14,000	745,000	746,133
Net change in fund balance	413,256	38,764	213,713	665,733
FUND BALANCE, BEGINNING	1,097,580	135,618	105,230	1,338,428
FUND BALANCE, ENDING	\$ 1,510,836	\$ 174,382	\$ 318,943	\$ 2,004,161

CITY OF INDEPENDENCE, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	Economic Development Loan Fund	Tourism and Events Fund	Parks SDC Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 581,013	\$ -	\$ 510,931	\$ 1,091,944
Accounts receivable, net	-	50,175	-	50,175
Prepays	-	9,142	-	9,142
Loans receivable, net	167,566	-	125,905	293,471
Interfund loan receivables	585,000	-	-	585,000
Total assets	<u>\$ 1,333,579</u>	<u>\$ 59,317</u>	<u>\$ 636,836</u>	<u>\$ 2,029,732</u>
LIABILITIES:				
Accounts payable and accrued expenses	\$ 869	\$ 2,376	\$ 3,106	\$ 6,351
Deposits	-	400	-	400
Interfund loan payable	-	12,500	100,000	112,500
PERS liability reserve	-	2,689	-	2,689
Due to other funds	-	53,485	-	53,485
Unearned revenue	-	50,000	125,905	175,905
Total liabilities	<u>869</u>	<u>121,450</u>	<u>229,011</u>	<u>351,330</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue- loans receivable	<u>167,566</u>	<u>-</u>	<u>-</u>	<u>167,566</u>
Total deferred inflows of resources	<u>167,566</u>	<u>-</u>	<u>-</u>	<u>167,566</u>
FUND BALANCE:				
Nonspendable:				
Prepaid items	-	9,142	-	9,142
Restricted for:				
System development	-	-	407,825	407,825
Assigned to:				
Community development	1,165,144	-	-	1,165,144
Unassigned	<u>-</u>	<u>(71,275)</u>	<u>-</u>	<u>(71,275)</u>
Total fund balance	<u>1,165,144</u>	<u>(62,133)</u>	<u>407,825</u>	<u>1,510,836</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,333,579</u>	<u>\$ 59,317</u>	<u>\$ 636,836</u>	<u>\$ 2,029,732</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, 2020

	Economic Development Loan Fund	Tourism and Events Fund	Parks SDC Fund	Total
REVENUES:				
Property taxes	\$ -	\$ 10,767	\$ -	\$ 10,767
Grants and donations	-	24,746	-	24,746
Interest revenue	5,257	150	6,193	11,600
Miscellaneous revenue	300,034	49,398	-	349,432
Loan repayments	29,473	-	-	29,473
Royalties	-	4,818	-	4,818
System development charges	-	-	368,691	368,691
Total revenues	334,764	89,879	374,884	799,527
EXPENDITURES:				
Community development	46,318	-	-	46,318
Culture and recreation	-	286,996	36,785	323,781
Capital outlay	-	-	3,305	3,305
Total expenditures	46,318	286,996	40,090	373,404
Revenues over (under) expenditures	288,446	(197,117)	334,794	426,123
OTHER FINANCING SOURCES (USES):				
Transfers in	2,430	75,000	-	77,430
Transfers out	-	(78)	(90,219)	(90,297)
Total other financing sources (uses)	2,430	74,922	(90,219)	(12,867)
Net change in fund balance	290,876	(122,195)	244,575	413,256
FUND BALANCE, BEGINNING	874,268	60,062	163,250	1,097,580
FUND BALANCE, ENDING	<u>\$ 1,165,144</u>	<u>\$ (62,133)</u>	<u>\$ 407,825</u>	<u>\$ 1,510,836</u>

CITY OF INDEPENDENCE, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	General Obligation Bond Fund	Special Assessment Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and cash equivalents	\$ 154,001	\$ 16,670	\$ 170,671
Property taxes receivable	17,550	-	17,550
SDC and assessments receivables	-	91,390	91,390
Total assets	<u>\$ 171,551</u>	<u>\$ 108,060</u>	<u>\$ 279,611</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue- property taxes	\$ 13,839	\$ -	\$ 13,839
Unavailable revenue- assessments	-	91,390	91,390
Total deferred inflows of resource	<u>13,839</u>	<u>91,390</u>	<u>105,229</u>
FUND BALANCE:			
Restricted for:			
Debt service	<u>157,712</u>	<u>16,670</u>	<u>174,382</u>
Total fund balance	<u>157,712</u>	<u>16,670</u>	<u>174,382</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 171,551</u>	<u>\$ 108,060</u>	<u>\$ 279,611</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, 2020

	General Obligation Bond Fund	Special Assessment Fund	Total
REVENUES:			
Property taxes	\$ 433,443	\$ -	\$ 433,443
Assessments	-	14,960	14,960
Interest revenue	4,087	126	4,213
Total revenues	437,530	15,086	452,616
EXPENDITURES:			
Debt service:			
Principal	235,000	21,941	256,941
Interest	164,910	6,001	170,911
Total expenditures	399,910	27,942	427,852
Revenues over (under) expenditures	37,620	(12,856)	24,764
OTHER FINANCING SOURCES (USES):			
Transfers in	-	14,000	14,000
Total other financing sources (uses)	-	14,000	14,000
Net change in fund balance	37,620	1,144	38,764
FUND BALANCE, BEGINNING	120,092	15,526	135,618
FUND BALANCE, ENDING	<u>\$ 157,712</u>	<u>\$ 16,670</u>	<u>\$ 174,382</u>

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2020

	General Fund - Budgetary Basis	General Equipment & Vehicle Reserve Fund - Budgetary Basis	Information Services Equipment Fund - Budgetary Basis	Parks Capital Reserve Fund- Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
ASSETS:					
Cash and cash equivalents	\$ 2,598,107	\$ 21,945	\$ 13,854	\$ 84,950	\$ 2,718,856
Property taxes receivable	88,699	-	-	-	88,699
Accounts receivable, net	189,874	-	-	-	189,874
Prepays	73,577	-	67,364	-	140,941
Due from other funds	971,683	-	-	-	971,683
Interfund loan receivables	3,917,761	-	-	-	3,917,761
Total assets	<u>\$ 7,839,701</u>	<u>\$ 21,945</u>	<u>\$ 81,218</u>	<u>\$ 84,950</u>	<u>\$ 8,027,814</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 123,302	\$ -	\$ 340	\$ -	\$ 123,642
Deposits	241,130	-	-	-	241,130
PERS liability reserve	206,554	-	-	-	206,554
Total liabilities	<u>570,986</u>	<u>-</u>	<u>340</u>	<u>-</u>	<u>571,326</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	<u>90,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,059</u>
Total deferred inflows of resources	<u>90,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,059</u>
FUND BALANCE:					
Nonspendable:					
Prepaid items	73,577	-	67,364	-	140,941
Loan receivable	3,917,761	-	-	-	3,917,761
Committed to:					
Equipment and vehicle replacement	-	21,945	13,514	84,950	120,409
Unassigned	<u>3,187,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,187,318</u>
Total fund balance	<u>7,178,656</u>	<u>21,945</u>	<u>80,878</u>	<u>84,950</u>	<u>7,366,429</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 7,839,701</u>	<u>\$ 21,945</u>	<u>\$ 81,218</u>	<u>\$ 84,950</u>	<u>\$ 8,027,814</u>

CITY OF INDEPENDENCE, OREGON
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	General Fund - Budgetary Basis	General Equipment & Vehicle Reserve Fund - Budgetary Basis	Information Services Equipment Fund - Budgetary Basis	Parks Capital Reserve Fund- Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
REVENUES:					
Property taxes	\$ 2,197,755	\$ -	\$ -	\$ -	\$ 2,197,755
Franchise fees	817,269	-	-	-	817,269
Licenses, permits and fees	353,674	-	-	-	353,674
Intergovernmental	454,498	-	-	-	454,498
Grants and donations	813,735	-	-	74,582	888,317
Fines and forfeitures	194,328	-	-	-	194,328
Charges for services	99,128	-	-	-	99,128
Rent	23,197	-	-	-	23,197
Interest revenue	33,035	273	309	1,393	35,010
Miscellaneous revenue	378,875	-	-	-	378,875
Total revenues	5,365,494	273	309	75,975	5,442,051
EXPENDITURES:					
General government	1,819,021	-	119,961	-	1,938,982
Public safety	3,243,263	-	-	-	3,243,263
Community development	600,501	-	-	-	600,501
Culture and recreation	833,796	-	-	-	833,796
Capital outlay	-	48,913	18,337	156,364	223,614
Debt service:					
Principal	-	-	-	4,715	4,715
Interest	4,033	-	-	108	4,141
Total expenditures	6,500,614	48,913	138,298	161,187	6,849,012
Revenues over (under) expenditures	(1,135,120)	(48,640)	(137,989)	(85,212)	(1,406,961)
OTHER FINANCING SOURCES (USES):					
Interfund loan proceeds	9,609	-	-	-	9,609
Transfers in	3,512,302	50,000	107,500	105,000	3,774,802
Transfers out	(931,000)	-	-	-	(931,000)
Total other financing sources (uses)	2,590,911	50,000	107,500	105,000	2,853,411
Net change in fund balance	1,455,791	1,360	(30,489)	19,788	1,446,450
FUND BALANCE, BEGINNING -BUDGETARY BASIS	1,805,104	20,585	111,367	65,162	2,002,218
FUND BALANCE, ENDING - BUDGETARY BASIS	3,260,895	21,945	80,878	84,950	3,448,668
Interfund receivable	3,917,761	-	-	-	3,917,761
FUND BALANCE, ENDING	\$ 7,178,656	\$ 21,945	\$ 80,878	\$ 84,950	\$ 7,366,429

BUDGETARY COMPARISON SCHEDULES

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

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

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

Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
 - Economic Development Loan Fund
 - Tourism and Events Fund
 - Parks SDC Fund
- Debt Service Funds
 - General Obligation Bond Fund
 - Special Assessment Fund
- Capital Project Fund
 - 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, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Police operations:				
Personnel service	\$ 2,685,000	\$ 2,685,000	\$ 2,639,199	\$ 45,801
Materials and service	640,554	640,554	538,418	102,136
Subtotal	3,325,554	3,325,554	3,177,617	147,937
Municipal court:				
Personnel service	34,000	39,000	43,756	(4,756)
Materials and service	22,660	27,660	21,890	5,770
Subtotal	56,660	66,660	65,646	1,014
Administration & finance services:				
Personnel service	857,000	857,000	826,244	30,756
Materials and service	355,620	755,620	517,170	238,450
Subtotal	1,212,620	1,612,620	1,343,414	269,206
Parks:				
Personnel services	64,000	64,000	61,264	2,736
Materials and service	157,140	157,140	113,791	43,349
Subtotal	221,140	221,140	175,055	46,085
Community development:				
Personnel service	178,000	178,000	128,336	49,664
Materials and service	47,605	47,605	39,547	8,058
Subtotal	225,605	225,605	167,883	57,722
Library:				
Personnel service	412,000	426,000	402,658	23,342
Materials and service	128,590	131,590	101,100	30,490
Subtotal	540,590	557,590	503,758	53,832
Museum:				
Personnel service	89,000	89,000	94,733	(5,733)
Materials and service	43,160	43,160	22,321	20,839
Subtotal	132,160	132,160	117,054	15,106
Pool:				
Materials and service	55,730	55,730	37,929	17,801
Subtotal	55,730	55,730	37,929	17,801
Economic development:				
Personnel service	259,500	259,500	254,570	4,930
Materials and service	306,655	306,655	178,048	128,607
Subtotal	566,155	566,155	432,618	133,537
Building inspection:				
Personnel services	235,000	235,000	229,064	5,936
Materials and services	22,760	26,760	26,570	190
Subtotal	257,760	261,760	255,634	6,126
Information technology:				
Personnel services	165,000	165,000	161,775	3,225
Materials and services	56,190	56,190	41,307	14,883
Subtotal	221,190	221,190	203,082	18,108
Non-departmental:				
Materials and services-Disaster recovery	-	50,000	16,891	33,109
Debt service	-	4,100	4,033	67
Subtotal	-	54,100	20,924	33,176
Total expenditures	\$ 6,815,164	\$ 7,300,264	\$ 6,500,614	\$ 799,650

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ -	\$ -	\$ 273	\$ 273
Total revenues	-	-	273	273
EXPENDITURES:				
Capital outlay	50,000	51,100	48,913	2,187
Contingency	20,497	19,397	-	19,397
Total expenditures	70,497	70,497	48,913	21,584
Revenues over (under) expenditures	(70,497)	(70,497)	(48,640)	21,857
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	50,000	-
Net change in fund balance	(20,497)	(20,497)	1,360	21,857
FUND BALANCE, BEGINNING - BUDGETARY BASIS	20,497	20,497	20,585	88
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 21,945	\$ 21,945

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 600	\$ 600	\$ 309	\$ (291)
Total revenues	600	600	309	(291)
EXPENDITURES:				
Materials and service	105,000	120,000	119,961	39
Capital outlay	45,000	45,000	18,337	26,663
Contingency	11,792	792	-	792
Total expenditures	161,792	165,792	138,298	27,494
Revenues over (under) expenditures	(161,192)	(165,192)	(137,989)	27,203
OTHER FINANCING SOURCES (USES):				
Transfers in	107,500	107,500	107,500	-
Total other financing sources (uses)	107,500	107,500	107,500	-
Net change in fund balance	(53,692)	(57,692)	(30,489)	27,203
FUND BALANCE, BEGINNING - BUDGETARY BASIS	53,692	57,692	111,367	53,675
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 80,878	\$ 80,878

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Grants and donations	\$ 10,000	\$ 75,800	\$ 74,582	\$ (1,218)
Interest revenue	-	-	1,393	1,393
Total revenues	10,000	75,800	75,975	175
EXPENDITURES:				
Capital outlay	117,000	182,800	156,364	26,436
Debt service:				
Principal	4,715	4,715	4,715	-
Interest	89	89	108	(19)
Contingency	36,726	36,726	-	36,726
Total expenditures	158,530	224,330	161,187	63,143
Revenues over (under) expenditures	(148,530)	(148,530)	(85,212)	63,318
OTHER FINANCING SOURCES (USES):				
Transfers in	105,000	105,000	105,000	-
Total other financing sources (uses)	105,000	105,000	105,000	-
Net change in fund balance	(43,530)	(43,530)	19,788	63,318
FUND BALANCE, BEGINNING - BUDGETARY BASIS	43,530	43,530	65,162	21,632
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 84,950	\$ 84,950

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 819,432	\$ 819,432	\$ 815,271	\$ (4,161)
Total revenues	819,432	819,432	815,271	(4,161)
EXPENDITURES:				
Debt service:				
Principal	475,000	475,000	5,620,000	(5,145,000) *
Interest	344,432	344,432	344,423	9
Bond issuance costs	-	-	147,729	(147,729) *
Total expenditures	819,432	819,432	6,112,152	(5,292,720)
Revenues over (under) expenditures	-	-	(5,296,881)	(5,296,881)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	5,296,881	5,296,881
Total other financing sources (uses)	-	-	5,296,881	5,296,881
Net change in fund balance	-	-	-	-
FUND BALANCE, BEGINNING-BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Loan receivable			9,885,000	
FUND BALANCE, ENDING			<u>\$ 9,885,000</u>	

* Exception to budget law

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 455,500	\$ 455,500	\$ 447,295	\$ (8,205)
Interest revenue	1,200	1,200	4,720	3,520
Total revenues	456,700	456,700	452,015	(4,685)
EXPENDITURES:				
Debt service:				
Principal	385,000	385,000	385,000	-
Interest	467,506	467,506	467,481	25
Contingency	73,808	73,808	-	73,808
Total expenditures	926,314	926,314	852,481	73,833
Revenues over (under) expenditures	(469,614)	(469,614)	(400,466)	69,148
OTHER FINANCING SOURCES (USES):				
Transfers in	426,250	426,250	426,250	-
Total other financing sources (uses)	426,250	426,250	426,250	-
Net change in fund balance	(43,364)	(43,364)	25,784	69,148
FUND BALANCE, BEGINNING	43,364	43,364	52,373	9,009
FUND BALANCE, ENDING	\$ -	\$ -	\$ 78,157	\$ 78,157

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 151,800	\$ 151,800	\$ 148,499	\$ (3,301)
Rent	-	-	3,674	3,674
Total revenues	151,800	151,800	152,173	373
EXPENDITURES:				
Materials and service	500,000	500,000	500,904	(904)
Capital outlay	125,000	125,000	9,082	115,918
Total expenditures	625,000	625,000	509,986	115,014
Revenues over (under) expenditure:	(473,200)	(473,200)	(357,813)	115,387
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	200,000	200,000	-	(200,000)
Interfund loan payments	(203,814)	(203,814)	(203,812)	2
Issuance of debt	125,000	125,000	-	(125,000)
Total other financing sources (uses)	121,186	121,186	(203,812)	(324,998)
Net change in fund balance	(352,014)	(352,014)	(561,625)	(209,611)
FUND BALANCE, BEGINNING				
BUDGETARY BASIS	(1,583,184)	(1,583,184)	(511,770)	1,071,414
Restatement	-	-	1,559,248	1,559,248
FUND BALANCE, BEGINNING AS				
RESTATED - BUDGETARY BASIS	(1,583,184)	(1,583,184)	1,047,478	2,630,662
FUND BALANCE, ENDING BUDGETARY				
BASIS	\$ (1,935,198)	\$ (1,935,198)	485,853	\$ 2,421,051
Interfund loan payable			(5,626,997)	
FUND BALANCE, ENDING			\$ (5,141,144)	

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Grants and donations	\$ -	\$ 300,000	\$ -	\$ (300,000)
Interest revenue	2,500	2,500	5,257	2,757
Miscellaneous revenue	-	-	300,034	300,034
Loan repayments	33,830	33,830	29,473	(4,357)
Total revenues	36,330	336,330	334,764	(1,566)
EXPENDITURES:				
Materials and service	70,000	370,000	46,318	323,682
Contingency	64,180	64,180	-	64,180
Total expenditures	134,180	434,180	46,318	387,862
Revenues over (under) expenditures	(97,850)	(97,850)	288,446	386,296
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	103,682	103,682	103,681	(1)
Interfund loan payments	(200,000)	(200,000)	-	200,000
Total other financing sources (uses)	(96,318)	(96,318)	103,681	199,999
Net change in fund balance	(194,168)	(194,168)	392,127	586,295
FUND BALANCE, BEGINNING - BUDGETARY BASIS	194,168	194,168	188,017	(6,151)
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	580,144	<u>\$ 580,144</u>
Interfund loan receivable			585,000	
FUND BALANCE, ENDING			<u>\$ 1,165,144</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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Lodging tax	\$ 175,000	\$ 175,000	\$ 10,767	\$ (164,233)
Grants and donations	40,000	56,000	24,746	(31,254)
Rent	4,000	4,000	-	(4,000)
Interest revenue	300	300	150	(150)
Miscellaneous revenue	63,000	63,000	49,398	(13,602)
Royalties	1,000	1,000	4,818	3,818
Total revenues	283,300	299,300	89,879	(209,421)
EXPENDITURES:				
Personnel service	90,000	90,000	85,880	4,120
Materials and service	202,000	218,000	201,116	16,884
Contingency	119,043	119,043	-	119,043
Total expenditures	411,043	427,043	286,996	140,047
Revenues over (under) expenditures	(127,743)	(127,743)	(197,117)	(69,374)
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(3,203)	(3,203)	(3,203)	-
Transfers in	75,000	75,000	75,000	-
Total other financing sources (uses)	71,797	71,797	71,797	-
Net change in fund balance	(55,946)	(55,946)	(125,320)	(69,374)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	55,946	55,946	75,687	19,741
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	(49,633)	<u>\$ (49,633)</u>
Interfund loan payable			(12,500)	
FUND BALANCE, ENDING			<u>\$ (62,133)</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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 800	\$ 800	\$ 6,193	\$ 5,393
System development charges	200,000	200,000	368,691	168,691
Total revenues	200,800	200,800	374,884	174,084
EXPENDITURES:				
Materials and service	150,000	107,500	36,785	70,715
Capital outlay	100,000	100,000	3,305	96,695
Contingency	285,297	285,297	-	285,297
Total expenditures	535,297	492,797	40,090	452,707
Revenues over (under) expenditures	(334,497)	(291,997)	334,794	626,791
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(6,469)	(43,969)	(43,969)	-
Transfers out	(85,000)	(90,000)	(90,000)	-
Total other financing sources (uses)	(91,469)	(133,969)	(133,969)	-
Net change in fund balance	(425,966)	(425,966)	200,825	626,791
FUND BALANCE, BEGINNING - BUDGETARY BASIS	425,966	425,966	307,000	(118,966)
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	507,825	<u>\$ 507,825</u>
Interfund loan payable			(100,000)	
FUND BALANCE, ENDING			<u>\$ 407,825</u>	

CITY OF INDEPENDENCE, OREGON
GENERAL OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 412,920	\$ 412,920	\$ 433,443	\$ 20,523
Interest revenue	1,800	1,800	4,087	2,287
Total revenues	414,720	414,720	437,530	22,810
EXPENDITURES:				
Debt service:				
Principal	235,000	235,000	235,000	-
Interest	164,919	164,919	164,910	9
Total expenditures	399,919	399,919	399,910	9
Net change in fund balance	14,801	14,801	37,620	22,819
FUND BALANCE, BEGINNING	138,875	138,875	120,092	(18,783)
FUND BALANCE, ENDING	<u>\$ 153,676</u>	<u>\$ 153,676</u>	<u>\$ 157,712</u>	<u>\$ 4,036</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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Assessments	\$ 14,705	\$ 14,705	\$ 14,960	\$ 255
Interest revenue	90	90	126	36
Total revenues	14,795	14,795	15,086	291
EXPENDITURES:				
Debt service:				
Principal	21,941	21,941	21,941	-
Interest	6,001	6,001	6,001	-
Contingency	16,608	16,608	-	16,608
Total expenditures	44,550	44,550	27,942	16,608
Revenues over (under) expenditures	(29,755)	(29,755)	(12,856)	16,899
OTHER FINANCING SOURCES (USES):				
Transfers in	14,000	14,000	14,000	-
Total other financing sources (uses)	14,000	14,000	14,000	-
Net change in fund balance	(15,755)	(15,755)	1,144	16,899
FUND BALANCE, BEGINNING	15,755	15,755	15,526	(229)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 16,670	\$ 16,670

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ -	\$ -	\$ 1,889	\$ 1,889
Total revenues	-	-	1,889	1,889
EXPENDITURES:				
Materials and service	-	35,000	31,182	3,818
Capital outlay	100,000	715,000	501,994	213,006
Contingency	98,785	98,785	-	98,785
Total expenditures	198,785	848,785	533,176	315,609
Revenues over (under) expenditures	(198,785)	(848,785)	(531,287)	317,498
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	650,000	650,000	-
Transfers in	95,000	95,000	95,000	-
Total other financing sources (uses)	95,000	745,000	745,000	-
Net change in fund balance	(103,785)	(103,785)	213,713	317,498
FUND BALANCE, BEGINNING	103,785	103,785	105,230	1,445
FUND BALANCE, ENDING	\$ -	\$ -	\$ 318,943	\$ 318,943

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, 2020

	Water Fund	Water SDC Fund	Total Water Operations
REVENUES:			
Charges for services	\$ 2,505,204	\$ -	\$ 2,505,204
Rent	3,013	-	3,013
Interest revenue	12,952	15,503	28,455
Miscellaneous revenue	1,240	-	1,240
System development charges	-	198,055	198,055
Total revenues	<u>2,522,409</u>	<u>213,558</u>	<u>2,735,967</u>
EXPENDITURES:			
Personnel service	498,209	-	498,209
Materials and service	307,920	2,966	310,886
Capital outlay	134,097	784,396	918,493
Debt service:			
Principal	459,380	-	459,380
Interest	58,366	-	58,366
Total expenditures	<u>1,457,972</u>	<u>787,362</u>	<u>2,245,334</u>
Revenues over (under) expenditures	<u>1,064,437</u>	<u>(573,804)</u>	<u>490,633</u>
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	32,125	31,719	63,844
Interfund loan payments	(12,750)	-	(12,750)
Transfers in	416,670	-	416,670
Transfers out	(1,488,829)	(327,428)	(1,816,257)
Total other financing sources (uses)	<u>(1,052,784)</u>	<u>(295,709)</u>	<u>(1,348,493)</u>
Net change in fund balance	11,653	(869,513)	(857,860)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>890,652</u>	<u>1,185,311</u>	<u>2,075,963</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 902,305</u>	<u>\$ 315,798</u>	1,218,103
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(42,336)
Interfund Loan			445,063
Loan receivable			461,370
Capital assets, net			6,277,254
Net OPEB asset			4,582
Deferred outflows related to pensions			172,469
Deferred outflows related to OPEB			2,422
Accrued interest			(4,968)
Loans payable			(1,911,316)
Interfund loan			(37,500)
Net pension liability			(469,264)
Net OPEB liability			(21,132)
Deferred outflows related to pensions			(19,945)
Deferred outflows related to OPEB			(3,670)
NET POSITION			<u>\$ 6,071,132</u>

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

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 2,631,000	\$ 2,631,000	\$ 2,505,204	\$ (125,796)
Rent	1,500	1,500	3,013	1,513
Interest revenue	7,000	7,000	12,952	5,952
Miscellaneous revenue	-	-	1,240	1,240
Total revenues	2,639,500	2,639,500	2,522,409	(117,091)
EXPENDITURES:				
Personnel service	500,000	526,500	498,209	28,291
Materials and service	509,500	509,500	307,920	201,580
Capital outlay	464,000	464,000	134,097	329,903
Debt service:				
Principal	459,821	489,821	459,380	30,441
Interest	59,489	59,489	58,366	1,123
Contingency	516,934	460,434	-	460,434
Total expenditures	2,509,744	2,509,744	1,457,972	1,051,772
Revenues over (under) expenditures	129,756	129,756	1,064,437	934,681
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	32,125	32,125	32,125	-
Interfund loan payments	(12,750)	(12,750)	(12,750)	-
Transfers in	416,670	416,670	416,670	-
Transfers out	(1,499,822)	(1,499,822)	(1,488,829)	10,993
Total other financing sources (uses)	(1,063,777)	(1,063,777)	(1,052,784)	10,993
Net change in fund balance	(934,021)	(934,021)	11,653	945,674
FUND BALANCE, BEGINNING - BUDGETARY BASIS	934,021	934,021	890,652	(43,369)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 902,305	\$ 902,305

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 3,000	\$ 3,000	\$ 15,503	\$ 12,503
System development charges	88,882	88,882	198,055	109,173
Total revenues	91,882	91,882	213,558	121,676
EXPENDITURES:				
Materials and service	220,000	220,000	2,966	217,034
Capital outlay	800,000	800,000	784,396	15,604
Contingency	7,557	5,057	-	5,057
Total expenditures	1,027,557	1,025,057	787,362	237,695
Revenues over (under) expenditures	(935,675)	(933,175)	(573,804)	359,371
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	31,719	31,719	31,719	-
Issuance of debt	-	-	-	-
Transfers out	(324,928)	(327,428)	(327,428)	-
Total other financing sources (uses)	(293,209)	(295,709)	(295,709)	-
Net change in fund balance	(1,228,884)	(1,228,884)	(869,513)	359,371
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,228,884	1,228,884	1,185,311	(43,573)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 315,798	\$ 315,798

CITY OF INDEPENDENCE, OREGON
SEWER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Sewer Fund	Sewer SDC Fund	Total Sewer Operations
REVENUES:			
Charges for services	\$ 2,256,512	\$ -	\$ 2,256,512
Interest revenue	575	20,060	20,635
Miscellaneous revenue	332	-	332
System development charges	-	294,534	294,534
Total revenues	2,257,419	314,594	2,572,013
EXPENDITURES:			
Personnel service	430,795	-	430,795
Materials and service	677,407	12,112	689,519
Capital outlay	3,427,024	-	3,427,024
Debt service:			
Principal	109,715	-	109,715
Interest	70,712	-	70,712
Total expenditures	4,715,653	12,112	4,727,765
Revenues over (under) expenditures	(2,458,234)	302,482	(2,155,752)
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	15,482	88,813	104,295
Issuance of debt	2,968,390	-	2,968,390
Transfers in	922,000	-	922,000
Transfers out	(1,409,315)	(933,890)	(2,343,205)
Total other financing sources (uses)	2,496,557	(845,077)	1,651,480
Net change in fund balance	38,323	(542,595)	(504,272)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	506,167	1,733,300	2,239,467
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 544,490	\$ 1,190,705	1,735,195
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(42,050)
Interfund loan			600,953
Loan receivable			199,108
Capital assets, net			8,787,358
Net OPEB Asset			4,024
Deferred outflows related to pensions			151,470
Deferred outflows related to OPEB			2,127
Accrued interest			(22,442)
Loans payable			(5,519,796)
Net pension liability			(412,128)
Net OPEB liability			(18,559)
Deferred inflows related to pensions			(17,517)
Deferred inflows related to OPEB			(3,223)
NET POSITION			\$ 5,444,520

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 2,123,000	\$ 2,123,000	\$ 2,256,512	\$ 133,512
Interest revenue	500	500	575	75
Miscellaneous revenue	-	-	332	332
Total revenues	2,123,500	2,123,500	2,257,419	133,919
EXPENDITURES:				
Personnel service	415,000	429,000	430,795	(1,795)
Materials and service	863,900	863,900	677,407	186,493
Capital outlay	3,035,000	3,035,000	3,427,024	(392,024)
Debt service:				
Principal	109,715	109,715	109,715	-
Interest	70,789	70,789	70,712	77
Contingency	867,578	845,578	-	845,578
Total expenditures	5,361,982	5,353,982	4,715,653	638,329
Revenues over (under) expenditures	(3,238,482)	(3,230,482)	(2,458,234)	772,248
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	15,482	15,482	15,482	-
Issuance of debt	3,469,000	3,469,000	2,968,390	(500,610)
Transfers in	922,000	922,000	922,000	-
Transfers out	(1,403,437)	(1,411,437)	(1,409,315)	2,122
Total other financing sources (uses)	3,003,045	2,995,045	2,496,557	(498,488)
Net change in fund balance	(235,437)	(235,437)	38,323	273,760
FUND BALANCE, BEGINNING - BUDGETARY BASIS	235,437	235,437	506,167	270,730
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 544,490	\$ 544,490

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ -	\$ -	\$ 20,060	\$ 20,060
System development charges	155,373	155,373	294,534	139,161
Total revenues	155,373	155,373	314,594	159,221
EXPENDITURES:				
Materials and service	200,000	200,000	12,112	187,888
Capital outlay	45,500	45,500	-	45,500
Contingency	851,733	846,733	-	846,733
Total expenditures	1,097,233	1,092,233	12,112	1,080,121
Revenues over (under) expenditures	(941,860)	(936,860)	302,482	1,239,342
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	88,813	88,813	88,813	-
Transfers out	(928,889)	(933,889)	(933,890)	(1)
Total other financing sources (uses)	(840,076)	(845,076)	(845,077)	(1)
Net change in fund balance	(1,781,936)	(1,781,936)	(542,595)	1,239,341
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,781,936	1,781,936	1,733,300	(48,636)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 1,190,705	\$ 1,190,705

CITY OF INDEPENDENCE, OREGON
STORM DRAIN OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Storm Drain Fund	Storm Drain SDC Fund	Total Storm Drain Operations
REVENUES:			
Charges for services	\$ 628,373	\$ -	\$ 628,373
Interest revenue	1,666	2,772	4,438
Miscellaneous revenue	183	-	183
System development charges	-	132,432	132,432
	<u>630,222</u>	<u>135,204</u>	<u>765,426</u>
Total revenues			
EXPENDITURES:			
Personnel service	160,604	-	160,604
Materials and service	74,382	-	74,382
Capital outlay	56,667	-	56,667
Debt service:			
Principal	4,715	-	4,715
Interest	18	-	18
	<u>296,386</u>	<u>-</u>	<u>296,386</u>
Total expenditures			
Revenues over (under) expenditures	<u>333,836</u>	<u>135,204</u>	<u>469,040</u>
OTHER FINANCING SOURCES (USES):			
Interfund loan payments	(31,498)	-	(31,498)
Transfers out	(284,256)	(10,117)	(294,373)
	<u>(315,754)</u>	<u>(10,117)</u>	<u>(325,871)</u>
Total other financing sources (uses)			
Net change in fund balance	18,082	125,087	143,169
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>147,431</u>	<u>129,031</u>	<u>276,462</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 165,513</u>	<u>\$ 254,118</u>	419,631
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(21,069)
Interfund loan			22,837
Loan receivable			27,443
Capital assets, net			849,931
Net OPEB asset			1,495
Deferred outflows related to pensions			56,259
Deferred outflows related to OPEB			790
Interfund loan			(130,137)
Net pension liability			(153,072)
Net OPEB liability			(6,893)
Deferred inflows related to pension			(6,506)
Deferred inflows related to OPEB			(1,197)
NET POSITION			<u>\$ 1,059,512</u>

CITY OF INDEPENDENCE, OREGON
STORM DRAIN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 580,000	\$ 580,000	\$ 628,373	\$ 48,373
Interest revenue	800	800	1,666	866
Miscellaneous revenue	-	-	183	183
Total revenues	580,800	580,800	630,222	49,422
EXPENDITURES:				
Personnel service	155,000	160,000	160,604	(604)
Materials and service	138,425	138,425	74,382	64,043
Capital outlay	62,000	62,000	56,667	5,333
Debt service:				
Principal	4,715	4,715	4,715	-
Interest	89	89	18	71
Contingency	19,625	10,625	-	10,625
Total expenditures	379,854	375,854	296,386	79,468
Revenues over (under) expenditures	200,946	204,946	333,836	128,890
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(31,498)	(31,498)	(31,498)	-
Transfers out	(280,884)	(284,884)	(284,256)	628
Total other financing sources (uses)	(312,382)	(316,382)	(315,754)	628
Net change in fund balance	(111,436)	(111,436)	18,082	129,518
FUND BALANCE, BEGINNING - BUDGETARY BASIS	111,436	111,436	147,431	35,995
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 165,513	\$ 165,513

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, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ -	\$ -	\$ 2,772	\$ 2,772
System development charges	36,821	36,821	132,432	95,611
Total revenues	36,821	36,821	135,204	98,383
EXPENDITURES:				
Materials and service	10,000	10,000	-	10,000
Contingency	169,973	164,973	-	164,973
Total expenditures	179,973	174,973	-	174,973
Revenues over (under) expenditures	(143,152)	(138,152)	135,204	273,356
OTHER FINANCING SOURCES (USES):				
Transfers out	(5,324)	(10,324)	(10,117)	207
Total other financing sources (uses)	(5,324)	(10,324)	(10,117)	207
Net change in fund balance	(148,476)	(148,476)	125,087	273,563
FUND BALANCE, BEGINNING - BUDGETARY BASIS	148,476	148,476	129,031	(19,445)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 254,118	\$ 254,118

STATISTICAL SECTION

STATISTICAL SECTION

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

CONTENTS

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

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

	2020	2019	2018	2017
Governmental activities:				
Net investment in capital assets	\$ 5,923,500	\$ 7,600,589	\$ 7,600,589	\$ 7,735,737
Restricted for special purposes	11,526,316	8,699,117	8,841,429	687,834
Unrestricted	(8,991,769)	(11,828,745)	(14,116,395)	(8,449,465)
Total governmental activities net position	<u>\$ 8,458,047</u>	<u>\$ 4,470,961</u>	<u>\$ 2,325,623</u>	<u>\$ (25,894)</u>
Business-type activities:				
Net investment in capital assets	\$ 8,523,342	\$ 7,456,240	\$ 8,572,939	\$ 7,686,901
Restricted for special purposes	1,760,621	3,047,642	2,035,952	1,894,742
Unrestricted	2,291,202	1,637,277	1,544,702	2,332,309
Total business-type activities net position	<u>\$ 12,575,165</u>	<u>\$ 12,141,159</u>	<u>\$ 12,153,593</u>	<u>\$ 11,913,952</u>
Primary government:				
Net investment in capital assets	\$ 14,446,842	\$ 15,056,829	\$ 16,173,528	\$ 15,422,638
Restricted for special purposes	13,286,937	11,746,759	10,877,381	2,582,576
Unrestricted	(6,700,567)	(10,191,468)	(12,571,693)	(6,117,156)
Total primary government net position	<u>\$ 21,033,212</u>	<u>\$ 16,612,120</u>	<u>\$ 14,479,216</u>	<u>\$ 11,888,058</u>

* Modified Cash Basis

Source: City of Independence Annual Financial Reports

2016	2015	2014	2013*	2012*	2011*
\$ 7,929,384	\$ 6,780,505	\$ 6,780,505	\$ 7,294,947	\$ 6,222,772	\$ 6,079,167
554,476	501,226	392,938	112,937	386,098	944,830
(8,242,130)	(6,445,485)	1,091,328	108,704	(127,906)	(476,079)
<u>\$ 241,730</u>	<u>\$ 836,246</u>	<u>\$ 8,264,771</u>	<u>\$ 7,516,588</u>	<u>\$ 6,480,964</u>	<u>\$ 6,547,918</u>
\$ 8,633,040	\$ 7,944,263	\$ 6,423,105	\$ 6,625,777	\$ 6,807,162	\$ 6,805,179
1,597,730	1,696,318	181,269	284,770	75,755	963,630
1,768,320	2,319,635	2,676,380	343,822	628,277	533,305
<u>\$ 11,999,090</u>	<u>\$ 11,960,216</u>	<u>\$ 9,280,754</u>	<u>\$ 7,254,369</u>	<u>\$ 7,511,194</u>	<u>\$ 8,302,114</u>
\$ 16,562,424	\$ 14,724,768	\$ 13,203,610	\$ 13,920,724	\$ 13,029,934	\$ 12,884,346
2,152,206	2,197,544	574,207	397,707	461,853	1,908,460
(6,473,810)	(4,125,850)	3,767,708	452,526	500,371	57,226
<u>\$ 12,240,820</u>	<u>\$ 12,796,462</u>	<u>\$ 17,545,525</u>	<u>\$ 14,770,957</u>	<u>\$ 13,992,158</u>	<u>\$ 14,850,032</u>

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

	2020	2019	2018	2017
EXPENSES				
Governmental activities:				
General government	\$ 3,111,872	\$ 2,294,624	\$ 2,705,399	\$ 2,485,423
Public safety	3,634,371	3,151,005	3,140,966	2,995,454
Highways and streets	491,406	489,319	348,280	482,086
Culture and recreation	1,425,708	1,370,438	1,248,918	996,997
Community development	649,461	694,165	532,557	642,575
Interest on long-term debt	1,179,199	1,203,615	1,272,262	1,226,811
Total governmental activities expenses	10,492,017	9,203,166	9,248,382	8,829,346
Business-type activities:				
Sewer	954,088	1,106,165	886,517	905,802
Water	1,123,342	923,467	1,015,831	1,053,187
Storm Drain	345,341	349,240	248,498	321,749
Total business-type activities expenses	2,422,771	2,378,872	2,150,846	2,280,738
Total expenses	12,914,788	11,582,038	11,399,228	11,110,084
PROGRAM REVENUES				
Governmental activities:				
Charges for services				
General Government	\$ 481,767	\$ 665,614	\$ 47,687	\$ 227,975
Public Safety	161,684	188,962	162,482	137,321
Highways and streets	-	-	-	1,070
Culture and recreation	-	2,185	9,475	7,708
Community development	149,108	70,773	321,026	60,687
Operating grants and contributions	1,479,569	2,100,240	2,108,609	1,551,797
Capital grants and contributions	1,985,320	1,718,416	239,347	296,561
Total governmental activities program revenues	4,257,448	4,746,190	2,888,626	2,283,119
Business-type activities:				
Charges for services	5,914,642	5,445,257	5,322,399	4,908,134
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	5,914,642	5,445,257	5,322,399	4,908,134
Total program revenues	\$ 10,172,090	\$ 10,191,447	\$ 8,211,025	\$ 7,191,253
Net (Expense)/Revenue				
Governmental activities	\$ (6,234,570)	\$ (4,456,976)	\$ (6,359,756)	\$ (6,546,227)
Business-type activities	3,491,871	3,066,385	3,171,553	2,627,396
Total net expense	\$ (2,742,699)	\$ (1,390,591)	\$ (3,188,203)	\$ (3,918,831)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes and assessments	\$ 3,231,751	\$ 3,008,161	\$ 2,857,390	\$ 2,730,220
Franchise fees	817,269	777,739	754,384	636,597
Intergovernmental	-	-	-	-
Miscellaneous	799,486	171,932	629,831	178,128
Capital contributions	-	-	-	-
Transfers	3,113,149	3,144,482	3,050,853	2,733,658
Total governmental activities	7,961,655	7,102,314	7,292,458	6,278,603
Business-type activities:				
Miscellaneous	55,283	65,663	39,626	21,124
Proceeds from issuance of debt	-	-	-	-
Capital contributions	-	-	-	-
Transfers	(3,113,149)	(3,144,482)	(3,050,853)	(2,733,658)
Total business-type activities	(3,057,866)	(3,078,819)	(3,011,227)	(2,712,534)
Total	\$ 4,903,789	\$ 4,023,495	\$ 4,281,231	\$ 3,566,069
Change in accounting principal and estimate	\$ 2,260,000	\$ (500,000)	\$ 1,498,130	\$ -
Change in Net Position				
Governmental activities	\$ 1,727,085	\$ 2,645,338	\$ 932,702	\$ (267,624)
Business-type activities	434,005	(12,434)	160,326	(85,138)
Total	\$ 4,421,090	\$ 2,132,904	\$ 2,591,158	\$ (352,762)

*Modified Cash Basis

Source: City of Independence Comprehensive Annual Financial Reports

	2016		2015		2014		2013*		2012*		2011*
\$	2,620,796	\$	1,707,068	\$	1,611,602	\$	1,206,797	\$	1,432,755	\$	1,059,885
	3,382,690		2,188,843		2,334,198		2,233,640		2,185,628		2,098,160
	603,939		262,555		397,394		200,845		916,075		547,707
	836,864		578,362		673,431		632,274		585,293		557,784
	477,766		834,303		1,111,469		1,789,060		2,104,561		10,251,763
	1,300,778		1,572,457		1,516,687		849,221		724,145		1,657,817
	9,222,833		7,143,588		7,644,781		6,911,837		7,948,457		16,173,116
	989,603		789,521		700,064		852,976		539,307		924,803
	802,403		678,701		697,000		1,097,348		1,349,908		1,416,399
	270,790		195,612		182,306		195,624		168,862		193,839
	2,062,796		1,663,834		1,579,370		2,145,948		2,058,077		2,535,041
	11,285,629		8,807,422	\$	9,224,151	\$	9,057,785	\$	10,006,534	\$	18,708,157
\$	53,619	\$	157,987	\$	66,517	\$	48,379	\$	474,083	\$	47,719
	159,084		156,002		136,690		191,118		167,566		283,012
	-		453,406		72,952		7,112		18,715		-
	84,317		168,782		139,067		88,237		38,637		137,069
	152,517		237,163		229,167		674,258		38,166		61,636
	1,118,133		173,190		384,325		689,067		1,439,440		950,218
	932,146		14,126		4,901		685,210		66,094		3,373,147
	2,499,816		1,360,656		1,033,619		2,383,381		2,242,701		4,852,801
	4,696,232		5,669,838		3,985,214		3,522,844		3,035,091		2,565,267
	91,652		83,727		-		16,720		85,962		61,567
	4,787,884		5,753,565		3,985,214		3,539,564		3,121,053		2,626,834
	7,287,700		7,114,221	\$	5,018,833	\$	5,922,945	\$	5,363,754	\$	7,479,635
\$	(6,723,017)	\$	(5,782,932)	\$	(6,611,162)	\$	(4,528,456)		(5,705,756)	\$	(11,320,315)
	2,725,088		4,089,731		2,405,844		1,393,616		1,062,976		91,793
	(3,997,929)		(1,693,201)	\$	(4,205,318)	\$	(3,134,840)	\$	(4,642,780)	\$	(11,228,522)
\$	2,598,269	\$	2,467,848	\$	2,412,538	\$	2,347,911	\$	2,253,938	\$	2,170,665
	628,850		610,168		631,682		542,630		468,450		469,913
	-		1,432,080		1,398,173		893,622		249,643		215,008
	104,183		169,553		191,345		154,824		233,808		1,037,160
	-		(5,200,000)		-		-		-		-
	2,797,199		(130,073)		1,908,380		1,651,073		2,289,358		298,927
	6,128,501		(650,424)		6,542,118		5,590,060		5,495,197		4,191,673
	12,601		262		44,772		632		47,270		40,663
	-		-		-		-		386,209		-
	-		(1,394,884)		-		-		-		-
	(2,797,199)		130,073		(1,908,380)		(1,651,073)		(2,289,358)		(298,927)
	(2,784,598)		(1,264,549)		(1,863,608)		(1,650,441)		(1,855,879)		(258,264)
	3,343,903		(1,914,973)	\$	4,678,510	\$	3,939,619	\$	3,639,318	\$	3,933,409
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	(594,516)	\$	(6,433,356)	\$	(69,044)	\$	1,061,604	\$	(210,559)	\$	(7,128,642)
	(59,510)		2,825,182		542,236		(256,825)		(792,903)		(166,471)
\$	(654,026)	\$	(3,608,174)	\$	473,192	\$	804,779	\$	(1,003,462)	\$	(7,295,113)

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

	2020	2019	2018	2017	2016
General Fund:					
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	4,058,702	4,073,171	4,003,462	129,855	73,518
Restricted	-	-	-	-	-
Committed	120,409	122,704	157,755	117,986	72,233
Assigned	-	-	-	-	-
Unassigned	3,187,318	1,733,479	1,253,348	825,699	1,099,844
Total General Fund	<u>\$ 7,366,429</u>	<u>\$ 5,929,354</u>	<u>\$ 5,414,565</u>	<u>\$ 1,073,540</u>	<u>\$ 1,245,595</u>
Special Revenue Funds:					
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	9,142	20,325	7,831	28,216	39,020
Restricted	407,825	-	-	-	-
Committed	-	-	-	-	-
Assigned	1,165,144	874,268	970,499	1,044,566	1,071,566
Unassigned	367,033	358,508	(490,162)	(179,561)	(309,000)
Total Special Revenue Funds	<u>\$ 1,949,144</u>	<u>\$ 1,253,101</u>	<u>\$ 488,168</u>	<u>\$ 893,221</u>	<u>\$ 801,586</u>
Debt Service Funds:					
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-
Restricted	10,137,539	7,812,991	8,286,707	6,698,156	6,622,369
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Debt Service Funds	<u>\$ 10,137,539</u>	<u>\$ 7,812,991</u>	<u>\$ 8,286,707</u>	<u>\$ 6,698,156</u>	<u>\$ 6,622,369</u>
Capital Projects Funds:					
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	980
Restricted	980,952	991,356	554,722	499,678	442,107
Committed	-	-	-	-	-
Assigned	318,943	-	82,786	112,101	94,832
Unassigned	(5,141,144)	(6,338,767)	(6,716,183)	(3,158,971)	(2,993,059)
Total Capital Projects Funds	<u>\$ (3,841,249)</u>	<u>\$ (5,347,411)</u>	<u>\$ (6,078,675)</u>	<u>\$ (2,547,192)</u>	<u>\$ (2,455,140)</u>
All Governmental Funds:					
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	4,067,844	4,093,496	4,011,293	158,071	113,518
Restricted	11,526,316	8,804,347	8,841,429	7,197,834	7,064,476
Committed	120,409	122,704	157,755	117,986	72,233
Assigned	1,484,087	874,268	1,053,285	1,156,667	1,166,398
Unassigned	(1,586,793)	(4,246,780)	(5,952,997)	(2,512,833)	(2,202,215)
Total All Governmental Funds	<u>\$ 15,611,863</u>	<u>\$ 9,648,035</u>	<u>\$ 8,110,765</u>	<u>\$ 6,117,725</u>	<u>\$ 6,214,410</u>

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.

Source: City of Independence Annual Financial Reports

*Modified Cash Basis

2015	2014	2013*	2012*	2011*
\$ -	\$ -	\$ -	\$ -	\$ -
40,259	-	-	-	-
-	-	-	-	-
34,322	25,898	-	-	-
-	-	-	-	-
1,051,790	1,254,205	-	6,988	887,353
<u>\$ 1,126,371</u>	<u>\$ 1,280,103</u>	<u>\$ -</u>	<u>\$ 6,988</u>	<u>\$ 887,353</u>
\$ -	\$ -	\$ -	\$ -	\$ -
40,814	-	-	-	-
-	-	76,201	146,654	-
-	-	-	-	897,611
1,324,312	1,027,370	13,498	33,376	-
(174,381)	(151,721)	-	-	(36,800)
<u>\$ 1,190,745</u>	<u>\$ 875,649</u>	<u>\$ 89,699</u>	<u>\$ 180,030</u>	<u>\$ 860,811</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
111,416	392,938	112,937	206,068	293,783
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 111,416</u>	<u>\$ 392,938</u>	<u>\$ 112,937</u>	<u>\$ 206,068</u>	<u>\$ 293,783</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
389,810	-	-	-	651,047
-	-	-	882,462	93,037
-	148,959	457,885	-	-
(2,446,459)	(2,100,118)	(362,679)	(1,017,356)	(2,317,280)
<u>\$ (2,056,649)</u>	<u>\$ (1,951,159)</u>	<u>\$ 95,206</u>	<u>\$ (134,894)</u>	<u>\$ (1,573,196)</u>
\$ -	\$ -	\$ -	\$ -	\$ -
81,073	-	-	-	-
501,226	392,938	189,138	352,722	944,830
34,322	25,898	-	882,462	990,648
1,324,312	1,176,329	471,383	33,376	-
(1,569,050)	(997,634)	(362,679)	(1,010,368)	(1,466,727)
<u>\$ 371,883</u>	<u>\$ 597,531</u>	<u>\$ 297,842</u>	<u>\$ 258,192</u>	<u>\$ 468,751</u>

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

	2020	2019	2018	2017
REVENUES				
Taxes and assessments	\$ 3,252,719	\$ 3,116,266	\$ 3,051,952	\$ 2,739,429
Licenses and permits	353,674	515,603	108,080	114,567
Intergovernmental	1,916,506	3,376,594	1,563,249	1,469,121
Franchise fees	817,269	777,739	754,384	636,597
Charges for services	734,602	517,252	126,154	118,725
Fines and forfeitures	194,337	167,988	166,716	137,984
Miscellaneous	1,773,518	234,260	1,375,863	628,053
Total Revenues	9,042,625	8,705,702	7,146,398	5,844,476
EXPENDITURES				
Current operating:				
General government	2,618,797	1,677,331	1,676,480	1,295,846
Highways and streets	285,467	299,681	263,346	400,080
Culture and recreation	1,157,577	1,159,613	1,181,528	934,641
Public Safety	3,243,263	3,022,821	2,901,233	2,738,853
Community development	646,819	699,295	526,884	639,889
Capital outlay	747,717	1,263,645	2,385,211	1,709,028
Debt service				
Interest	987,064	1,020,057	1,927,818	1,223,297
Principal	6,271,371	1,077,396	11,286,072	1,058,894
Total Expenditures	15,958,075	10,219,839	22,148,572	10,000,528
REVENUES OVER (UNDER) EXPENDITURES	(6,915,450)	(1,514,137)	(15,002,174)	(4,156,052)
OTHER FINANCING SOURCES (USES)				
Repayment of short-term debt	-	-	-	-
Transfers in	4,541,466	4,415,144	4,408,328	3,708,039
Transfers out	(1,428,317)	(1,270,662)	(1,357,475)	(974,381)
Principal payments received	-	-	-	-
Issuance of debt	5,946,881	226,848	12,329,361	1,325,709
Capital Contributions	-	180,077	-	-
Total Other Financing Sources (Uses)	9,060,030	3,551,407	15,380,214	4,059,367
NET CHANGE IN FUND BALANCES	\$ 2,144,580	\$ 2,037,270	\$ 378,040	\$ (96,685)
Debt service as a percentage of noncapital expenditures	91.28% *	30.58%	201.76% *	37.98%

* In instances of debt refunding, percentages are inflated

Source: City of Independence Annual Financial Reports

	2016	2015	2014	2013	2012	2011
\$	2,810,466	\$ 3,078,693	\$ 2,488,517	\$ 2,366,786	\$ 2,276,167	\$ 2,170,665
	109,007	334,327	178,113	46,035	564,299	576,814
	1,146,777	1,752,058	2,059,033	2,892,575	2,037,006	4,561,443
	628,850	610,168	631,682	542,630	-	-
	97,232	97,878	223,781	91,179	88,734	67,922
	142,072	122,407	119,180	174,994	180,294	196,252
	309,224	709,409	243,120	476,793	302,040	1,172,451
	5,243,628	6,704,940	5,943,426	6,590,992	5,448,540	8,745,547
	1,370,608	1,074,133	1,038,201	967,602	1,071,165	645,918
	360,566	214,800	202,998	188,691	193,479	373,992
	687,474	631,920	652,163	632,274	386,358	546,658
	2,643,402	2,621,402	2,332,784	2,233,640	2,185,628	2,098,160
	474,593	534,442	812,711	832,520	964,111	640,815
	1,112,638	1,504,323	312,295	1,066,295	789,469	7,354,535
	1,299,384	4,740,636	1,480,903	1,480,495	1,523,648	1,657,817
	9,411,110	1,628,999	4,030,581	851,116	834,599	2,855,221
	17,359,775	12,950,655	10,862,636	8,252,633	7,948,457	16,173,116
	(12,116,147)	(6,245,715)	(4,919,210)	(1,661,641)	(2,499,917)	(7,427,569)
	-	-	-	-	-	(7,995,000)
	3,929,951	2,824,095	2,945,802	3,354,315	3,478,784	414,524
	(1,132,752)	(1,123,547)	(1,037,422)	(1,703,242)	(1,189,426)	(115,597)
	-	46,640	51,053	-	-	-
	8,651,475	4,272,879	3,487,227	-	-	7,995,000
	-	-	-	-	-	-
	11,448,674	6,020,067	5,446,660	1,651,073	2,289,358	298,927
\$	(667,473)	\$ (225,648)	\$ 527,450	\$ (10,568)	\$ (210,559)	\$ (7,128,642)
	193.45% *	125.47% *	109.38% *	48.03%	49.12%	104.82%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 1,243,098	\$ 1,984,318	\$ 1,423,140	\$ 1,077,633
Public safety	185,342	212,620	208,817	167,877
Highways and streets	913,366	857,627	688,072	809,508
Culture and recreation	1,761,534	1,615,852	177,571	167,414
Community development	154,108	75,773	391,026	60,687
Total Governmental Activities	<u>4,257,448</u>	<u>4,746,190</u>	<u>2,888,626</u>	<u>2,283,119</u>
Business-type Activities:				
Sewer	2,658,913	2,258,467	2,197,510	1,983,365
Water	2,477,067	2,560,736	2,539,337	2,387,683
Storm Drain	778,662	626,054	585,552	537,086
Total Business-type Activities	<u>5,914,642</u>	<u>5,445,257</u>	<u>5,322,399</u>	<u>4,908,134</u>
Total Activities	<u><u>10,172,090</u></u>	<u><u>10,191,447</u></u>	<u><u>8,211,025</u></u>	<u><u>7,191,253</u></u>

Source: City of Independence Annual Financial Reports

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 590,841	\$ 157,987	\$ 66,517	\$ 78,269	\$ 477,145	\$ 95,398
189,785	199,144	159,127	382,008	197,146	360,664
1,056,292	454,400	72,952	658,157	498,340	623,669
455,870	227,583	183,502	139,413	166,840	182,655
207,028	321,542	551,521	1,125,534	265,402	3,590,415
<u>2,499,816</u>	<u>1,360,656</u>	<u>1,033,619</u>	<u>2,383,381</u>	<u>1,604,873</u>	<u>4,852,801</u>
1,937,249	2,570,638	1,564,687	1,364,908	1,207,453	1,029,256
2,327,494	2,656,085	2,015,666	1,838,734	1,664,360	1,367,089
523,141	526,842	404,861	335,922	249,240	230,489
<u>4,787,884</u>	<u>5,753,565</u>	<u>3,985,214</u>	<u>3,539,564</u>	<u>3,121,053</u>	<u>2,626,834</u>
<u><u>7,287,700</u></u>	<u><u>7,114,221</u></u>	<u><u>\$ 5,018,833</u></u>	<u><u>\$ 5,922,945</u></u>	<u><u>\$ 4,725,926</u></u>	<u><u>\$ 7,479,635</u></u>

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

Fiscal Year Ended June 30,	<u>Real Property</u>		<u>Personal Property*</u>		<u>Public Utility Property</u>	
	Assessed Value		Assessed Value		Assessed Value	
2011	\$ 337,620,906		\$ 11,362,417		\$ 8,386,980	
2012	348,855,461		9,992,465		8,414,100	
2013	356,205,697		9,742,607		7,108,600	
2014	362,146,881		9,624,992		7,627,050	
2015	374,713,304		9,450,908		7,398,497	
2016	398,203,180		9,189,510		7,702,000	
2017	424,521,894		9,382,525		8,217,600	
2018	446,817,349		10,040,055		8,780,000	
2019	464,112,789		10,646,454		10,860,000	
2020	495,930,540		12,505,486		10,491,000	

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

* Includes mobile homes

Source: Polk County Department of Assessment and Taxation

Total		Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
Assessed Value	Estimated Actual Value		
\$ 357,370,303	\$ 517,985,003	68.99	5.64
367,262,026	511,531,479	71.80	5.65
373,056,904	466,938,455	79.89	5.66
379,398,923	458,658,686	82.72	5.85
391,562,709	472,700,818	82.84	5.69
415,094,690	517,600,090	80.20	5.64
442,122,019	560,243,769	78.92	5.55
465,637,404	629,330,216	73.99	5.50
485,619,243	705,620,234	68.82	5.46
518,927,026	794,597,465	65.31	5.40

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

Fiscal Year Ended June 30,	City of Independence			Polk County				Cental School District No. 13J		
	General	Debt	Total City	General	Public Safety	Debt	Total County	General	Debt	Total School District
2011	4.5897	1.0487	5.6384	1.7160	-	0.5291	2.2451	4.8834	3.2075	8.0909
2012	4.5897	1.0562	5.6459	1.7160	-	0.5431	2.2591	4.8834	3.2036	8.0870
2013	4.5897	1.0673	5.6570	1.7160	-	0.5337	2.2497	4.8834	3.2395	8.1229
2014	4.5897	1.2627	5.8524	1.7160	-	0.5440	2.2600	4.8834	3.1863	8.0697
2015	4.5897	1.1042	5.6939	1.7160	-	0.5438	2.2598	4.8834	3.5324	8.4158
2016	4.5897	1.0494	5.6391	1.7160	0.0305	0.5190	2.2655	4.8834	3.1117	7.9951
2017	4.5897	0.9568	5.5465	1.7160	0.3196	0.5043	2.5399	4.8834	3.4611	8.3445
2018	4.5897	0.9085	5.4982	1.5794	0.3303	-	1.9097	4.4947	2.6242	7.1189
2019	4.5897	0.8658	5.4555	1.5764	0.3303	-	1.9067	4.4947	2.6242	7.1189
2020	4.5897	0.8152	5.4049	1.5693	0.4250	-	1.9943	4.4659	2.6762	7.1421

Source: Polk County Department of Assessment and Taxation

Overlapping Rates									
Special Districts									
Chemeketa Community College	Chemeketa Regional Library	Chemeketa CC Bonds	Willamette ESD	Ash Creek WCD	Polk County FD#1	Polk County FD#1 LO/Bonds	Polk Soil/Water CD	Hilltop Cemetery District	Total
0.7932	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.2560
0.8803	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.3708
0.8979	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.4525
0.8593	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.5235
0.8942	0.0818	-	0.2967	0.1069	1.5038	0.3303	0.0500	0.1132	30.4220
0.9190	0.0818	-	0.2967	0.1069	1.5038	0.3442	0.0500	0.1132	29.5759
0.9018	0.0818	-	0.2967	0.1069	1.5038	0.3079	0.0500	0.1040	30.6682
0.8484	0.0753	-	0.2731	0.0974	1.3841	0.3059	0.0461	0.1035	26.6892
0.8484	0.0753	-	0.2731	0.0974	1.3841	0.3059	0.0461	0.1035	26.6405
0.5724	0.0749	0.2627	0.2714	0.0974	1.3841	0.3059	0.0461	0.1035	26.7961

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

Taxpayer	2020			2011		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
RIVERPLACE APARTMENT HOMES LLC	17,968,020	1	3.46%	\$ -		0.00%
PRT INVESTORS LLC ETAL	11,795,650	2	2.27%	-		0.00%
ACPI WOOD PRODUCTS LLC	11,118,030	3	2.14%	9,010,920	2	2.52%
MARQUIS CORP	7,506,040	4	1.45%	-	-	0.00%
PADOT CHARLES R & WILLIAM C	5,388,140	5	1.04%	-	-	0.00%
CREEKSIDE MEADOWS, LLC	5,071,680	6	0.98%	4,004,900	4	1.12%
NORTHWEST NATURAL GAS CO	4,803,000	7	0.93%	3,796,000	5	1.06%
INDEPENDENCE LANDING LLC	4,555,230	8	0.88%	-	-	0.00%
CENTRAL PLAZA SHOPPING CENTER LLC	3,976,870	9	0.77%	2,393,550	9	0.67%
CITY OF INDEPENDENCE	3,808,370	10	0.73%	2,797,710	6	0.78%
SLEGGERS TRUST			0.00%	2,602,960	7	0.73%
FOX LAND ASSOCIATES, LTD			0.00%	2,206,930	10	0.62%
LEGACY OAKS LLC			0.00%	9,433,540	1	2.64%
QWEST CORPORATION			0.00%	2,641,400	8	0.74%
SPURLOCK JAMES H & MARY ANN			0.00%	4,129,640	3	1.16%
	<u>\$ 75,991,030</u>		<u>14.65%</u>	<u>\$ 43,017,550</u>		<u>12.04%</u>

Source: Polk County Department of Assessment and Taxation

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
2011	2,191,753	2,089,150	95.32	114,230	2,203,380	100.53
2012	2,253,975	2,149,062	95.35	95,804	2,244,866	99.60
2013	2,314,240	2,217,612	95.82	63,004	2,280,616	98.55
2014	2,419,024	2,336,497	96.59	64,920	2,401,417	99.27
2015	2,520,529	2,381,798	94.50	61,994	2,443,792	96.96
2016	2,647,861	2,507,283	94.69	65,404	2,572,687	97.16
2017	2,799,122	2,642,030	94.39	54,307	2,696,337	96.33
2018	2,928,888	2,769,218	94.55	36,067	2,805,285	95.78
2019	3,039,254	2,987,150	98.29	32,703	3,019,853	99.36
2020	3,231,847	3,173,287	98.19		3,173,287	98.19

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

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities					
Bonds					
2013 GO Refunding Bonds	3,935,000	4,170,000	4,395,000	4,615,000	4,830,000
Bond Premium	18,372	19,895	21,418	22,763	24,286
2016A FFC ICC Refunding	7,945,000	7,980,000	8,010,000	8,040,000	8,070,000
Bond Premium	440,298	463,472	486,646	509,998	533,083
2015 FFC MINET Refunding Bonds	3,080,000	3,290,000	3,495,000	3,695,000	3,925,000
2003 Refunding Bonds	-	-	-	-	-
2007 Urban Renewal Bonds	-	-	-	-	-
2010 FFC (ICC) Bonds	-	350,000	685,000	5,185,000	5,500,000
2010 FFC A&B (MINET)	-	770,000	955,000	7,235,000	7,405,000
2017C FFC MINET Refunding Bonds	2,025,000	2,095,000	2,160,000	-	-
2017B FFC MINET Refunding Bonds	-	4,570,000	4,570,000	-	-
2017A FFC ICC Refunding Bonds	4,035,000	4,035,000	4,035,000	-	-
Bond Premium	328,500	345,789	363,078	-	-
2020 FF&C MINET Refunding Bonds	4,780,000	4,035,000	4,035,000	-	-
Bond Premium	491,037	345,789	363,078	-	-
Notes Payable					
IFA Loan - Urban Renewal	2,726,173	2,726,173	2,499,325	1,275,772	-
SPWF Loan - Hoffman Rd	98,071	120,012	140,908	160,809	179,763
SPWF Loan - Library	-	-	-	-	-
OECD MINET Loan #1	-	-	-	-	-
OHVS Loan - Cinema	-	-	-	-	-
Olsen - Ballfield Property	-	-	-	-	-
2020 Chase Bank - Museum	650,000	-	-	-	-
Capital Lease	-	9,614	21,115	57,286	87,289
Total Governmental	30,552,451	35,325,744	36,235,568	30,796,628	30,554,421
Business-type Activities					
Bonds					
2016A FFC Water Bonds	1,130,000	1,185,000	1,185,000	1,185,000	-
2016B FFC Water Bonds	-	-	55,000	105,000	-
Bond Premium	51,422	54,636	57,850	61,064	-
2013 Sewer Refunding Bonds	2,105,000	2,210,000	2,335,000	2,455,000	2,570,000
Bond Discount	(11,509)	(12,085)	(12,661)	(13,237)	(13,813)
2000 Sewer Revenue Bonds	-	-	-	-	-
1998 Water Revenue Bonds	-	-	-	-	-
2004 Water Revenue Bonds	-	-	-	-	-
Notes Payable					
2000 Sewer DEQ Loan	-	-	-	-	-
2011 SDWRL - Water	-	-	-	-	-
CWSRF Loan	3,426,305	457,915	-	-	-
2018 Chase Bank Loan - Water	729,894	800,000	-	-	-
Capital Lease	-	14,420	31,671	48,372	64,278
Total Business-type	7,431,112	4,709,886	3,651,860	3,841,199	2,620,465

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
5,045,000	5,255,000	-	-	-
25,809	27,243	-	-	-
-	-	-	-	-
-	-	-	-	-
4,145,000	-	-	-	-
-	-	335,000	645,000	935,000
-	-	2,305,000	2,510,000	2,710,000
13,115,000	13,410,000	13,410,000	13,410,000	13,410,000
7,565,000	7,720,000	7,865,000	7,995,000	7,995,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
198,839	253,598	610,178	640,384	670,373
-	-	348,518	366,414	382,451
-	4,019,274	4,164,378	4,303,002	4,430,237
-	-	-	-	40,000
-	-	375,000	375,000	-
-	-	-	-	-
<u>99,892</u>	<u>4,730</u>	<u>26,344</u>	<u>45,734</u>	<u>62,946</u>
30,194,540	30,689,845	29,439,418	30,290,534	30,636,007
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,685,000	2,750,000	2,750,000	-	-
(14,389)	(14,965)	(15,541)	-	-
-	-	-	2,353,913	2,395,374
-	-	480,000	585,000	730,000
-	-	1,120,000	1,190,000	1,255,000
-	-	-	340,633	382,709
-	-	371,944	386,209	-
-	-	-	-	-
-	-	-	-	-
<u>80,030</u>	<u>4,730</u>	<u>26,344</u>	<u>45,734</u>	<u>62,947</u>
2,750,641	2,739,765	4,732,747	4,901,489	4,826,030

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
2011	8,405	357,370,303	30,636,007	0.0857	19.41%	3,644.97
2012	8,535	367,262,026	30,290,534	0.0825	20.38%	3,548.98
2013	8,608	373,056,904	29,439,418	0.0789	19.98%	3,420.01
2014	8,654	379,398,923	30,689,845	0.0809	22.29%	3,546.32
2015	8,772	391,562,709	30,194,540	0.0771	20.86%	3,442.15
2016	8,982	415,094,690	30,554,421	0.0736	17.95%	3,401.74
2017	9,246	442,122,019	30,796,628	0.0697	16.53%	3,330.81
2018	9,370	465,637,404	36,235,568	0.0778	18.35%	3,867.19
2019	9,530	485,619,243	35,325,744	0.0727	18.45%	3,706.79
2020	9,675	518,927,026	30,552,451	0.0589	11.01%	3,157.88

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

CITY OF INDEPENDENCE, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020

<u>Governmental Unit</u>	<u>Real Market values of overlapping districts</u>	<u>Tax-supported 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	56,635,708,601	65,383,375	1.23 %	801,666
Willamette ESD	62,422,526,719	8,523,891	1.11 %	94,828
Polk County FD #1	1,984,574,276	1,580,000	34.99 %	552,859
Central SD 13J	2,076,164,061	69,945,318	33.45 %	23,394,960
Polk County	8,611,935,241	1,225,000	8.06 %	98,778
Subtotal, overlapping debt	131,730,908,898	146,657,584		24,943,091
Direct debt outstanding:				
City of Independence	794,597,465	30,552,451	100.00 %	\$ 17,354,835
Total Direct and Overlapping Debt	<u>\$ 132,525,506,363</u>	<u>\$ 177,210,035</u>		<u>\$ 42,297,926</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 Capital Leases related to non-business type activities.

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

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

CITY OF INDEPENDENCE, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2020

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

Real Market value	\$ 794,597,465
Rate	x 3%
Debt limit	<u>23,837,924</u>
Debt applicable to limit	<u>3,935,000</u>
Legal debt margin	<u>\$ 27,772,924</u>

<u>Fiscal year ended June 30,</u>	<u>Debt Limit</u>	<u>Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
2011	15,539,550	1,317,451	14,222,099
2012	15,345,944	1,011,414	14,334,530
2013	14,008,154	683,518	13,324,636
2014	13,759,761	3,468,300	10,291,461
2015	13,860,653	5,045,000	8,815,653
2016	15,206,704	4,830,000	10,376,704
2017	16,807,313	4,615,000	12,192,313
2018	18,879,906	4,395,000	14,484,906
2019	21,168,607	4,170,000	16,998,607
2020	23,837,924	3,935,000	19,902,924

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	
2011	1,350,193	776,253	573,940	205,000	106,959	311,959	183.98
2012	1,700,381	532,497	1,167,884	210,000	97,737	307,737	379.51
2013	1,838,937	438,628	1,400,309	189,265	99,022	288,287	485.73
2014	2,038,704	451,626	1,587,078	194,709	88,544	283,253	560.30
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	2,388,116	1,053,187	1,334,929	45,000	32,772	77,772	1,716.46
2018	2,555,410	1,015,831	1,539,579	50,000	37,108	87,108	1,767.44
2019	2,467,956	1,200,156	1,267,800	55,000	37,522	92,522	1,370.27
2020	2,522,410	1,457,972	1,064,438	125,106	59,400	184,506	576.91

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	
2011	1,047,395	614,787	432,608	72,905	128,552	201,457	214.74
2012	1,217,118	363,140	853,978	80,957	120,500	201,457	423.90
2013	1,365,337	421,467	943,870	84,192	117,265	201,457	468.52
2014	1,565,230	387,561	1,177,669	-	84,450	84,450	1,394.52
2015	2,570,638	789,521	1,781,117	65,000	84,450	149,450	1,191.78
2016	1,812,097	941,809	870,288	115,000	79,050	194,050	448.49
2017	2,004,056	905,802	1,098,254	115,000	79,915	194,915	563.45
2018	2,219,763	886,517	1,333,246	120,000	75,600	195,600	681.62
2019	2,124,252	1,152,603	971,649	125,000	73,200	198,200	490.24
2020	5,225,809	4,715,653	510,156	105,000	70,700	175,700	290.36

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
2011	24,619	29,785	33,860	63,645	38.68
2012	19,201	29,989	32,594	62,583	30.68
2013	18,875	30,206	31,289	61,495	30.69
2014	28,564	30,437	29,945	60,382	47.31
2015	54,995	54,759	14,136	68,895	79.82
2016	24,479	19,076	8,866	27,942	87.61
2017	26,825	18,954	8,988	27,942	96.00
2018	14,344	19,901	8,040	27,941	51.34
2019	14,971	20,896	7,045	27,941	53.58
2020	15,086	21,941	6,001	27,942	53.99

CITY OF INDEPENDENCE, OREGON
Top Ten Sewer System Rate Payers
June 30, 2020

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

CITY OF INDEPENDENCE, OREGON
Top Ten Water System Rate Payers
June 30, 2020

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

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

Fiscal Year Ended June 30,	Population	Per Capita Personal Income	Total Household Income (in 000's)	Area in square miles	Average Density (persons / square mile)	Average Annual Unemployment	
2011	8,405	18,780	157,846	2.73	3,078.8	8.9%	*
2012	8,535	17,418	148,663	2.73	3,126.4	8.4%	*
2013	8,608	17,115	147,326	2.73	3,153.1	8.0%	*
2014	8,654	15,910	137,685	2.73	3,170.0	7.0%	*
2015	8,772	16,501	144,747	2.82	3,110.6	5.7%	*
2016	8,982	18,955	170,254	2.82	3,185.1	5.0%	*
2017	9,246	20,153	186,335	2.86	3,232.9	4.7%	*
2018	9,370	21,080	197,520	2.86	3,276.2	4.9%	*
2019	9,530	20,087	191,429	2.86	3,332.2	4.3%	*
2020	9,675	27,492	277,559	2.86	3,382.9	11.6%	*

*Polk County

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

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

Employer	2020			2011		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Central School District 13J	396	1	25.66%	310	1	29.36%
FCR	230	2	14.91%	-	-	0.00%
ACIP (Elkay Wood Products)(Medallion Cabintry)	230	3	14.91%	100	3	9.47%
Forest River Cargo Trailers	190	4	12.31%	150	2	14.20%
Marquis Spa	190	5	12.31%	100	4	9.47%
Walmart	60	6	3.89%	50	8	4.73%
City of Independence	53	7	3.43%	45	9	4.26%
Roth's	-	-	0.00%	65	7	6.16%
Robert Lloyd Sheet Metal	50	9	3.24%	100	5	9.47%
Siletz Trucking	-	-	0.00%	40	10	3.79%
The Independence (Hotel)	30	10	1.94%	-	-	0.00%
Independence Health and Rehabilitation Center	70	8	4.54%	70	6	6.63%
	<u>873</u>		<u>56.58%</u>	<u>720</u>		<u>68.18%</u>

Source: Independence Economic Development Dept. and Employers

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	8	8	8	9	10	13	14	12	16	17
Public safety	15	15	15	17	18	18	18	18	20	20
Highways and streets	2	2	2	2	2	2	2	2	2	2
Culture and recreation	6	3	3	3	4	6	6	7	7	7
Sewer	2	2	2	1	1	2	2	3	3	3
Water	2	2	2	3	3	3	3	3	3	3
Storm Drain	1	1	1	1	1	1	2	2	2	2
Total	<u>36</u>	<u>33</u>	<u>33</u>	<u>36</u>	<u>39</u>	<u>45</u>	<u>47</u>	<u>47</u>	<u>53</u>	<u>54</u>

Source: City of Independence

CITY OF INDEPENDENCE, OREGON
OPERATING INDICATORS
LAST TEN FISCAL YEARS

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Arrests	826	651	591	631	507	574	510	534	517	544
Traffic violations	870	828	724	662	684	915	884	884	1,050	1,162
Municipal Court Cases	965	783	522	508	826	919	610	690	870	950
Charges	1,178	993	664	620	1,015	1,026	758	843	1,047	1,135
Building Activity										
Permits Issued	19	30	45	76	47	86	63	62	108	145
Estimated Value	\$2,570,464	\$1,621,941	\$4,618,919	\$23,105,490	\$12,559,620	\$7,586,405	\$8,053,833	\$15,486,171	\$17,825,303	\$32,616,967
Planning Applications	16	7	6	7	7	11	7	12	11	13
Library										
Circulation	132,723	146,015	143,728	146,262	141,519	138,943	117,363	116,352	115,684	119,544
Miles of Streets Maintained	27.60	27.60	27.60	27.60	27.60	27.60	33.50	36.68	37.18	37.43
Water										
Connections	2,235	2,256	2,262	2,297	2,378	2,410	2,440	2,481	2,530	2,595
Sewer										
Connections	2,058	2,071	2,067	2,275	2,317	2,339	2,370	2,398	2,476	2,536

Source: City of Independence

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	27.6	27.6	27.6	33.5	36.68	37.18	37.43
Culture and recreation										
Number of parks	9	9	9	9	9	9	9	9	10	10
Acreage	114.3	114.3	114.3	114.3	114.3	114.3	114.3	114.3	119	119
Pool (sq ft)	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400
Sewage disposal										
Max daily capacity	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd
Water										
Max daily capacity	1.9 mgd	2.0 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd
Fire hydrants	210	210	210	212	214	214	214	214	263	269

Source: City of Independence

AUDIT COMMENTS AND DISCLOSURES

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

The Honorable Mayor and City Council
City of Independence, Oregon

We have audited the basic financial statements of City of Independence, Oregon, as of and for the year ended June 30, 2020 and have issued our report thereon dated March 31, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Independence, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

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

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Transportation Fund	Debt service	\$ 19
Parks Capital Reserve Fund	Debt service	\$ 19

Urban Renewal Projects Fund	Materials and service	\$ 904
Sewer Fund	Personnel service	\$ 1,795
Sewer Fund	Capital outlay	\$ 392,024
Sewer SDC Fund	Transfers out	\$ 1
Storm Drain Fund	Personnel service	\$ 604

At June 30, 2020, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Tourism and Events Fund	\$ 49,633

OAR 162-10-0230 Internal Control

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

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

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

Purpose of this Report

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



For Merina+Co
Tualatin, Oregon
March 31, 2021