



**CITY OF INDEPENDENCE,
OREGON**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

City of Independence, Oregon

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2022

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

CITY OF INDEPENDENCE, OREGON
TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting.....	vi
Organizational Chart.....	vii
City Officials.....	viii

FINANCIAL SECTION

Independent Auditor's Report.....	1
Management Discussion and Analysis	4

Basic Financial Statements.....13

Government-Wide Financial Statements:

Statement of Net Position	14
Statement of Activities	15

Fund Financial Statements:.....17

Governmental Funds:

Balance Sheet	18
Statement of Revenues, Expenditures, and Changes in Fund Balance	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	20

Proprietary Funds:21

Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Net Position.....	23
Statement of Cash Flows	24

Notes to the Basic Financial Statements.....25

Required Supplementary Information67

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

General Fund – Budgetary Basis	68
Transportation Fund.....	69
Grants Program Fund.....	70

Schedule of the Proportionate Share of the Net Pension Liability71

Schedule of Contributions - Pension.....72

Schedule of Proportionate Share – RHIA73

Schedule of Contributions – RHIA.....74

Schedule of Changes in Total OPEB Liability and Related Ratios75

Notes to the Required Supplementary Information76

Other Supplementary Information77

Combining Statements:.....78

Nonmajor Governmental Funds Combining Balance Sheet79

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance.....80

Nonmajor Special Revenue Funds Combining Balance Sheet81

CITY OF INDEPENDENCE, OREGON
TABLE OF CONTENTS

Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	83
Nonmajor Debt Service Funds Combining Balance Sheet	85
Nonmajor Debt Service Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	86
General Fund – Generally Accepted Accounting Principles Combining Balance Sheet.....	87
General Fund – Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	88
Budgetary Comparison Schedules:	89
General Fund – Budgetary Basis Schedule of Expenditures – Budget and Actual	90
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: Governmental Funds:	
Budgetary Basis (Combined with General Fund for Generally Accepted Accounting Principles and required for Oregon Budget Law):	
General Equipment and Vehicle Reserve Fund	91
Information Services Equipment Fund.....	92
Parks Capital Reserve Fund.....	93
Major Funds Not Presented as Required Supplementary Information:	
MINET Debt Fund.....	94
Capital Projects Fund.....	95
Urban Renewal Projects Fund	96
Economic Development Loan Fund	97
Non-major Special Revenue Funds:	
Tourism and Events Fund	98
Transportation SDC Fund.....	99
Parks SDC Fund.....	100
Non-major Debt Service Funds:	
General Obligation Bond Fund.....	101
Special Assessment Fund.....	102
Non-major Capital Project Fund:	
Urban Renewal Debt Service Fund.....	103
Building Repair and Replacement Fund	104
Enterprise Funds:	105
Water Operations Combined.....	106
Water Fund.....	107
Water SDC Fund.....	108
Sewer Operations Combined.....	109
Sewer Fund	110
Sewer SDC Fund.....	111
Storm Drain Operations Combined.....	112
Storm Drain Fund	113
Storm Drain SDC Fund.....	114

STATISTICAL SECTION

Introduction.....	115
Net Position by Component (Last Ten Fiscal Years)	116
Changes in Net Position (Last Ten Fiscal Years)	118

CITY OF INDEPENDENCE, OREGON
TABLE OF CONTENTS

Fund Balances, Governmental Funds (Last Ten Fiscal Years).....	120
Changes in Fund Balances, Governmental Funds (Last Ten Fiscal Years).....	122
Program Revenues by Function/Program (Last Ten Fiscal Years).....	124
Assessed and Estimated Value of Taxable Property (Last Ten Fiscal Years)	126
Property Tax Rates – All Direct and Overlapping Governments (Last Ten Fiscal Years).....	127
Principal Taxpayers of Polk County (Current Year and Ten Years Ago)	128
Property Tax Levies and Collections (Last Ten Fiscal Years)	129
Schedule of Outstanding Debt	130
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita (Last Ten Fiscal Years)	132
Computation of Direct and Overlapping Government Activities Debt	133
Computation of Legal Debt Margin.....	134
Schedule of Pledged Revenue Bond Coverage (Last Ten Fiscal Years)	135
Top Ten Sewer System Rate Payers	136
Top Ten Water System Rate Payers	137
Demographic and Economic Statistics (Last Ten Fiscal Years).....	138
Principle Employers (Current Year and Ten Years Ago)	139
Full-Time Equivalent City Employees by Function (Last Ten Fiscal Years).....	140
Operating Indicators (Last Ten Fiscal Years)	141
Capital Asset Statistics by Function (Last Ten Fiscal Years)	143

AUDIT COMMENTS AND DISCLOSURES

Independent Auditor’s Report Required by <i>Oregon State Regulations</i>	144
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INTRODUCTORY SECTION



INDEPENDENCE

Oregon's Story Begins Here

CITY OF INDEPENDENCE

December 27, 2022

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

I am pleased to submit the Annual Financial Report (Annual Report) of the City of Independence, Oregon for the fiscal year ended June 30, 2022. This report is published to provide the City Council, city staff, citizens, and other readers with detailed information concerning the financial position and activities of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management team. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The State of Oregon requires an annual audit of the fiscal affairs of the city by independent, certified public accountants. The City's financial statements have been audited by Aldrich CPAs + Advisors LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements included in this report are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Independence's financial statements for the fiscal year ended June 30, 2022, and are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

City Profile

The City of Independence, founded in 1845 and incorporated in 1874, is located in the Mid-Willamette Valley, just southwest of Salem, Oregon, the state's capitol. The city currently occupies a land area of approximately 2.8 square miles and serves an estimated population of 10,081 per Portland State University. The City of Independence is empowered to levy a property tax on real properties located within its boundaries.

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

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

The City of Independence sponsors many opportunities for citizens to gather as well as to generate interest in Independence as a travel destination. The city maintains the annual River's Edge Summer Series which includes Thursday night "Movie in the Park" and Friday night "Concert Series" both of which are held in the beautiful downtown amphitheater nestled along the Willamette River in the Independence Riverview Park. There is also the annual Independence Days celebration which is held during the 4th of July holiday, Community Fiesta in September and the Hops & Heritage Festival, also held in September. 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.

Factors Affecting Financial Condition

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

Local Economy

The City's local economy continues to develop and diversify at a faster pace than most other communities in the region. In 2018, Independence was identified as the 4th fastest growing city in Oregon since 2010, behind only Bend, Happy Valley and Wilsonville. This trend has continued through FY2021, even as the nation is experiencing an economic slowdown and pandemic-induced supply-chain challenges. Two new subdivisions are actively building houses and a 70-acre subdivision is preparing to launch a first phase in 2023.

According to the most recent economic data, business growth, job creation and total payroll continues to exceed that of peer cities like Dallas and Monmouth. The number of jobs in Independence is growing at a rate of 7% per year and many local businesses face difficulties in filling job openings. The average home value in Independence rose almost 16% in the last 2 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 completed in Summer 2021. The new residents and hotel visitors are anticipated to generate over \$6 million in new spending annually in Independence

alone. With the onset and continuation of the COVID-19 crisis, this influx of economic stimulus has been an important lifeline, helping many of our downtown businesses weather the COVID storm. An additional 40-unit mixed-use building across the street from the hotel. was completed late Summer 2022. The building's residential units are filling and the ground floor commercial spaces are also leased, which will create additional economic benefits for the downtown and community.

While COVID has slowed economies nationwide, these keystone developments have improved the resiliency of Independence economy. After struggling early in the COVID crisis, the new hotel is now meeting pre-COVID performance goals. Vacancy remains low downtown and three restaurant/pubs opened during these challenging times. As the economy returns to normal, businesses are reinvesting in their spaces – Gilgamesh is building an enclosure for their back patio to have concerts there year-round, and Parallel 45 is launching interior work to expand their operation and create additional retail and food truck space. Participation has been strong in City entrepreneurship and technical assistance programs, and the Independence Downtown Association has been a strong partner supporting Buy Local promotions to support local businesses. The large vacant space at Central Plaza is now filled with two retail tenants – a Dollar Tree which opened in 2021, and a Grocery Outlet that opened in 2022. Local industries are continuing to add new jobs and one completed an expansion of their facility in 2021. That expansion created a vacant space that Divine Distillers, which also operates a winery and brewery, occupied in 2022. The long-dormant Independence Station development has been renamed and is working its way through the permitting process with an eye toward starting construction in 2023. While nothing can be taken for granted with this long-suffering project, the fact that it has been revived is an indicator of the overall positive perception of Independence's local economy and the community's future.

Long-Term Planning

In May 2019, the City of Independence began a Vision 2040 process. Beginning with meetings with citizens and stakeholders. There was also a survey conducted with citizens and visitors. Completion of the visioning process was in early 2020 and lead into the Council Goal Setting and a Strategic Planning process. In early 2021, Council and staff completed the goal setting and planning process, which was implemented into the FY2022 budget.

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

Independence remains committed to providing essential services and infrastructure to its residential and commercial population. With concern over the rising costs of operating materials like asphalt and fuel, and personnel services costs, City officials remain careful with spending. The increasing inflation has made city officials even more conservative in developing the FY2023 budget. 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.

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

In Spring 2022, the city contracted an audit and accounting firm to perform an Internal Control Analysis. They reviewed current policies and procedures and reported back to staff with recommendations for improvement. Staff implemented most of the recommendations immediately and are in the process implementing the remaining recommendations

Budget Process

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

Relevant Financial Policies

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

The City maintains a general checking account to fund daily operations. Cash in excess of daily operating needs is typically pooled and invested in the Local Government Investment Pool (LGIP). In the past 8 years, with banking fees increasing on the general checking account and interest at the LGIP continuing to stay low, city staff maintains a higher balance in the general checking account to help offset bank fees. In the last 36 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.

In Spring 2022, the city contracted an audit and accounting firm to update the city's grants management policy and procedures. This project was completed in July and training of staff on the new policy and procedures was provided in September.

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

Major Initiatives

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its comprehensive annual financial report for the fiscal year ended June 30, 2021. This was the 7th year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,

Gloria Butsch
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Independence
Oregon**

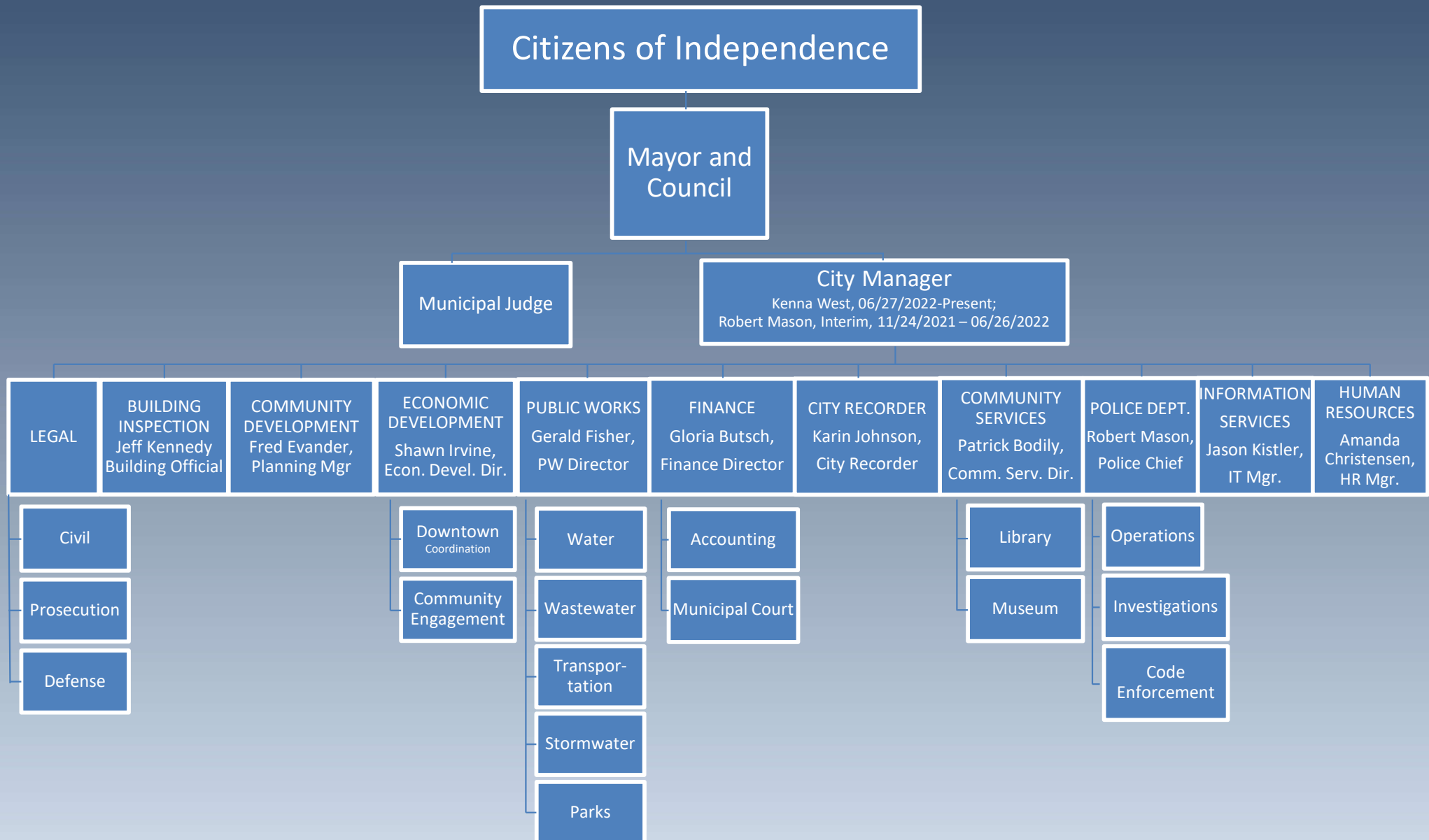
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FYE 2022 Organization Chart





INDEPENDENCE

Oregon's Story Begins Here

2022 BUDGET COMMITTEE

INDEPENDENCE CITY COUNCIL

John McArdle, Mayor
Shannon Corr, Position #1
Marilyn Morton, Position #2
Dawn Roden, Position #3
Tom Takacs, Position #4
Sarah Jobe, Position #5
Kathy Martin-Willis, Position #6

RESIDENT REPRESENTATIVES

Miranda Garrison, Position #1
Jessica Madronal, Position #2
Bill Boisvert, Position #3
Erin Seiler, Position #4
Nancy Lodge, Position #5
Dori Showell, Position #6
Nathan Christensen, Position #7

CITY STAFF

Kenna West, City Manager (started June 2022)
Tom Pessemier, City Manager (through Nov. 2021)
Gloria Butsch, Finance Director
Patrick Bodily, Community Services Director
Fred Evander, Senior Planner
Gerald Fisher, Public Works Director
Shawn Irvine, Economic Development Director
Karin Johnson, City Recorder
Jason Kistler, IT Manager
Robert Mason, Chief of Police/Interim CM (Dec. 2021-June 2022)

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

Required Supplementary Information

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

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

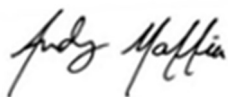
Report on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 27, 2022, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
December 27, 2022

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

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, 2022.

FINANCIAL HIGHLIGHTS

	June 30		
	2022	2021	Change
Net Position	\$ 25,929,062	\$ 20,772,740	\$ 5,156,322
Change in Net Position	5,156,322	219,529	4,936,793
Governmental Net Position	12,055,395	7,539,099	4,516,296
Proprietary Net position	13,873,667	13,233,641	640,026
Change in Governmental Net Position	4,516,296	(438,948)	4,955,244
Change in Proprietary Net Position	640,026	658,477	(18,451)

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

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. The statement of net position is provided on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets and deferred outflows exceeded liabilities and deferred inflows by \$25,929,062 as of June 30, 2022. Current liabilities consist of unearned 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.

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Statement of Net Position
June 30,

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 7,253,067	\$ 5,267,037	\$ 12,520,104	\$ 5,927,645	\$ 3,926,701	\$ 9,854,346
Other Assets	10,955,729	2,324,262	13,279,991	10,801,661	3,160,323	13,961,984
Non-depreciable Capital Assets	3,827,672	8,382,579	12,210,251	2,745,509	5,490,676	8,236,185
Depreciable Capital Assets, net	23,018,599	10,129,528	33,148,127	22,315,470	13,019,879	35,335,349
Total Assets	45,118,863	26,103,406	71,222,269	41,790,285	25,597,579	67,387,864
Deferred Outflows of Resources	3,799,860	429,813	4,229,673	3,795,141	448,513	4,243,654
Liabilities	1,356,775	228,645	1,585,420	1,241,419	171,893	1,413,312
Deposits	141,900	242,039	383,939	394,226	237,143	631,369
Long-term Liabilities						
Portion due within one year	1,427,440	242,594	1,670,034	1,442,897	241,629	1,684,526
Portion due in more than one year	30,992,419	11,403,972	42,396,391	34,787,667	12,125,624	46,913,291
Total Liabilities	33,940,512	12,125,401	46,065,913	37,866,209	12,776,289	50,642,498
Deferred Inflows of Resources	2,922,816	534,151	3,456,967	180,118	36,162	216,280
Net Position						
Net investment in capital assets	9,503,825	7,611,201	17,115,026	6,318,721	7,522,230	13,840,951
Restricted	4,117,626	1,694,592	5,812,218	11,768,110	1,467,866	13,235,976
Unrestricted	(1,566,056)	4,567,874	3,001,818	(10,547,732)	4,243,545	(6,304,187)
Total Net Position	\$ 12,055,395	\$ 13,873,667	\$ 25,929,062	\$ 7,539,099	\$ 13,233,641	\$ 20,772,740

Statement of Activities The City's net position increased by \$5,156,322 during the current fiscal year. Compared to the prior year, the increase is \$4,936,793 more. The key elements of the change in the comparison of City's net position for the year ended June 30, 2022 over the prior year are as follows:

- Charges for services were \$430,649 more than the previous year. The increase is primarily due to recovery from the COVID-19 pandemic. This is seen in the utility funds as well as a in building and development.
- Grants and miscellaneous revenue increased by \$1,600,687. Most of this is related to AFR funds received and FEMA reimbursements for the 2021 ice storm damage.
- Disbursements for general government decreased by \$1,633,225.
- Public safety expenses decreased by \$637,312 for personnel services.
- Transportation expenses increased by \$335,472, as there were some project expenses.
- Disbursements for business activities did not increase or decrease significantly.

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Statement of Activities						
For the Fiscal Year Ended June 30,						
	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program Revenues						
Charges for Services	\$ 611,126	\$ 5,980,995	\$ 6,592,121	\$ 351,418	\$ 5,810,054	\$ 6,161,472
Operating Grants	3,681,338	-	3,681,338	1,597,202	-	1,597,202
Capital Grants	566,062	355,184	921,246	1,772,020	-	1,772,020
General Receipts						
Property Taxes & Assessments	3,615,040	-	3,615,040	3,593,118	-	3,593,118
Transient Lodging Taxes	204,848	-	204,848	-	-	-
Interest & Investment Earnings	37,087	23,176	60,263	43,935	20,108	64,043
Franchise Taxes	829,260	-	829,260	840,401	-	840,401
Miscellaneous	426,814	6,740	433,554	64,890	1,339	66,229
Gain on the Sale of Assets	263,393	-	263,393	-	-	-
Total Revenues	10,234,968	6,366,095	16,601,063	8,262,984	5,831,501	14,094,485
Expenses						
General Government	2,540,736	-	2,540,736	4,173,961	-	4,173,961
Public Safety	3,201,136	-	3,201,136	3,838,448	-	3,838,448
Transportation	558,117	-	558,117	222,645	-	222,645
Community Development	635,635	-	635,635	500,698	-	500,698
Culture and Recreation	1,502,482	-	1,502,482	1,370,051	-	1,370,051
Interest on Long-term Debt	937,394	-	937,394	1,344,431	-	1,344,431
Water	-	1,366,184	1,366,184	-	1,070,534	1,070,534
Sewer	-	1,038,905	1,038,905	-	1,081,503	1,081,503
Storm	-	322,553	322,553	-	272,685	272,685
Total Disbursements	9,375,500	2,727,642	12,103,142	11,450,234	2,424,722	13,874,956
Transfers	3,051,293	(3,051,293)	-	2,748,302	(2,748,302)	-
Change in Net Position	3,910,761	587,160	4,497,921	(438,948)	658,477	219,529
Net Position, beginning of year	7,539,099	13,233,641	20,772,740	8,458,047	12,575,164	21,033,211
Prior period adjustment	605,556	52,809	658,365	-	-	-
Change in accounting principal and estimate	(21)	57	36	(480,000)	-	(480,000)
Net Position, end of year	\$12,055,395	\$ 13,873,667	\$ 25,929,062	\$ 7,539,099	\$ 13,233,641	\$ 20,772,740

Governmental activities

The cost for all governmental activities was \$9,375,500 for the year ended June 30, 2022. The amount that our taxpayers paid was \$3,615,040 through property taxes and assessments. Those who directly benefited from the programs (fines, fees and charges for services) paid \$611,126 or 7% of total governmental revenue. Transfers from proprietary funds provided \$3,051,293 or 33% of cost coverage.

Net position of the governmental-type activities increased by \$3,910,761 during the fiscal year ended June 30, 2022. Reporting of GASB 87 and prior period adjustment of \$605,556 increased governmental-type net position by \$4,516,296, in total.

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Business-type activities

As shown in the Statement of Activities, the City's net position of the business-type activities increased by \$587,160 during the year. This is due to the increase in transfers to the governmental funds. Reporting of GASB 87 and prior period adjustment of \$52,809 increased business-type net position by \$640,026, in total.

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 \$7,305,816 at June 30, 2022, a decrease of \$7,882,830 from the previous year. The City reported a \$1,246,731 increase in fund balance from operations, but increase was reduced by a prior period adjustment of \$9,405,000. See Note 16 in the Notes to the Basic Financial Statements.

The General Fund had an increase of \$334,762 during the year. Primarily from increases in revenues, decreases in expenditures, and increases in transfers from other funds.

General Fund The General Fund accounts for all of the financial resources of the City, which are not accounted for in any other fund. Unassigned fund balance was \$2,195,694 at the end of the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare the fund balance to the fund's expenditures. Unassigned fund balance represents 31% of the total General Fund expenditures. This is a decrease from the prior year as a result of the construction

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

and debt service for the new museum, and from the transfer of grants activities to the new Grants Fund.

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

Urban Renewal Projects Fund The Urban Renewal Projects Fund accounts for the acquisition and construction of facilities within the Urban Renewal District and financed by grants and the issuance of bonds. The fund balance in the Urban Renewal Projects Fund increased by \$216,901. This was due to increased revenue from property taxes and also a result of minimal spending during the year.

Grants Program Fund The Grants Program Fund accounts for local, state, and federal grants received for operating purposes, and the associated expenditures. The fund balance in the Grants Program Fund increased by \$85,858.

Transportation Fund The Transportation Fund accounts for street maintenance and improvements. The fund balance in the Transportation Fund increased by \$267,293.

Capital Projects Fund The Capital Projects Fund accounts for financial resources used for the acquisition or construction of major capital items and facilities. The fund balance in the Capital Projects Fund decreased by \$371,880.

Other Governmental Funds (non-major) These funds are comprised of the Economic Development Loan Fund, the Tourism & Events Fund, Transportation SDC Fund, Parks SDC Fund, Building Repair & Replacement Reserve Fund, the General Obligation Bond Fund, Urban Renewal Debt Service Fund, and the Special Assessment Loan Fund. The combined fund balances for these funds increased by \$713,797.

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 \$1,972,942 at year end. The unrestricted net position for Sewer was \$2,491,610 at year end. For the Storm Drain the unrestricted net position was \$103,322. Restricted net position(s) are from systems development charges.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022 amounts to \$45,358,378 (net of accumulated depreciation), a net increase of \$1,786,844. 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 of a street sweeper for public works
- Continued F Street bridge replacement work in progress
- Storm drain improvements
- Street overlay project
- Completion of the new Museum
- Continued Sewer rehabilitation and improvements work in progress

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,457,360	\$ 1,457,360	\$ 201,804	\$ 201,804	\$ 1,659,164	\$ 1,659,164
Work in Progress	2,370,312	1,288,149	7,319,882	7,300,846	9,690,194	8,588,995
Intangibles	219,088	219,088	860,893	860,893	1,079,981	1,079,981
Buildings	16,257,935	15,458,893	1,245,809	1,245,809	17,503,744	16,704,702
Equipment & Vehicles	1,619,273	1,394,207	1,406,721	1,372,463	3,025,994	2,766,670
Infrastructure	23,869,412	23,379,596	-	-	23,869,412	23,379,596
Water and Sewer Systems	-	-	19,246,011	18,924,270	19,246,011	18,924,270
	45,793,380	43,197,293	30,281,120	29,906,085	76,074,500	73,103,378
Less:						
Accumulated Depreciation	(18,947,109)	(18,136,314)	(11,769,013)	(11,395,530)	(30,716,122)	(29,531,844)
	<u>\$ 26,846,271</u>	<u>\$ 25,060,979</u>	<u>\$ 18,512,107</u>	<u>\$ 18,510,555</u>	<u>\$ 45,358,378</u>	<u>\$ 43,571,534</u>

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

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

Debt Administration

The City had total debt outstanding of \$39,038,674 at the end of the current fiscal year.

The City's total debt decreased by \$1,463,130 during the year.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 3 percent of its total real market value. The real market valuation of the City of Independence is \$992,977,814 therefore the current general obligation debt limitation for the City of Independence is \$29,789,334. Current general obligation indebtedness is \$3,450,000.

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 3,450,000	\$ 3,695,000	\$ -	\$ -	\$ 3,450,000	\$ 3,695,000
Bond Premium	15,326	16,849	-	-	15,326	16,849
Full Faith & Credit Obligations	20,085,000	20,990,000	-	-	20,085,000	20,990,000
Bond Premium	1,127,222	1,193,528	-	-	1,127,222	1,193,528
Notes	3,495,074	3,580,822	-	-	3,495,074	3,580,822
Sewer Revenue Bonds	-	-	1,945,000	2,025,000	1,945,000	2,025,000
Bond Discount	-	-	(10,357)	(10,933)	(10,357)	(10,933)
Water Revenue Bonds	-	-	1,020,000	1,075,000	1,020,000	1,075,000
Bond Premium	-	-	44,994	48,208	44,994	48,208
Notes	-	-	7,866,415	7,888,330	7,866,415	7,888,330
	<u>\$ 28,172,622</u>	<u>\$ 29,476,199</u>	<u>\$ 10,866,052</u>	<u>\$ 11,025,605</u>	<u>\$ 39,038,674</u>	<u>\$ 40,501,804</u>

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

BUDGETARY HIGHLIGHTS

Budget amendments included approved adjustments to the General Fund to increase personnel services in the Library, Museum, Economic Development and Community Development.

Significant variances in the General Fund between the final amended budget and actual results are primarily in revenue. As expected, with COVID-19 continuing to impact the economy, revenue in permits, state revenue sharing, court fines and general miscellaneous revenues were up \$99,358 from budget. With the unknown long-term impacts of the pandemic, expenditures in most departments of the General Fund were minimized as much as possible and were well under budget.

Economic Factors and Next Year's Budget

The top factors in preparation of the FY2023 budget was the lingering effects of the COVID-19 pandemic, inflation of our national economy and labor shortages. The City of Independence depends on property taxes, franchise fees and other state shared revenues that help fund the police department and general services, and the state gas tax for street maintenance.

Tokola Properties completed the development of 110 apartment units with clubhouse, and 14 townhomes. Osprey Point development of a mixed-use facility, comprised of retail shops, offices and apartments will be completed by Fall 2022. All of these projects are in the Urban Renewal District boundaries and will increase property tax revenues to the District enabling the District to pay back interfund loans.

The primary projects in the Capital Improvement Plan (CIP) continue to be focused on sewer upgrades and improvements and transportation planning, bridge repairs and improvements to meet the needs of the substantial growth over the past 8 years.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The City's Budget Committee considered all of the following factors while preparing the budget for the 2022-2023 fiscal year.

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

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

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

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

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

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CITY OF INDEPENDENCE, OREGON
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 7,253,067	\$ 5,267,037	\$ 12,520,104
Property taxes receivable	93,624	-	93,624
Accounts receivable, net	1,298,813	595,490	1,894,303
SDC and assessments receivables	19,246	273,102	292,348
Leases receivable	63,796	-	63,796
Prepays	251,051	16,750	267,801
Internal balances	(1,425,748)	1,425,748	-
Total current assets	7,553,849	7,578,127	15,131,976
Noncurrent assets:			
Loans receivable, net	9,244,191	-	9,244,191
Net OPEB asset	70,501	13,172	83,673
Property held for resale	1,404,051	-	1,404,051
Capital assets:			
Non-depreciable/amortizable	3,827,672	8,382,579	12,210,251
Depreciable/amortizable	23,018,599	10,129,528	33,148,127
Total noncurrent assets	37,565,014	18,525,279	56,090,293
Total assets	45,118,863	26,103,406	71,222,269
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	1,499,302	-	1,499,302
Deferred outflows related to pensions	2,271,673	424,417	2,696,090
Deferred outflows related to OPEB	28,885	5,396	34,281
Total deferred outflows of resources	3,799,860	429,813	4,229,673
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	273,381	37,189	310,570
Deposits	141,900	242,039	383,939
Unearned revenue	1,015,269	-	1,015,269
Interest payable	68,125	191,456	259,581
Current portion of accrued compensated absences	159,232	21,210	180,442
Current portion of leases payable	21,978	8,151	30,129
Current portion of long-term debt	1,268,208	221,384	1,489,592
Total current liabilities	2,948,093	721,429	3,669,522
Noncurrent liabilities:			
Net pension liability	3,622,510	676,793	4,299,303
OPEB liability	241,946	45,202	287,148
Noncurrent portion of accrued compensated absences	159,231	10,606	169,837
Noncurrent portion of leases payable	64,318	26,703	91,021
Noncurrent portion of long-term debt	26,904,414	10,644,668	37,549,082
Total noncurrent liabilities	30,992,419	11,403,972	42,396,391
Total liabilities	33,940,512	12,125,401	46,065,913
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	2,802,277	523,550	3,325,827
Deferred inflows related to OPEB	56,743	10,601	67,344
Deferred inflows related to leases receivable	63,796	-	63,796
Total deferred inflows of resources	2,922,816	534,151	3,456,967
NET POSITION:			
Net investment in capital assets	9,503,825	7,611,201	17,115,026
Restricted for:			
OPEB asset benefits	70,501	13,172	83,673
System development	1,774,304	1,681,420	3,455,724
Debt service	374,075	-	374,075
Transportation	733,258	-	733,258
Community development	996,647	-	996,647
Tourism and events	168,841	-	168,841
Unrestricted	(1,566,056)	4,567,874	3,001,818
Total net position	\$ 12,055,395	\$ 13,873,667	\$ 25,929,062

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,540,736	\$ 400,970	\$ 1,182,886	\$ -
Public safety	3,201,136	116,832	130,383	-
Highways and streets	558,117	-	1,201,561	274,692
Community development	635,635	89,059	1,144,248	-
Culture and recreation	1,502,482	4,265	22,260	291,370
Interest on long-term debt	937,394	-	-	-
Total governmental activities	9,375,500	611,126	3,681,338	566,062
Business type activities:				
Water Operations	1,366,184	2,751,178	-	129,707
Sewer Operations	1,038,905	2,566,198	-	186,547
Storm Drain Operations	322,553	663,619	-	38,930
Total business type activities	2,727,642	5,980,995	-	355,184
Total government	\$ 12,103,142	\$ 6,592,121	\$ 3,681,338	\$ 921,246
General revenues:				
Taxes:				
Property taxes				
Transient lodging taxes				
Franchise taxes				
Interest and investment earnings				
Miscellaneous revenues				
Gain on the sale of assets				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Prior period adjustment				
Change in accounting principle - GASB 87 implementation				
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
\$ (956,880)	\$ -	\$ (956,880)
(2,953,921)	-	(2,953,921)
918,136	-	918,136
597,672	-	597,672
(1,184,587)	-	(1,184,587)
(937,394)	-	(937,394)
(4,516,974)	-	(4,516,974)
-	1,514,701	1,514,701
-	1,713,840	1,713,840
-	379,996	379,996
-	3,608,537	3,608,537
(4,516,974)	3,608,537	(908,437)
3,615,040	-	3,615,040
204,848	-	204,848
829,260	-	829,260
37,087	23,176	60,263
426,814	6,740	433,554
263,393	-	263,393
3,051,293	(3,051,293)	-
8,427,735	(3,021,377)	5,406,358
3,910,761	587,160	4,497,921
7,539,099	13,233,641	20,772,740
605,556	52,809	658,365
(21)	57	36
\$ 12,055,395	\$ 13,873,667	\$ 25,929,062

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund Generally Accepted Accounting Principles

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

MINET Debt Fund

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

Transportation Fund

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

Urban Renewal Projects Fund

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

Grants Program Fund

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

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital items and facilities.

CITY OF INDEPENDENCE, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2022

	General Fund Generally Accepted Accounting Principles	MINET Debt Fund	Transportation Fund	Urban Renewal Projects Fund	Grants Program Fund	Capital Projects Fund	Other Governmental	Total Governmental
ASSETS:								
Cash and cash equivalents	\$ 3,271,322	\$ -	\$ -	\$ 458,154	\$ 1,350,626	\$ -	\$ 2,172,965	\$ 7,253,067
Property taxes receivable	61,857	-	-	5,225	-	-	26,542	93,624
Accounts receivable, net	154,757	-	69,369	-	-	1,039,180	35,507	1,298,813
SDC and assessments receivables	-	-	-	-	-	-	19,246	19,246
Leases receivable	63,796	-	-	-	-	-	-	63,796
Prepays	134,253	-	2,202	-	-	-	62,465	198,920
Loans receivable, net	-	8,905,000	-	-	-	-	339,191	9,244,191
Due from other funds	73,928	-	813,381	-	-	-	300,000	1,187,309
Property held for sale	-	-	-	1,404,051	-	-	-	1,404,051
Interfund loan receivables	3,899,011	-	-	-	-	-	1,615,254	5,514,265
Total assets	\$ 7,658,924	\$ 8,905,000	\$ 884,952	\$ 1,867,430	\$ 1,350,626	\$ 1,039,180	\$ 4,571,170	\$ 26,277,282
LIABILITIES:								
Accounts payable and accrued expenses	\$ 50,976	\$ -	\$ 4,684	\$ -	\$ 56,147	\$ 103,180	\$ 58,394	\$ 273,381
Deposits	141,500	-	-	-	-	-	400	141,900
Interfund loan payable	-	-	141,429	6,416,128	-	-	77,679	6,635,236
Due to other funds	73,928	-	-	-	-	1,418,158	-	1,492,086
Unearned revenue	235,943	-	-	-	779,326	-	-	1,015,269
Total liabilities	502,347	-	146,113	6,416,128	835,473	1,521,338	136,473	9,557,872
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - property taxes	46,319	-	-	3,851	-	-	19,666	69,836
Unavailable revenue - loan receivables	-	8,905,000	-	-	-	-	339,191	9,244,191
Unavailable revenue - municipal court receivables	16,525	-	-	-	-	-	-	16,525
Unavailable revenue - SDC and assessments receivables	-	-	-	-	-	-	19,246	19,246
Unavailable revenue - leases receivable	63,796	-	-	-	-	-	-	63,796
Total deferred inflows of resources	126,640	8,905,000	-	3,851	-	-	378,103	9,413,594
FUND BALANCES:								
Nonspendable:								
Prepaid items	134,253	-	2,202	-	-	-	62,465	198,920
Loan receivable	3,899,011	-	-	-	-	-	-	3,899,011
Restricted for:								
System development	-	-	-	-	-	-	1,774,304	1,774,304
Debt service	-	-	-	-	-	-	354,409	354,409
Transportation	-	-	731,056	-	-	-	-	731,056
Community development	-	-	-	-	-	-	996,647	996,647
Tourism and events	-	-	-	-	-	-	168,841	168,841
Committed to:								
Equipment and vehicle replacement	72,431	-	-	-	-	-	-	72,431
Park maintenance	401,338	-	-	-	-	-	-	401,338
Assigned to:								
Capital projects	327,210	-	-	-	-	-	694,994	1,022,204
Future PERS liability	-	-	5,581	-	-	-	4,934	10,515
Community development	-	-	-	-	515,153	-	-	515,153
Unassigned	2,195,694	-	-	(4,552,549)	-	(482,158)	-	(2,839,013)
Total fund balances	7,029,937	-	738,839	(4,552,549)	515,153	(482,158)	4,056,594	7,305,816
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,658,924	\$ 8,905,000	\$ 884,952	\$ 1,867,430	\$ 1,350,626	\$ 1,039,180	\$ 4,571,170	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,846,271
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	9,401,929
The net pension asset and deferred outflows and inflows related to pensions are not available and, therefore, are not reported in the funds.	(4,153,114)
The net OPEB asset and deferred outflows and inflows related to OPEB are not available and, therefore, are not reported in the funds.	(199,303)
The difference between the reacquisition price and the net carrying amount of the old debt is a deferred outflow of resources and is not reported in the funds.	1,499,302
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	(28,172,622)
Compensated absences	(318,463)
Leases payable	(86,296)
Interest payable	(68,125)
Net position of governmental activities	\$ 12,055,395

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, 2022

	General Fund Generally Accepted Accounting Principles	MINET Debt Fund	Transportation Fund	Urban Renewal Projects Fund	Grants Program Fund	Capital Projects Fund	Other Governmental	Total Governmental
REVENUES:								
Property taxes	\$ 2,359,474	\$ -	\$ -	\$ 219,283	\$ -	\$ -	\$ 1,059,387	\$ 3,638,144
Transient lodging taxes	-	-	-	-	-	-	204,848	204,848
Franchise fees	829,260	-	-	-	-	-	-	829,260
Licenses, permits and fees	229,954	-	-	-	-	-	-	229,954
Intergovernmental	518,994	797,435	1,201,561	-	624,168	-	-	3,142,158
Assessments	-	-	-	-	-	-	63,332	63,332
Grants and donations	-	-	-	-	-	1,039,180	-	1,039,180
Fines and forfeitures	126,166	-	-	-	-	-	-	126,166
Charges for services	169,767	-	-	-	-	-	-	169,767
Rent	19,712	-	-	-	-	-	4,265	23,977
Interest revenue	13,674	-	3,283	2,227	5,820	-	12,083	37,087
Miscellaneous revenue	85,449	-	142,968	-	-	66,280	132,117	426,814
Loan repayments	-	-	-	-	-	-	21,764	21,764
System development charges	-	-	-	-	-	-	566,062	566,062
Total revenues	<u>4,352,450</u>	<u>797,435</u>	<u>1,347,812</u>	<u>221,510</u>	<u>629,988</u>	<u>1,105,460</u>	<u>2,063,858</u>	<u>10,518,513</u>
EXPENDITURES:								
Current:								
General government	1,708,629	-	-	439	397,153	100,000	29,734	2,235,955
Public safety	3,121,228	-	-	-	69,480	-	-	3,190,708
Highways and streets	-	-	279,452	-	-	-	10,160	289,612
Community development	575,403	-	-	-	59,312	-	-	634,715
Culture and recreation	992,551	-	-	-	18,185	-	284,074	1,294,810
Capital outlay	60,283	-	672,762	-	-	1,522,340	278,932	2,534,317
Debt service:								
Principal	61,558	500,000	-	-	-	-	674,190	1,235,748
Interest	11,580	297,435	-	-	-	-	928,454	1,237,469
Total expenditures	<u>6,531,232</u>	<u>797,435</u>	<u>952,214</u>	<u>439</u>	<u>544,130</u>	<u>1,622,340</u>	<u>2,205,544</u>	<u>12,653,334</u>
Revenues over (under) expenditures	<u>(2,178,782)</u>	<u>-</u>	<u>395,598</u>	<u>221,071</u>	<u>85,858</u>	<u>(516,880)</u>	<u>(141,686)</u>	<u>(2,134,821)</u>
OTHER FINANCING SOURCES (USES):								
Proceeds from sale of capital asset	3,051	-	-	-	-	-	327,208	330,259
Transfers in	3,424,128	-	156,005	-	-	145,000	748,978	4,474,111
Transfers out	(913,635)	-	(284,310)	(4,170)	-	-	(220,703)	(1,422,818)
Total other financing sources (uses)	<u>2,513,544</u>	<u>-</u>	<u>(128,305)</u>	<u>(4,170)</u>	<u>-</u>	<u>145,000</u>	<u>855,483</u>	<u>3,381,552</u>
Net change in fund balance	<u>334,762</u>	<u>-</u>	<u>267,293</u>	<u>216,901</u>	<u>85,858</u>	<u>(371,880)</u>	<u>713,797</u>	<u>1,246,731</u>
FUND BALANCE, BEGINNING	<u>6,428,091</u>	<u>9,405,000</u>	<u>466,941</u>	<u>(4,769,450)</u>	<u>429,295</u>	<u>(110,278)</u>	<u>3,339,047</u>	<u>15,188,646</u>
Prior period adjustment	<u>267,084</u>	<u>(9,405,000)</u>	<u>4,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,750</u>	<u>(9,129,561)</u>
FUND BALANCE, ENDING	<u>\$ 7,029,937</u>	<u>\$ -</u>	<u>\$ 738,839</u>	<u>\$ (4,552,549)</u>	<u>\$ 515,153</u>	<u>\$ (482,158)</u>	<u>\$ 4,056,594</u>	<u>\$ 7,305,816</u>

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

Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ 1,246,731
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.		(2,939)
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.		(14,110)
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	(859,236)	
Loss on disposal of asset	(66,866)	
Capital asset additions	<u>2,606,026</u>	1,679,924
Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities.		(546,938)
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		294,101
Amortization of bond premium and bond insurance		64,763
Interest expense associated with deferred charge on refunding		(61,856)
Changes in compensated absences		(4,601)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Debt service principal payments	1,235,748	
Lease principal payments	19,938	<u>1,255,686</u>
Change in net position of governmental activities		<u>\$ 3,910,761</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, 2022

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 1,547,647	\$ 3,227,624	\$ 491,766	\$ 5,267,037
Accounts receivable, net	259,665	255,811	80,014	595,490
Prepaid expenses	7,304	6,809	2,637	16,750
Due from other funds	304,777	-	-	304,777
Interfund loan receivable	490,840	682,064	29,317	1,202,221
Loans receivables, net	102,463	150,496	20,143	273,102
Total current assets	2,712,696	4,322,804	623,877	7,659,377
Noncurrent assets:				
Capital assets, net	6,105,792	11,472,786	933,529	18,512,107
OPEB asset	5,996	5,227	1,949	13,172
Total noncurrent assets	6,111,788	11,478,013	935,478	18,525,279
Total assets	8,824,484	15,800,817	1,559,355	26,184,656
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	193,194	168,436	62,787	424,417
Deferred outflows related to OPEB	2,456	2,142	798	5,396
Total deferred outflows of resources	195,650	170,578	63,585	429,813
Total assets and deferred outflows of resources	\$ 9,020,134	\$ 15,971,395	\$ 1,622,940	\$ 26,614,469
LIABILITIES:				
Current liabilities:				
Accounts payable	17,098	17,979	2,112	\$ 37,189
Accrued interest payable	4,122	187,334	-	191,456
Interfund loan payable	12,500	-	68,750	81,250
Deposits	242,039	-	-	242,039
Accrued compensated absences	9,641	8,436	3,133	21,210
Current portion of leases payable	2,717	2,717	2,717	8,151
Current portion of long-term debt	136,384	85,000	-	221,384
Total current liabilities	424,501	301,466	76,712	802,679
Noncurrent liabilities:				
Noncurrent portion of leases payable	8,901	8,901	8,901	26,703
Noncurrent portion of long-term debt	1,510,760	9,133,908	-	10,644,668
Accrued compensated absences	4,821	4,218	1,567	10,606
Net pension liability	308,075	268,595	100,123	676,793
OPEB liability	20,576	17,939	6,687	45,202
Total noncurrent liabilities	1,853,133	9,433,561	117,278	11,403,972
Total liabilities	2,277,634	9,735,027	193,990	12,206,651
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	238,319	207,778	77,453	523,550
Deferred inflows related to OPEB	4,826	4,207	1,568	10,601
Total deferred inflows of resources	243,145	211,985	79,021	534,151
NET POSITION:				
Net investment in capital assets	4,447,030	2,242,260	921,911	7,611,201
Restricted for:				
OPEB asset benefits	5,996	5,227	1,949	13,172
System development	73,387	1,285,286	322,747	1,681,420
Unrestricted	1,972,942	2,491,610	103,322	4,567,874
Total net position	6,499,355	6,024,383	1,349,929	13,873,667
Total liabilities, deferred inflows of resources, and net position	\$ 9,020,134	\$ 15,971,395	\$ 1,622,940	\$ 26,614,469

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, 2022

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
OPERATING REVENUES:				
Charges for services	\$ 2,751,178	\$ 2,566,198	\$ 663,619	\$ 5,980,995
Miscellaneous income	5,232	1,508	-	6,740
Total operating revenues	2,756,410	2,567,706	663,619	5,987,735
OPERATING EXPENSES:				
Personnel service	430,489	375,568	144,682	950,739
Materials and service	680,046	312,036	141,410	1,133,492
Depreciation/Amortization	208,863	183,277	36,351	428,491
Total operating expenses	1,319,398	870,881	322,443	2,512,722
Operating income (loss)	1,437,012	1,696,825	341,176	3,475,013
NON-OPERATING REVENUES (EXPENSES):				
Interest income	8,166	12,546	2,464	23,176
Interest expense	(46,786)	(168,024)	(110)	(214,920)
Total non-operating revenues (expenses)	(38,620)	(155,478)	2,354	(191,744)
Net income (loss) before transfers and contributions	1,398,392	1,541,347	343,530	3,283,269
TRANSFERS AND CONTRIBUTIONS:				
Transfers in (out)	(1,350,210)	(1,381,028)	(320,055)	(3,051,293)
Capital contributions	129,707	186,547	38,930	355,184
Change in net position	177,889	346,866	62,405	587,160
NET POSITION, BEGINNING	6,297,594	5,656,565	1,279,482	13,233,641
CHANGE IN ACCOUNTING PRINCIPLE PRIOR PERIOD ADJUSTMENT	19 23,853	19 20,933	19 8,023	57 52,809
NET POSITION, ENDING	<u>\$ 6,499,355</u>	<u>\$ 6,024,383</u>	<u>\$ 1,349,929</u>	<u>\$ 13,873,667</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, 2022

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,924,702	\$ 3,367,373	\$ 652,349	\$ 6,944,424
Cash paid to employees and others for salaries and benefits	(464,808)	(406,766)	(153,191)	(1,024,765)
Cash paid to suppliers and others	(668,769)	(318,220)	(140,083)	(1,127,072)
Net cash provided by (used for) operating activities	1,791,125	2,642,387	359,075	4,792,587
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Payment from (to) other funds	(226,206)	145,425	(30,693)	(111,474)
Transfers in (out)	(1,350,210)	(1,381,028)	(320,055)	(3,051,293)
Net cash provided by (used for) non-capital financing activities	(1,576,416)	(1,235,603)	(350,748)	(3,162,767)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(227,473)	(19,036)	(141,822)	(388,331)
Principal paid on long-term obligations	(133,052)	(80,000)	-	(213,052)
Principal paid on lease obligations	(2,267)	(2,267)	(2,267)	(6,801)
Proceeds from the issuance of debt	-	53,499	-	53,499
Proceeds from system development charges	129,707	186,547	38,930	355,184
Interest paid	(47,214)	(65,835)	(110)	(113,159)
Net cash provided by (used for) capital and related financing activities	(280,299)	72,908	(105,269)	(312,660)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	8,166	12,546	2,464	23,176
Net cash provided by investing activities	8,166	12,546	2,464	23,176
Net increase (decrease) in cash and cash equivalents	(57,424)	1,492,238	(94,478)	1,340,336
CASH AND CASH EQUIVALENTS, BEGINNING	1,605,071	1,735,386	586,244	3,926,701
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,547,647</u>	<u>\$ 3,227,624</u>	<u>\$ 491,766</u>	<u>\$ 5,267,037</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income	\$ 1,437,012	\$ 1,696,825	\$ 341,176	\$ 3,475,013
Adjustments				
Depreciation and amortization	208,863	183,277	36,351	428,491
Decrease (increase) in:				
Accounts receivable and loans receivable	163,396	799,667	(11,270)	951,793
Prepays	(73)	(736)	(571)	(1,380)
Increase (decrease) in:				
Accounts payable and accrued expenses	11,350	(5,448)	1,898	7,800
Deposits	4,896	-	-	4,896
Net pension liability and pension related items	(26,691)	(24,468)	(6,142)	(57,301)
Net OPEB liability and OPEB related items	(1)	(56)	112	55
Accrued compensated absences	(7,627)	(6,674)	(2,479)	(16,780)
Net cash provided by (used for) operating activities	<u>\$ 1,791,125</u>	<u>\$ 2,642,387</u>	<u>\$ 359,075</u>	<u>\$ 4,792,587</u>

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

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

A. Description of Reporting Entity

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

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

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

B. Basic Financial Statements

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

Government-wide statements

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

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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 2022:

- The *General Fund* is the City's primary operating fund. It accounts for all the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenues are property taxes, franchise fees, charges for services, licenses and permits, and state shared revenue.
- The *Urban Renewal Projects Fund* accounts for the acquisition and construction of facilities financed by the issuance of bonds.
- The *MINET Debt Fund* accounts for revenue from MINET for the servicing of MINET-related debt incurred by the City for MINET infrastructure and capital projects.
- The *Grants Program Fund* accounts for local, state, and federal grants received for operating purposes, and the associated expenditures.
- The *Transportation Fund* accounts for street maintenance and improvements.
- The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital items and facilities.

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized, thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

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

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

The proprietary financial statements have incorporated all applicable GASB pronouncements.

E. Cash and Cash Equivalents

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

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

F. Receivables

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

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

Receivables for grants and state shared revenues, included in accounts receivable are recorded as revenues in governmental fund types as earned. Receivables of the proprietary fund types are recorded as revenues when earned, including services provided but not billed.

G. Interfund Loans Receivables/Payables

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

H. Capital Assets

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

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

Interest costs incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

I. Lease Assets

Lease assets are assets which the City leases for a term of more than one year. The value of leased assets is determined by the net present value of the lease payback at the City's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

J. Deferred Outflows/Inflows of Resource

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

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

K. Leases Payable

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

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Postemployment Benefits Other Than Pensions (OPEB)

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

N. Compensated Absences

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

O. Net Position

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

P. Fund Balance

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

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

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

Q. Use of Restricted Resources

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

R. Accounting Estimates

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

2. Cash and Cash Equivalents

At June 30, 2022 investments included in cash and cash equivalents consist of the following:

	Weighted Average Maturity (Years)	Fair Value
Investments in the State Treasurer’s Local Government Investment Pool	0.00	\$ 10,369,866

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

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

C. Concentration of Credit Risk

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus 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. As of June 30, 2022, the book value of the City's deposits was \$2,149,423 and the bank balance was \$2,962,641. The Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds' deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.

3. Loans and Leases Receivable

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

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.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2022, there were three loans outstanding totaling \$82,170 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, 2022, the loan receivable balance from MINET is \$12,407,278. The City has estimated the collectability of the loan receivable and has recorded an allowance for doubtful accounts in the amount of \$3,502,278. The loan receivable is as follows:

	MINET Debt		
	Service Fund	Water Fund	Total
Loan receivable balance	\$ 8,905,000	\$ 3,502,278	\$ 12,407,278
Allowance for doubtful accounts	-	(3,502,278)	(3,502,278)
Loan balance	<u>\$ 8,905,000</u>	<u>\$ -</u>	<u>\$ 8,905,000</u>

E. Water Tower Leases Receivable

On July 24, 2015, the City entered into a 48-month lease as Lessor for the use of Verizon Water Tower. On July 1, 2021, an initial lease receivable was recorded in the amount of \$83,807. As of June 30, 2022, the value of the lease receivable is \$63,796. The lessee is required to make monthly fixed payments of \$1,623. The lease has an interest rate of 1.0110%. The value of the deferred inflow of resources as of June 30, 2022 was \$63,796, and the City recognized lease revenue of \$20,623 during the fiscal year. The lessee has 3 extension options, each for 60 months.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

4. Capital Assets

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

Primary Government	Restated Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, non-depreciable/amortizable:				
Land	\$ 1,457,360	\$ -	\$ -	\$ 1,457,360
Work In Progress	1,288,149	1,906,224	(824,061)	2,370,312
Total capital assets, non-depreciable/amortizable	<u>2,745,509</u>	<u>1,906,224</u>	<u>(824,061)</u>	<u>3,827,672</u>
Capital assets, depreciable/amortizable:				
Intangibles	219,088	-	-	219,088
Buildings	15,458,893	824,061	(25,019)	16,257,935
Equipment	618,628	27,040	(93,705)	551,963
Vehicles	775,579	182,946	-	958,525
Infrastructure	23,379,596	489,816	-	23,869,412
Right-to-use leased asset - equipment	108,785	-	-	108,785
Total capital assets, depreciable/amortizable	<u>40,560,569</u>	<u>1,523,863</u>	<u>(118,724)</u>	<u>41,965,708</u>
Total assets	43,306,078	3,430,087	(942,785)	45,793,380
Less accum depreciation/amortization for:				
Intangible Assets	(215,170)	(3,355)	-	(218,525)
Buildings	(5,040,427)	(378,496)	6,880	(5,412,043)
Equipment	(456,164)	(23,146)	44,978	(434,332)
Vehicles	(643,816)	(45,479)	-	(689,295)
Infrastructure	(11,780,737)	(390,418)	-	(12,171,155)
Right-to-use leased assets	(3,417)	(18,342)	-	(21,759)
Total accumulated depreciation/amortization	<u>(18,139,731)</u>	<u>(859,236)</u>	<u>51,858</u>	<u>(18,947,109)</u>
Net depreciable/amortizable capital assets	<u>22,420,838</u>	<u>664,627</u>	<u>(66,866)</u>	<u>23,018,599</u>
Net capital assets	<u>\$ 25,166,347</u>	<u>\$2,570,851</u>	<u>\$ (890,927)</u>	<u>\$ 26,846,271</u>
Governmental activities:				
General government		\$ 382,133		
Roads and Highways		269,708		
Culture and recreation		207,395		
Total depreciation/amortization expense		<u>\$ 859,236</u>		

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, non-depreciable/amortizable:				
Land	\$ 201,804	\$ -	\$ -	\$ 201,804
Intangibles	860,893	-	-	860,893
Work in progress	7,300,846	19,036	-	7,319,882
Total capital assets, non-depreciable/amortizable	8,363,543	19,036	-	8,382,579
Capital assets, depreciable/amortizable:				
Buildings	1,245,809	-	-	1,245,809
Distribution systems	18,924,270	321,735	-	19,246,005
Equipment	1,372,463	96,287	(103,741)	1,365,009
Right-to-use leased asset - equipment	41,712	-	-	41,712
Total capital assets, depreciable/amortizable	21,584,254	418,022	(103,741)	21,898,535
Less accum depreciation/amortization for:				
Buildings	(442,032)	(30,779)	-	(472,811)
Distribution systems	(9,962,897)	(340,045)	-	(10,302,942)
Equipment	(990,601)	(51,217)	55,014	(986,804)
Right-to-use leased assets	-	(6,450)	-	(6,450)
Total accumulated depreciation/amortization	(11,395,530)	(428,491)	55,014	(11,769,007)
Net depreciable/amortizable capital assets	10,188,724	(10,469)	(48,727)	10,129,528
Net capital assets	\$ 18,552,267	\$ 8,567	\$ (48,727)	\$ 18,512,107
Business-type activities:				
Sewer		\$ 183,277		
Water		208,863		
Storm drain		36,351		
Total depreciation/amortization expense		<u>\$ 428,491</u>		

5. Interfund Transfers, Loans, Receivables, Payables,

A. Interfund Transfers

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

	<u>Transfers In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 3,083,988	\$ 913,635
Total Major Governmental Funds	<u>3,083,988</u>	<u>913,635</u>
Non-Major Governmental Funds:		
General Fund Equipment & Vehicle Reserve Fund	50,000	-
Building Repair/Replacement Reserve Fund	260,000	-
Transportation Fund	156,005	283,384
Economic Development Loan Fund	-	25,000
Tourism and Events Fund	50,000	-
Information Services Equipment Fund	115,000	-
Urban Renewal Debt Service Fund	422,630	-
Special Assessment Fund	14,000	-
Transportation SDC Fund	-	62,166
Capital Projects Fund	145,000	-
Parks SDC Fund	-	133,062
Parks Capital Reserve Fund	175,000	-
Total Non-Major Governmental Funds	<u>1,387,635</u>	<u>503,612</u>
Major Enterprise Funds:		
Water Fund	135,305	1,435,721
Sewer Fund	-	1,374,922
Storm Fund	-	314,199
Sewer SDC Fund	-	8,236
Water SDC Fund	-	51,245
Storm SDC Fund	-	5,358
Total Enterprise Funds	<u>135,305</u>	<u>3,189,681</u>
Total All Funds	<u>\$ 4,606,928</u>	<u>\$ 4,606,928</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 \$2,082,110. As a result, there has been created a loan receivable between the City and the URA. As of June 30, 2022, the balance of this loan is \$2,082,110. This loan receivable is reported as interfund loans in the General Fund, Transportation SDC Fund, Parks SDC, Sewer SDC Fund, Water SDC Fund and Storm SDC Fund.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

The remaining \$562,500 is from year-end cash allocations in prior years of pooled cash in order to eliminate deficit cash balances in the Urban Renewal Projects Fund.

The total balance of loans receivable between the City and the URA is \$6,416,127 as follows:

	ICC Construction and Debt Service	Independence Landing Development Agreement	Total
General Fund	\$ 3,771,517	\$ 108,744	\$ 3,880,261
Transportation SDC Fund	-	864,871	864,871
Parks SDC Funds	-	410,740	410,740
Water SDC Fund	-	266,732	266,732
Sewer SDC Fund	-	401,706	401,706
Storm SDC Fund	-	29,317	29,317
Loan Balances	<u>\$ 3,771,517</u>	<u>\$ 2,082,110</u>	
		Cash Allocations	562,500
		Total Loan Receivable	<u>\$ 6,416,127</u>

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

Interfund Capital Loans due over a 10 year period

From (Receivable)	To (Payable)	Balance
Sewer Fund	Storm Drain Fund	\$ 37,500
Water SDC	UR Projects	266,732
Sewer SDC	UR Projects	401,706
Economic Development	Transportation	7,500
Economic Development	Water Fund	12,500
Water Fund	Transportation	121,429
Water Fund	Storm Drain Fund	31,250
Economic Development	UR Projects	319,643
General Fund	Transportation	12,500
General Fund	Tourism & Events	6,250
Water Fund	Parks SDC	71,429
Sewer Fund	UR Projects	242,858
General Fund	UR Projects	3,880,261
Transportation SDC	UR Projects	864,871
Parks SDC	UR Projects	410,740
Storm SDC	UR Projects	29,317
		<u>\$ 6,716,486</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

C. Interfund Receivables and Payables

Interfund balances which represent unsettled overdrafts of pooled cash as of June 30, 2022, are as follows:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
Information Services Equipment Fund	\$ 73,928	-
Capital Projects Fund	1,418,158	-
General Fund	-	\$ 73,928
Transportation Fund	-	813,381
Transportation SDC Fund	-	300,000
Water Fund	-	304,777

D. Franchise Fee Payments

The Proprietary funds paid franchise fees to the General Fund for fiscal year ended June 30, 2022 as follows:

Water Fund	\$ 192,325
Sewer Fund	168,000
Storm Drain Fund	<u>46,060</u>
Total	<u>\$ 406,385</u>

6. Leases Payable

During the year ended June 30, 2022, governmental leases payable activity was as follows:

<u>Governmental Activities</u>	<u>Original Amount</u>	<u>June 30, 2021 Balance</u>	<u>Reductions</u>	<u>June 30, 2022 Balance</u>
Office copier, postage and plotting machines; interest ranges between 0.74-2.36%, monthly payments of principal and interest of \$1,854, due 2027	<u>\$ 108,741</u>	<u>\$ 105,389</u>	<u>\$ 19,093</u>	\$ 86,296
Current portion				<u>(21,978)</u>
Long-term portion				<u>\$ 64,318</u>

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 21,978	\$ 1,002
2024	22,242	736
2025	22,511	467
2026	16,254	204
2027	<u>3,311</u>	<u>27</u>
	<u>\$ 86,296</u>	<u>\$ 2,436</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

During the year ended June 30, 2022, business-type leases payable activity was as follows:

<u>Business-Type Activities</u>	<u>Original Amount</u>	<u>June 30, 2021 Balance</u>	<u>Reductions</u>	<u>June 30, 2022 Balance</u>
Office copier, postage and plotting machines; interest at 1.04-2.36%, monthly payments of principal and interest of \$226, due 2027	\$ 41,656	\$ 41,656	\$ 6,802	\$ 34,854
Current portion				(8,151)
Long-term portion				<u>\$ 26,703</u>

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 8,151	\$ 421
2024	8,257	314
2025	8,366	205
2026	8,477	94
2027	<u>1,603</u>	<u>14</u>
	<u>\$ 34,854</u>	<u>\$ 1,048</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

7. Long Term Debt

During the year ended June 30, 2022, governmental long-term liability activity was as follows:

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances	Due in One Year
Bonds					
2013 GO Refunding Bond	\$ 3,695,000	\$ -	\$ 245,000	\$ 3,450,000	\$ 250,000
Bond Premium	16,849	-	1,523	15,326	-
2015 FF&C MINET Bond	2,870,000	-	220,000	2,650,000	225,000
2016A FF&C Refunding Obligation	7,910,000	-	35,000	7,875,000	35,000
Bond Premium	417,124	-	23,174	393,950	-
2017C FF&C MINET Bond	1,755,000	-	280,000	1,475,000	285,000
2017A FF&C Refunding Obligation	3,675,000	-	370,000	3,305,000	385,000
Bond Premium	311,212	-	17,289	293,923	-
2020 FF&C MINET Refunding Obligation	4,780,000	-	-	4,780,000	-
Bond Premium	465,193	-	25,844	439,349	-
Total Bonds	25,895,378	-	1,217,830	24,677,548	1,180,000
Notes Payable					
SPWF Loan - Hoffman	75,033	-	24,190	50,843	25,400
2020 Chase Bank (Museum)	601,209	-	61,558	539,651	62,808
IFA Loan	2,904,580	-	-	2,904,580	-
Total Notes Payable	3,580,822	-	85,748	3,495,074	88,208
Total Bonds, Notes, and Leases	29,476,200	-	1,303,578	28,172,622	1,268,208
Compensated Absences	313,862	168,248	163,647	318,463	159,232
Total Governmental Activities	\$ 29,790,062	\$ 168,248	\$ 1,467,225	\$ 28,491,085	\$ 1,427,440

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, 2022 are as follows:

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Governmental Activities

In July 2013, the City issued \$3,468,000 of general obligation bonds at rates varying from 2% and 4.375% to retire other debt of the City. Interest is payable semiannually on December 15 and June 15 of each year. The bonds mature in 2033.	\$ 3,450,000
In May of 2015, the City issued \$4,145,000 of full faith and credit obligation bonds at rate interest rates varying from 0.65% to 4.05% to retire a portion of the 2010 MINET bonds. Interest is payable semiannually on December 1 and June 1 of each year. The bonds mature in 2032.	2,650,000
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	7,875,000
In December of 2017, the City issued two series of full faith and credit obligations in the amounts of \$4,570,000 and 2,160,000 to retire existing debt of MINET owed by the City. Interest rates range from 2.20% to 3.35%. The bond principal is payable annually and interest is payable semi-annually. The bonds mature in 2040 and 2027, respectively. In June 2020, the City refunded the 2017B series bonds, retiring the \$4,570,000 portion.	1,475,000
In December 2017, the City issued \$4,035,000 of full faith and credit obligation refunding bonds to retire existing debt of the City. Interest rates range from 3.00% to 4.00%. The bond principal is payable annually and interest is payable semi-annually. The bonds mature in 2030.	3,305,000
In June 2020, the City issued full faith and credit obligations to retire existing debt of MINET owed by the City. Interest rates range from 2.0% to 3.0%. Bond principal is paid annually, and interest is paid semi-annually. The bonds mature in June 2040.	<u>4,780,000</u>
Total bonds	<u>\$ 23,535,000</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

Fiscal Year	2013 GO Refunding Bonds		2015 FF&C MINET Bond	
	Principal	Interest	Principal	Interest
2023	\$ 250,000	\$ 143,319	\$ 225,000	\$ 93,993
2024	265,000	133,319	235,000	87,088
2025	275,000	122,719	240,000	79,485
2026	290,000	111,719	250,000	71,150
2027	300,000	100,119	255,000	62,185
2028-32	1,690,000	305,407	1,445,000	150,893
2033-37	380,000	16,626	-	-
2038-42	-	-	-	-
	<u>\$ 3,450,000</u>	<u>\$ 933,228</u>	<u>\$ 2,650,000</u>	<u>\$ 544,794</u>

Fiscal Year	2016A FF&C Refunding Bond		2017C FF&C MINET Bond	
	Principal	Interest	Principal	Interest
2023	\$ 35,000	\$ 299,406	\$ 285,000	\$ 46,320
2024	40,000	298,006	295,000	38,055
2025	40,000	296,406	305,000	29,058
2026	40,000	294,806	315,000	19,450
2027	40,000	293,206	275,000	9,213
2028-32	1,605,000	1,399,630	-	-
2033-37	3,580,000	862,230	-	-
2038-42	2,495,000	170,269	-	-
	<u>\$ 7,875,000</u>	<u>\$ 3,913,959</u>	<u>\$ 1,475,000</u>	<u>\$ 142,096</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Fiscal Year	2017A FF& C Refunding Bond		2020 FF&C MINET Refunding	
	Principal	Interest	Principal	Interest
2023	\$ 385,000	\$ 128,350	\$ -	\$ 143,050
2024	400,000	116,800	-	143,050
2025	415,000	100,800	-	143,050
2026	430,000	84,200	-	143,050
2027	450,000	67,000	35,000	143,050
2028-32	1,225,000	90,400	1,655,000	615,600
2033-37	-	-	1,930,000	351,000
2038-42	-	-	1,160,000	67,350
	<u>\$ 3,305,000</u>	<u>\$ 587,550</u>	<u>\$ 4,780,000</u>	<u>\$ 1,749,200</u>

Fiscal Year	Total Bonds Payable	
	Principal	Interest
2023	\$ 1,180,000	\$ 854,438
2024	1,235,000	816,318
2025	1,275,000	771,518
2026	1,325,000	724,375
2027	1,355,000	674,773
2028-32	7,620,000	2,561,930
2033-37	5,890,000	1,229,856
2038-42	<u>3,655,000</u>	<u>237,619</u>
	<u>\$ 23,535,000</u>	<u>\$ 7,870,827</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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%.

\$ 50,843

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

2,904,580

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.

539,651

Total notes payable

\$ 3,495,074

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

Fiscal Year	SPWF Loan- Hoffman		2021 IFA SPWF - Indy Landing	
	Principal	Interest	Principal	Interest
2023	\$ 25,400	\$ 2,542	\$ -	\$ 82,200
2024	25,443	1,272	91,332	82,200
2025	-	-	93,916	79,615
2026	-	-	96,574	76,957
2027	-	-	99,307	71,224
2028-32	-	-	540,317	327,340
2033-37	-	-	621,223	246,433
2038-42	-	-	714,245	153,411
2043-47	-	-	647,666	46,462
	<u>\$ 50,843</u>	<u>\$ 3,814</u>	<u>\$ 2,904,580</u>	<u>\$ 1,165,842</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Fiscal Year	2020 Chase Bank (Museum)		Total Notes Payable	
	Principal	Interest	Principal	Interest
2023	\$ 62,808	\$ 10,317	\$ 88,208	\$ 95,059
2024	64,083	9,029	180,858	92,501
2025	65,384	7,715	159,300	87,330
2026	66,711	6,375	163,285	83,332
2027	68,066	5,007	167,373	76,231
2028-32	212,599	6,531	752,916	333,871
2033-37	-	-	621,223	246,433
2038-42	-	-	714,245	153,411
2043-47	-	-	647,666	46,462
	<u>\$ 539,651</u>	<u>\$ 44,974</u>	<u>\$ 3,495,074</u>	<u>\$ 1,214,630</u>

During the year ended June 30, 2022, 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	\$ 2,025,000	\$ -	\$ 80,000	\$ 1,945,000	\$ 85,000
Bond Discount	(10,933)	-	(576)	(10,357)	-
2016A Full Faith & Credit Water Bond	1,075,000	-	55,000	1,020,000	60,000
Bond Premium	48,208	-	3,214	44,994	-
Total Bonds	<u>3,137,275</u>	<u>-</u>	<u>137,638</u>	<u>2,999,637</u>	<u>145,000</u>
Notes Payable					
CWSRF Loan	7,231,342	52,923	-	7,284,265	-
Direct Borrowing					
2018 Chase Bank Loan	<u>656,988</u>	<u>-</u>	<u>74,838</u>	<u>582,150</u>	<u>76,384</u>
Total Notes Payable	<u>7,888,330</u>	<u>52,923</u>	<u>74,838</u>	<u>7,866,415</u>	<u>76,384</u>
Total Bonds, Notes and Leases	11,025,605	52,923	212,476	10,866,052	221,384
Compensated Absences	<u>48,596</u>	<u>25,057</u>	<u>41,836</u>	<u>31,816</u>	<u>21,210</u>
Total Business Activities	<u>\$ 11,074,201</u>	<u>\$ 77,980</u>	<u>\$ 254,312</u>	<u>\$ 10,897,868</u>	<u>\$ 242,594</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

B. Business-type Bonds and Notes Payable

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

\$ 1,945,000

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.

1,020,000

Total bonds payable

\$ 2,965,000

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
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	90,000	54,950	65,000	25,050	155,000	80,000
2027	95,000	52,250	65,000	23,100	160,000	75,350
2028-32	510,000	217,450	370,000	84,300	880,000	301,750
2033-37	590,000	132,625	335,000	25,350	925,000	157,975
2038-42	400,000	28,175	-	-	400,000	28,175
	<u>\$ 1,945,000</u>	<u>\$ 666,050</u>	<u>\$ 1,020,000</u>	<u>\$ 246,150</u>	<u>\$ 2,965,000</u>	<u>\$ 912,200</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

In the event of default, outstanding amounts become immediately due. The loan will be drawn down first. At year-end the City had drawn down: \$ 7,284,265

Direct Borrowings

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

582,150

Total notes payable \$ 7,866,415

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

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

Fiscal Year	2018 Chase Bank Loan	
	Principal	Interest
2023	\$ 76,384	\$ 16,922
2024	78,599	14,707
2025	80,879	12,428
2026	83,224	10,082
2027	85,638	7,669
2028-32	177,426	7,815
	<u>\$ 582,150</u>	<u>\$ 69,623</u>

8. Net Position

The government-wide statement of net position reports \$5,836,688 of restricted net position of which \$3,455,725 is restricted by enabling legislation.

9. Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2022. These deficits will be financed through future revenues.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

<u>Fund</u>	<u>Amount</u>
Urban Renewal Projects Fund	\$ (4,553,923)
Information Services Equipment Fund	\$ (22,212)
Capital Projects Fund	\$ (482,158)

10. Tax Abatements

Polk County negotiates property tax abatement agreements on an individual basis. For the fiscal year ended June 30, 2022, the County had agreements which reduced property taxes levied on 10 properties for certified historic properties and for enterprise zone properties.

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

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

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

Property taxes abated by Polk County for the year ended June 30, 2022, listed by abatement program are as follows:

<u>Abatement Program</u>	<u>Percentage of Taxes Abated</u>	<u>Total Property Taxes Abated</u>	<u>City's Share Taxes Abated</u>
Historic Property	30% - 55%	\$ 6,276	\$ 2,153
Total Abatement		<u>\$ 6,276</u>	<u>\$ 2,153</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, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Financial Statement Presentation

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

	Implicit Rate Subsidy	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 83,673	\$ 83,673
Deferred Outflows of Resources			
Change in Assumptions	14,485	1,646	16,131
Difference in Expected and Actual Experience	7,508	-	7,508
Change in Proportionate Share	-	7,171	7,171
Contributions After MD	2,974	497	3,471
Net OPEB Liability	(287,148)	-	(287,148)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(18,940)	(2,328)	(21,268)
Difference in Earnings	-	(19,885)	(19,885)
Change in Assumptions	(24,399)	(1,245)	(25,644)
Change in Proportionate Share	-	(547)	(547)
OPEB Expense/(Income)*	28,115	(10,410)	17,705

*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>.

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.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

As of the valuation date of July 1, 2020, the following employees were covered by the benefit terms:

Active employees	39
Eligible retirees	1
Spouses of ineligible retirees	-
Total participants	<u>40</u>

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

The City's total OPEB liability of \$287,148 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2022, the City recognized OPEB expense from this plan of \$28,115. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,508	\$ 18,940
Changes of assumptions	<u>14,485</u>	<u>24,399</u>
Total (prior to post-MD contributions)	21,993	43,339
Contributions subsequent to the MD	<u>2,974</u>	<u>-</u>
Total	<u>\$ 24,967</u>	<u>\$ 43,339</u>

Deferred outflows of resources related to OPEB of \$2,974 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (3,581)
2024	(3,581)
2025	(3,581)
2026	(3,581)
2027	(3,040)
Thereafter	<u>(3,982)</u>
Total	<u>\$ (21,346)</u>

Actuarial Assumptions and Other Inputs

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	2.16 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.</p> <p>Healthcare cost trend rate: Medical and vision: 3.75 percent per year increasing to 5.75 percent.</p> <p>Dental: 4.00 percent per year</p>

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

Changes in the Net OPEB Liability

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

	Net OPEB Liability
Balance as of June 30, 2021	\$ 263,861
Changes for the year:	
Service cost	25,411
Interest on total OPEB liability	6,285
Effect of assumptions changes or inputs	1,453
Benefit payments	<u>(9,862)</u>
Balance as of June 30, 2022	<u><u>\$ 287,148</u></u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Sensitivity of the Total OPEB Liability

The following presents the City's OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Net OPEB Liability	\$ 317,077	\$ 287,148	\$ 259,590

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 244,819	\$ 287,148	\$ 338,686

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/2021-ACFR.pdf>

Benefits Provided

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The City's total for the year ended June 30, 2022 contributions was \$497.

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

At June 30, 2022, the City reported an asset of \$83,673 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2022, the City's proportionate share was 0.024%, which is an decrease from its proportion of 0.030% as of June 30, 2021.

For the year ended June 30, 2022, the City recognized OPEB income from this plan of \$10,410. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,328
Changes of assumptions	1,646	1,245
Net difference between projected and actual earnings on investments	-	19,885
Changes in proportionate share	7,171	547
Total (prior to post-MD contributions)	8,817	24,005
Contributions subsequent to the MD	497	-
Total	<u>\$ 9,314</u>	<u>\$ 24,005</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Deferred outflows of resources related to OPEB of \$497 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (3,308)
2024	(1,058)
2025	(4,539)
2026	(6,283)
2027	-
Total	<u>\$ (15,188)</u>

Actuarial Methods and Assumptions

The total OPEB asset in the December 31, 2019 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 6.90% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

Discount Rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Net OPEB Asset	\$ (73,996)	\$ (83,673)	\$ (91,939)

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2021 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

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

12. Pension Plan

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Annual Comprehensive 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police). 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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

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

Benefit Changes

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

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

Pension Benefits

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

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

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

B. Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2022 were \$768,563, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 25.61 percent for Tier One/Tier Two General Service Member, 25.61 percent for Tier One/Tier Two Police, 18.76 percent for OPSRP Pension Program General Service Members, 23.12 percent for OPSRP Pension Program Police Members.

C. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. The City pays the 6.0 percent employee portion of behalf of members, also. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$210,956 for the year ended June 30, 2022.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month (increased to \$2,535 per month on January 1, 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

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

At June 30, 2022, the City reported a liability of \$4,299,303 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

City's proportion was 0.0359 percent, which was increased from its proportion of 0.0342 measured as of June 30, 2021.

For the year ended June 30, 2022, the City's recognized pension expense of \$714,201. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 402,443	\$ -
Changes of assumptions	1,076,245	11,315
Net difference between projected and actual earnings on investments	-	3,182,740
Changes in proportion	442,459	2,610
Differences between employer contributions and proportionate share of contributions	6,380	129,162
Total (prior to post-MD contributions)	1,927,527	3,325,827
Contributions subsequent to the MD	768,563	-
Total	<u>\$ 2,696,090</u>	<u>\$ 3,325,827</u>

City's contributions subsequent to the measurement date of \$768,563 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (224,377)
2024	(251,552)
2025	(379,855)
2026	(678,654)
2027	136,138
Total	<u>\$ (1,398,300)</u>

E. Actuarial assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

F. Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

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

Assumed Inflation - Mean 2.40%

Depletion Date Projection

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

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

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

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability (asset)	\$ 8,442,802	\$ 4,299,303	\$ 832,698

H. Pension plan fiduciary net position

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

I. Changes in Plan Provisions During to Measurement Period

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

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

J. Changes in Plan Provisions Subsequent to Measurement Date

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

13. Risk Management

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

14. Contingencies and Commitments

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

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

15. Concentration of Credit Risk

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

The total amount loaned to MINET as of June 30, 2022, is shown below:

<u>MINET Loan</u>	<u>Purpose</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Repayment Terms</u>
2017 Full Faith & Credit	Capital/Infrastructure	\$ 1,475,000	0.85% -5.84%	22 years
2015 Full Faith & Credit	Capital/Infrastructure	\$ 2,650,000	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	\$ 3,502,278	2.19%-5.84%	Various

Summarized financial data for MINET is as follows:

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets	\$ 1,445,717	\$ 1,157,084
Capital assets (net of depreciation)	12,547,284	12,951,158
<i>Total Assets</i>	<u>13,993,001</u>	<u>14,108,242</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges for debt refunding	<u>841,680</u>	<u>936,533</u>
LIABILITIES		
Current liabilities	3,601,237	2,574,338
Long-term liabilities	<u>26,578,366</u>	<u>28,370,632</u>
<i>Total Liabilities</i>	<u>30,179,603</u>	<u>30,944,970</u>
NET POSITION		
Net investment in capital assets	(5,966,036)	(6,577,309)
Unrestricted	<u>(9,378,886)</u>	<u>(9,322,886)</u>
<i>Total Net Position</i>	<u>\$ (15,344,922)</u>	<u>\$ (15,900,195)</u>

16. New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*. GASB Statement 87 establishes new standards for accounting and financial reporting for leases by governments. The requirements of this statement are effective for financial statements for fiscal years beginning after December 15, 2019. The City implemented Statement 87 for the year ending June 30, 2022.

17. Prior Period Adjustment

The City discovered an error made in prior periods. Within the City's governmental activities, accrued interest payable was overstated in the amount of \$330,117. Adjustments related to the correction of this error was a decrease in interest payable and an increase in net position both in governmental activities of the City's government-wide financial statements.

The City determined repayment of outstanding receivable balance totaling \$9,405,000 owed from MINET will not be received within the current period. The adjustment is shown on the governmental

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

funds balance sheet in MINET Debt Fund and resulted in an increase in unavailable revenue – loan receivables and a decrease in fund balance.

During the fiscal year, the City reclassified funds held in reserve for PERS liability contributions in the amounts of \$328,247. In prior years, the City had reported the balance as a PERS reserve liability, whereas in the current year the amount is reported as assigned fund balance.

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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 Fund
 - Grants Program Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 2,460,000	\$ 2,460,000	\$ 2,359,474	\$ (100,526)
Franchise fees	837,000	837,000	829,260	(7,740)
Licenses, permits and fees	173,750	173,750	229,954	56,204
Intergovernmental	457,650	457,650	518,994	61,344
Grants and donations	1,600	1,600	-	(1,600)
Fines and forfeitures	158,100	158,100	126,166	(31,934)
Charges for services	101,500	101,500	169,767	68,267
Rent	20,360	20,360	19,712	(648)
Interest revenue	20,500	20,500	12,042	(8,458)
Miscellaneous revenue	21,000	21,000	85,449	64,449
Total revenues	4,251,460	4,251,460	4,350,818	99,358
EXPENDITURES:				
General government	1,807,770	1,738,770	1,560,563	178,207
Public safety	3,606,540	3,539,540	3,121,228	418,312
Community development	511,100	520,100	575,403	(55,303)
Culture and recreation	1,023,780	1,090,780	992,551	98,229
Capital outlay	14,000	14,000	15,741	(1,741)
Debt service:				
Principal	61,560	61,560	61,558	2
Interest	11,580	11,580	11,580	-
Contingency	1,450,000	1,450,000	-	1,450,000
Total expenditures	8,486,330	8,426,330	6,338,624	2,087,706
Revenues over (under) expenditures	(4,234,870)	(4,174,870)	(1,987,806)	2,187,064
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	9,515	9,515	9,515	-
Proceeds from sale of capital asset	-	-	3,051	3,051
Transfers in	3,085,722	3,085,722	3,083,988	(1,734)
Transfers out	(861,880)	(921,880)	(913,635)	8,245
Total other financing sources (uses)	2,233,357	2,173,357	2,182,919	9,562
Net change in fund balance	(2,001,513)	(2,001,513)	195,113	2,196,626
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,001,513	2,001,513	2,217,172	215,659
PRIOR PERIOD ADJUSTMENT	-	-	267,084	267,084
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	2,679,369	\$ 2,679,369
Interfund receivable			3,899,011	
General equipment and vehicle reserve fund			72,431	
Information services equipment fund			(22,212)	
Parks capital reserve fund			401,338	
FUND BALANCE, ENDING GAAP			\$ 7,029,937	

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 1,041,750	\$ 1,041,750	\$ 1,201,561	\$ 159,811
Interest revenue	4,000	4,000	3,283	(717)
Miscellaneous revenue	-	-	142,968	142,968
Total revenues	1,045,750	1,045,750	1,347,812	302,062
EXPENDITURES:				
Personnel service	113,000	113,000	90,559	22,441
Materials and service	255,300	255,300	188,893	66,407
Capital outlay	694,000	694,000	672,762	21,238
Contingency	584,260	584,260	-	584,260
Total expenditures	1,646,560	1,646,560	952,214	694,346
Revenues over (under) expenditure:	(600,810)	(600,810)	395,598	996,408
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(44,590)	(44,590)	(44,587)	3
Transfers in	164,250	164,250	156,005	(8,245)
Transfers out	(283,384)	(283,384)	(283,384)	-
Total other financing sources (uses)	(163,724)	(163,724)	(171,966)	(8,242)
Net change in fund balance	(764,534)	(764,534)	223,632	988,166
FUND BALANCE, BEGINNING - BUDGETARY BASIS	764,534	764,534	652,030	(112,504)
PRIOR PERIOD ADJUSTMENT	-	-	4,605	4,605
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	880,267	\$ 880,267
Interfund loan payable			(141,428)	
FUND BALANCE, ENDING			\$ 738,839	

CITY OF INDEPENDENCE, OREGON
GRANTS PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 1,232,881	\$ 1,232,881	\$ 624,168	\$ (608,713)
Interest revenue	-	-	5,820	5,820
Total revenues	1,232,881	1,232,881	629,988	(602,893)
EXPENDITURES:				
Personnel service	299,000	299,000	119,030	179,970
Materials and service	1,347,100	1,347,100	425,100	922,000
Contingency	1,154,336	1,154,336	-	1,154,336
Total expenditures	2,800,436	2,800,436	544,130	2,256,306
Net changes in fund balances	(1,567,555)	(1,567,555)	85,858	1,653,413
FUND BALANCE, BEGINNING	1,567,555	1,567,555	429,295	(1,138,260)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 515,153	\$ 515,153

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

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

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

NOTES TO SCHEDULE

Changes in Benefit Terms:

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

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2021, annual salary in excess of \$197,730 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF CONTRIBUTIONS - PENSION
For the Last Ten Fiscal Years ¹

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2022	\$ 768,563	\$ 768,563	\$ -	\$ 3,379,700	22.74%
2021	720,689	720,689	-	3,793,030	19.00%
2020	702,449	702,449	-	3,665,402	19.16%
2019	492,899	492,899	-	3,437,258	14.34%
2018	452,305	452,305	-	3,211,306	14.08%
2017	334,614	334,614	-	2,965,410	11.28%
2016	320,569	320,569	-	2,661,504	12.04%
2015	305,990	305,990	-	2,374,283	12.89%
2014	225,441	225,441	-	2,259,338	9.98%

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective	July 2021 - June	July 2019 - June	July 2017 - June	July 2015 - June	July 2013 - June 2015
Actuarial cost method	Entry Age Normal				Projected Unit Credit
Amortization method	Level percentage of payroll				
Asset valuation method	Fair Value				
Remaining amortization periods	20 years				N/A
Actuarial assumptions:					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent			
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent

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

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.02436595%	\$ (83,673)	\$ 3,793,030	-2.21%	183.9%
2020	0.03021349%	(61,563)	3,665,402	-1.68%	150.10%
2019	0.02915515%	(56,338)	3,437,258	-1.64%	144.40%
2018	0.02776841%	(30,997)	3,211,306	-0.97%	124.00%
2017	0.02714883%	(11,330)	2,965,410	-0.38%	108.90%

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

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

NOTES TO SCHEDULE

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2021 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.20 to 6.90 percent and the inflation rate from 2.5 to 2.4 percent. In addition, the healthy healthcare participation and cost trend rates, and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

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

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2022	\$ 497	\$ 497	\$ -	\$ 3,379,700	0.01%
2021	6,846	6,846	-	3,793,030	0.18%
2020	2,158	2,158	-	3,665,402	0.06%
2019	14,450	14,450	-	3,437,258	0.42%
2018	13,446	13,446	-	3,211,306	0.42%
2017	13,516	13,516	-	2,965,410	0.46%

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	December 31, 2011
Actuarial cost method:	Entry Age Normal				Projected Unit Credit
Amortization method:	Level percentage of payroll, closed				
Amortization period:	10 years				
Asset valuation method:	Fair value				
Remaining amortization periods:	10 years		20 years		N/A
Actuarial assumptions					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent		3.75 percent	
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance				

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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Interest	\$ 25,411	\$ 18,835	\$ 16,637	\$ 18,322	\$ 19,773
Interest	6,285	9,593	9,642	9,095	7,422
Differences between economic/demographic gains or losses	-	(23,396)	-	12,511	-
Changes of assumptions	1,453	8,242	9,285	(26,636)	(17,378)
Benefit payment	(9,862)	(9,256)	(16,293)	(16,737)	(12,793)
Net change in total OPEB liability	<u>23,287</u>	<u>4,018</u>	<u>19,271</u>	<u>(3,445)</u>	<u>(2,976)</u>
Total OPEB liability - beginning	<u>263,861</u>	<u>259,843</u>	<u>240,572</u>	<u>244,017</u>	<u>246,993</u>
Total OPEB liability - ending	<u><u>\$ 287,148</u></u>	<u><u>\$ 263,861</u></u>	<u><u>\$ 259,843</u></u>	<u><u>\$ 240,572</u></u>	<u><u>\$ 244,017</u></u>
Covered-employee payroll	\$ 3,379,700	\$ 3,793,030	\$ 3,793,030	\$ 3,665,402	\$ 3,437,258
Total OPEB liability as a percentage of covered-employee payroll	8.50%	6.96%	6.85%	6.56%	7.10%

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

CITY OF INDEPENDENCE
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended June 30, 2022

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, 2022. The City had two supplemental budgets during the year-ended June 30, 2022. Appropriations lapse as of year-end.

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

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund	Community development	\$(60,851)
Information Services Equipment Fund	Materials and services	\$(28,066)
Parks SDC Fund	Materials and services	\$(233)
Water SDC Fund	Materials and services	\$(1,090)
Storm Drain Fund	Capital outlay	\$(14,649)

B. Deficit Fund Balances

At June 30, 2022, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	\$(482,158)
Information Services Equipment Fund	\$(22,212)

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

Economic Development Loan Fund

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

Tourism and Events Fund

This fund accounts for revenues received through various City commissioned or sponsored events. Expenditures directly support those events.

Transportation SDC Fund

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

Parks SDC Fund

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

Debt Service Funds

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

General Obligation Bond Fund

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

Special Assessment Fund

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

Urban Renewal Debt Fund

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

Capital Projects Funds

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

Building Repair & Replacement Fund

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

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CITY OF INDEPENDENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2022

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Building Repair & Replacement - A Capital Project Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 1,126,684	\$ 347,533	\$ 698,748	\$ 2,172,965
Property taxes receivable	-	26,542	-	26,542
Accounts receivable, net	35,507	-	-	35,507
SDC and assessments receivables	-	19,246	-	19,246
Prepays	62,465	-	-	62,465
Loans receivable, net	339,191	-	-	339,191
Due from other funds	300,000	-	-	300,000
Interfund loan receivables	1,615,254	-	-	1,615,254
Total assets	<u>\$ 3,479,101</u>	<u>\$ 393,321</u>	<u>\$ 698,748</u>	<u>\$ 4,571,170</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 54,640	\$ -	\$ 3,754	\$ 58,394
Deposits	400	-	-	400
Interfund loan payable	77,679	-	-	77,679
Total liabilities	<u>132,719</u>	<u>-</u>	<u>3,754</u>	<u>136,473</u>
DEREFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	19,666	-	19,666
Unavailable revenue - loan receivables	339,191	-	-	339,191
Unavailable revenue - SDC and assesments receivables	-	19,246	-	19,246
Total deferred inflows of resources	<u>339,191</u>	<u>38,912</u>	<u>-</u>	<u>378,103</u>
FUND BALANCE:				
Nonspendable:				
Prepaid items	62,465	-	-	62,465
Restricted for:				
System development	1,774,304	-	-	1,774,304
Debt service	-	354,409	-	354,409
Community development	996,647	-	-	996,647
Tourism and events	168,841	-	-	168,841
Assigned to:				
Capital projects	-	-	694,994	694,994
Future PERS liability	4,934	-	-	4,934
Total fund balance	<u>3,007,191</u>	<u>354,409</u>	<u>694,994</u>	<u>4,056,594</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,479,101</u>	<u>\$ 393,321</u>	<u>\$ 698,748</u>	<u>\$ 4,571,170</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, 2022

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Building Repair & Replacement - A Capital Project Fund	Total
REVENUES:				
Property taxes	\$ -	\$ 1,059,387	\$ -	\$ 1,059,387
Transient lodging taxes	204,848	-	-	204,848
Assessments	-	63,332	-	63,332
Rent	4,265	-	-	4,265
Interest revenue	5,826	3,777	2,480	12,083
Miscellaneous revenue	122,245	-	9,872	132,117
Loan repayments	21,764	-	-	21,764
System development charges	566,062	-	-	566,062
Total revenues	925,010	1,126,496	12,352	2,063,858
EXPENDITURES:				
General government	-	-	29,734	29,734
Highways and streets	10,160	-	-	10,160
Culture and recreation	284,074	-	-	284,074
Capital outlay	-	-	278,932	278,932
Debt service:				
Principal	-	674,190	-	674,190
Interest	-	928,454	-	928,454
Total expenditures	294,234	1,602,644	308,666	2,205,544
Revenues over (under) expenditures	630,776	(476,148)	(296,314)	(141,686)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital asset	-	-	327,208	327,208
Transfers in	52,348	436,630	260,000	748,978
Transfers out	(220,703)	-	-	(220,703)
Total other financing sources (uses)	(168,355)	436,630	587,208	855,483
Net change in fund balance	462,421	(39,518)	290,894	713,797
FUND BALANCE, BEGINNING	2,541,020	393,927	404,100	3,339,047
PRIOR PERIOD ADJUSTMENT	3,750	-	-	3,750
FUND BALANCE, ENDING	\$ 3,007,191	\$ 354,409	\$ 694,994	\$ 4,056,594

CITY OF INDEPENDENCE, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2022

	Economic Development Loan Fund	Tourism and Events Fund
ASSETS:		
Cash and cash equivalents	\$ 657,004	\$ 156,133
Accounts receivable, net	-	35,507
Prepays	-	62,465
Loans receivable, net	82,170	-
Due from other funds	-	-
Interfund loan receivables	339,643	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,078,817</u>	<u>\$ 254,105</u>
LIABILITIES:		
Accounts payable and accrued expense:	\$ -	\$ 11,215
Deposits	-	400
Interfund loan payable	-	6,250
	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>17,865</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue- loans receivable	82,170	-
	<u> </u>	<u> </u>
Total deferred inflows of resource:	<u>82,170</u>	<u>-</u>
FUND BALANCE:		
Nonspendable:		
Prepaid items	-	62,465
Restricted for:		
System development	-	-
Community developmen	996,647	-
Tourism and events	-	168,841
Assigned to:		
Future PERS liability	-	4,934
	<u> </u>	<u> </u>
Total fund balance	<u>996,647</u>	<u>236,240</u>
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balanc	<u>\$ 1,078,817</u>	<u>\$ 254,105</u>

Transportation SDC Fund	Parks SDC Fund	Total
\$ 42,685	\$ 270,862	\$ 1,126,684
-	-	35,507
-	-	62,465
164,909	92,112	339,191
300,000	-	300,000
864,871	410,740	1,615,254
<u>\$ 1,372,465</u>	<u>\$ 773,714</u>	<u>\$ 3,479,101</u>
\$ 3,425	\$ 40,000	\$ 54,640
-	-	400
-	71,429	77,679
<u>3,425</u>	<u>111,429</u>	<u>132,719</u>
<u>164,909</u>	<u>92,112</u>	<u>339,191</u>
<u>164,909</u>	<u>92,112</u>	<u>339,191</u>
-	-	62,465
1,204,131	570,173	1,774,304
-	-	996,647
-	-	168,841
-	-	4,934
<u>1,204,131</u>	<u>570,173</u>	<u>3,007,191</u>
<u>\$ 1,372,465</u>	<u>\$ 773,714</u>	<u>\$ 3,479,101</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, 2022

	Economic Development Loan Fund	Tourism and Events Fund
REVENUES:		
Transient lodging taxes	\$ -	\$ 204,848
Rent	-	4,265
Interest revenue	3,079	542
Miscellaneous revenue	-	122,245
Loan repayments	21,764	-
System development charges	-	-
	<u>24,843</u>	<u>331,900</u>
EXPENDITURES:		
Highways and streets	-	-
Culture and recreation	-	243,841
	<u>-</u>	<u>243,841</u>
Total expenditures	-	243,841
	<u>24,843</u>	<u>88,059</u>
Revenues over (under) expenditures		
	<u>24,843</u>	<u>88,059</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	2,348	50,000
Transfers out	(25,000)	(47)
	<u>(22,652)</u>	<u>49,953</u>
Total other financing sources (uses)	(22,652)	49,953
	<u>2,191</u>	<u>138,012</u>
Net change in fund balance	2,191	138,012
FUND BALANCE, BEGINNING	994,456	94,478
Prior period adjustment	-	3,750
	<u>-</u>	<u>3,750</u>
FUND BALANCE, ENDING	<u>\$ 996,647</u>	<u>\$ 236,240</u>

Transportation SDC Fund	Parks SDC Fund	Total
\$ -	\$ -	\$ 204,848
-	-	4,265
1,276	929	5,826
-	-	122,245
-	-	21,764
274,692	291,370	566,062
275,968	292,299	925,010
10,160	-	10,160
-	40,233	284,074
10,160	40,233	294,234
265,808	252,066	630,776
-	-	52,348
(62,166)	(133,490)	(220,703)
(62,166)	(133,490)	(168,355)
203,642	118,576	462,421
1,000,489	451,597	2,541,020
-	-	3,750
\$ 1,204,131	\$ 570,173	\$ 3,007,191

CITY OF INDEPENDENCE, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2022

	General Obligation Bond Fund	Special Assessment Fund	Urban Renewal Debt Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	\$ 222,458	\$ 62,376	\$ 62,699	\$ 347,533
Property taxes receivable	10,868	-	15,674	26,542
SDC and assessments receivables	-	19,246	-	19,246
Total assets	<u>\$ 233,326</u>	<u>\$ 81,622</u>	<u>\$ 78,373</u>	<u>\$ 393,321</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue- property taxes	\$ 8,113	\$ -	\$ 11,553	\$ 19,666
Unavailable revenue- assessments	-	19,246	-	19,246
Total deferred inflows of resources	<u>8,113</u>	<u>19,246</u>	<u>11,553</u>	<u>38,912</u>
FUND BALANCE:				
Restricted for:				
Debt service	<u>225,213</u>	<u>62,376</u>	<u>66,820</u>	<u>354,409</u>
Total fund balance	<u>225,213</u>	<u>62,376</u>	<u>66,820</u>	<u>354,409</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 233,326</u>	<u>\$ 81,622</u>	<u>\$ 78,373</u>	<u>\$ 393,321</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, 2022

	General Obligation Bond Fund	Special Assessment Fund	Urban Renewal Debt Fund	Total
REVENUES:				
Property taxes	\$ 406,641	\$ -	\$ 652,746	\$ 1,059,387
Assessments	-	63,332	-	63,332
Interest revenue	1,817	171	1,789	3,777
Total revenues	408,458	63,503	654,535	1,126,496
EXPENDITURES:				
Debt service:				
Principal	245,000	24,190	405,000	674,190
Interest	150,669	3,752	774,033	928,454
Total expenditures	395,669	27,942	1,179,033	1,602,644
Revenues over (under) expenditures	12,789	35,561	(524,498)	(476,148)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,000	422,630	436,630
Total other financing sources (uses)	-	14,000	422,630	436,630
Net change in fund balance	12,789	49,561	(101,868)	(39,518)
FUND BALANCE, BEGINNING	212,424	12,815	168,688	393,927
FUND BALANCE, ENDING	<u>\$ 225,213</u>	<u>\$ 62,376</u>	<u>\$ 66,820</u>	<u>\$ 354,409</u>

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2022

	General Fund - Budgetary Basis	General Equipment & Vehicle Reserve Fund - Budgetary Basis	Information Services Equipment Fund - Budgetary Basis	Parks Capital Reserve Fund- Budgetary Basis	Total General Fund - Budgetary Basis
ASSETS:					
Cash and cash equivalents	\$ 2,797,553	\$ 72,431	\$ -	\$ 401,338	\$ 3,271,322
Property taxes receivable	61,857	-	-	-	61,857
Accounts receivable, net	154,757	-	-	-	154,757
Leases receivable	63,796	-	-	-	63,796
Prepays	81,342	-	52,911	-	134,253
Due from other funds	73,928	-	-	-	73,928
Interfund loan receivables	3,899,011	-	-	-	3,899,011
Total assets	<u>\$ 7,132,244</u>	<u>\$ 72,431</u>	<u>\$ 52,911</u>	<u>\$ 401,338</u>	<u>\$ 7,658,924</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 49,781	\$ -	\$ 1,195	\$ -	\$ 50,976
Deposits	141,500	-	-	-	141,500
Due to other funds	-	-	73,928	-	73,928
Unearned revenue	235,943	-	-	-	235,943
Total liabilities	<u>427,224</u>	<u>-</u>	<u>75,123</u>	<u>-</u>	<u>502,347</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	46,319	-	-	-	46,319
Unavailable revenue - municipal court receivables	16,525	-	-	-	16,525
Unavailable revenue - leases receivable	63,796	-	-	-	63,796
Total deferred inflows of resources	<u>126,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,640</u>
FUND BALANCE:					
Nonspendable:					
Prepaid items	81,342	-	52,911	-	134,253
Loan receivable	3,899,011	-	-	-	3,899,011
Committed to:					
Equipment and vehicle replacement	-	72,431	-	-	72,431
Park maintenance	-	-	-	401,338	401,338
Assigned to:					
Future PERS liability	327,210	-	-	-	327,210
Unassigned	2,270,817	-	(75,123)	-	2,195,694
Total fund balance	<u>6,578,380</u>	<u>72,431</u>	<u>(22,212)</u>	<u>401,338</u>	<u>7,029,937</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 7,132,244</u>	<u>\$ 72,431</u>	<u>\$ 52,911</u>	<u>\$ 401,338</u>	<u>\$ 7,658,924</u>

CITY OF INDEPENDENCE, OREGON
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

	General Fund - Budgetary Basis	General Equipment & Vehicle Reserve Fund - Budgetary Basis	Information Services Equipment Fund - Budgetary Basis	Parks Capital Reserve Fund- Budgetary Basis	Total General Fund - Budgetary Basis
REVENUES:					
Property taxes	\$ 2,359,474	\$ -	\$ -	\$ -	\$ 2,359,474
Franchise fees	829,260	-	-	-	829,260
Licenses, permits and fees	229,954	-	-	-	229,954
Intergovernmental	518,994	-	-	-	518,994
Fines and forfeitures	126,166	-	-	-	126,166
Charges for services	169,767	-	-	-	169,767
Rent	19,712	-	-	-	19,712
Interest revenue	12,042	204	-	1,428	13,674
Miscellaneous revenue	85,449	-	-	-	85,449
Total revenues	4,350,818	204	-	1,428	4,352,450
EXPENDITURES:					
General government	1,560,563	-	148,066	-	1,708,629
Public safety	3,121,228	-	-	-	3,121,228
Community development	575,403	-	-	-	575,403
Culture and recreation	992,551	-	-	-	992,551
Capital outlay	15,741	-	27,040	17,502	60,283
Debt service:					
Principal	61,558	-	-	-	61,558
Interest	11,580	-	-	-	11,580
Total expenditures	6,338,624	-	175,106	17,502	6,531,232
Revenues over (under) expenditures	(1,987,806)	204	(175,106)	(16,074)	(2,178,782)
OTHER FINANCING SOURCES (USES):					
Interfund loan proceeds	9,515	-	-	-	9,515
Proceeds from sale of capital asset	3,051	-	-	-	3,051
Transfers in	3,083,988	50,000	115,000	175,000	3,423,988
Transfers out	(913,635)	-	-	-	(913,635)
Total other financing sources (uses)	2,182,919	50,000	115,000	175,000	2,522,919
Net change in fund balance	195,113	50,204	(60,106)	158,926	344,137
FUND BALANCE, BEGINNING -BUDGETARY	2,217,172	22,227	37,894	242,412	2,519,705
PRIOR PERIOD ADJUSTMENT	267,084	-	-	-	267,084
FUND BALANCE, ENDING - BUDGETARY BASIS	2,679,369	72,431	(22,212)	401,338	3,130,926
Interfund receivable	3,899,011	-	-	-	3,899,011
FUND BALANCE, ENDING	<u>\$ 6,578,380</u>	<u>\$ 72,431</u>	<u>\$ (22,212)</u>	<u>\$ 401,338</u>	<u>\$ 7,029,937</u>

BUDGETARY COMPARISON SCHEDULES

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

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

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

Governmental Budgetary Comparison schedules included the following:

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

**CITY OF INDEPENDENCE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022**

	Budget			Variance with
	Original	Final	Actual	Final Budget
Police operations:				
Personnel service	\$ 2,925,000	\$ 2,858,000	\$ 2,544,003	\$ 313,997
Materials and service	598,390	598,390	510,990	87,400
Subtotal	3,523,390	3,456,390	3,054,993	401,397
Municipal court:				
Personnel service	55,500	55,500	51,224	4,276
Materials and service	27,650	27,650	15,011	12,639
Subtotal	83,150	83,150	66,235	16,915
Administration & finance services:				
Personnel service	945,000	882,000	787,577	94,423
Materials and service	368,500	368,500	362,367	6,133
Subtotal	1,313,500	1,250,500	1,149,944	100,556
Parks:				
Personnel services	75,000	75,000	61,963	13,037
Materials and service	181,100	181,100	155,072	26,028
Subtotal	256,100	256,100	217,035	39,065
Community development:				
Personnel service	149,000	152,000	153,440	(1,440)
Materials and service	31,750	31,750	91,161	(59,411)
Subtotal	180,750	183,750	244,601	(60,851)
Library:				
Personnel service	436,000	471,000	454,547	16,453
Materials and service	123,750	123,750	102,251	21,499
Subtotal	559,750	594,750	556,798	37,952
Museum:				
Personnel service	114,000	146,000	135,033	10,967
Materials and service	35,530	35,530	33,913	1,617
Subtotal	149,530	181,530	168,946	12,584
Pool:				
Materials and service	58,400	58,400	49,772	8,628
Subtotal	58,400	58,400	49,772	8,628
Economic development:				
Personnel service	259,000	265,000	259,039	5,961
Materials and service	71,350	71,350	71,763	(413)
Subtotal	330,350	336,350	330,802	5,548
Building inspection:				
Personnel services	250,000	244,000	201,048	42,952
Materials and services	26,470	26,470	18,073	8,397
Subtotal	276,470	270,470	219,121	51,349
Information technology:				
Personnel services	188,000	188,000	171,577	16,423
Materials and services	29,800	29,800	19,921	9,879
Capital outlay	14,000	14,000	15,741	(1,741)
Subtotal	231,800	231,800	207,239	24,561
Non-departmental:				
Debt service	73,140	73,140	73,138	2
Subtotal	73,140	73,140	73,138	2
Total expenditures	\$ 7,036,330	\$ 6,976,330	\$ 6,338,624	\$ 637,706

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 100	\$ 100	\$ 204	\$ 104
Total revenues	100	100	204	104
EXPENDITURES:				
Capital outlay	50,000	50,000	-	50,000
Contingency	22,170	22,170	-	22,170
Total expenditures	72,170	72,170	-	72,170
Revenues over (under) expenditures	(72,070)	(72,070)	204	72,274
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	(22,070)	(22,070)	50,204	72,274
FUND BALANCE, BEGINNING - BUDGETARY BASIS	22,070	22,070	22,227	157
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 72,431	\$ 72,431

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 200	\$ 200	\$ -	\$ (200)
Miscellaneous revenue	2,000	2,000	-	(2,000)
Total revenues	2,200	2,200	-	(2,200)
EXPENDITURES:				
Materials and service	120,000	120,000	148,066	(28,066)
Capital outlay	35,000	35,000	27,040	7,960
Contingency	5,896	5,896	-	5,896
Total expenditures	160,896	160,896	175,106	(14,210)
Revenues over (under) expenditures	(158,696)	(158,696)	(175,106)	(16,410)
OTHER FINANCING SOURCES (USES):				
Transfers in	105,000	105,000	115,000	10,000
Total other financing sources (uses)	105,000	105,000	115,000	10,000
Net change in fund balance	(53,696)	(53,696)	(60,106)	(6,410)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	53,696	53,696	37,894	(15,802)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ (22,212)	\$ (22,212)

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Grants and donations	\$ 108,000	\$ 108,000	\$ -	\$ (108,000)
Interest revenue	1,000	1,000	1,428	428
Total revenues	109,000	109,000	1,428	(107,572)
EXPENDITURES:				
Materials and service	20,000	20,000	-	20,000
Capital outlay	269,000	269,000	17,502	251,498
Contingency	264,075	264,075	-	264,075
Total expenditures	553,075	553,075	17,502	535,573
Revenues over (under) expenditures	(444,075)	(444,075)	(16,074)	428,001
OTHER FINANCING SOURCES (USES):				
Transfers in	175,000	175,000	175,000	-
Total other financing sources (uses)	175,000	175,000	175,000	-
Net change in fund balance	(269,075)	(269,075)	158,926	428,001
FUND BALANCE, BEGINNING - BUDGETARY BASIS	269,075	269,075	242,412	(26,663)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 401,338	\$ 401,338

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 797,435	\$ 797,435	\$ 797,435	\$ -
Total revenues	797,435	797,435	797,435	-
EXPENDITURES:				
Debt service:				
Principal	297,435	297,435	500,000	(202,565) *
Interest	500,000	500,000	297,435	202,565 *
Total expenditures	797,435	797,435	797,435	-
Net change in fund balance	-	-	-	-
FUND BALANCE, BEGINNING- BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Loan receivable			8,905,000	
Unavailable revenue - loan receivables			<u>(8,905,000)</u>	
FUND BALANCE, ENDING			<u>\$ -</u>	

* Appropriated together as debt service.

CITY OF INDEPENDENCE, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Grants and donations	\$ 1,750,000	\$ 1,750,000	\$ 1,039,180	\$ (710,820)
Interest revenue	500	500	-	(500)
Miscellaneous revenue	-	-	66,280	66,280
Total revenues	1,750,500	1,750,500	1,105,460	(645,040)
EXPENDITURES:				
Materials and service	100,000	100,000	100,000	-
Capital outlay	1,650,000	1,650,000	1,522,340	127,660
Contingency	311,500	311,500	-	311,500
Total expenditures	2,061,500	2,061,500	1,622,340	439,160
Revenues over (under) expenditures	(311,000)	(311,000)	(516,880)	(205,880)
OTHER FINANCING SOURCES (USES):				
Transfers in	145,000	145,000	145,000	-
Total other financing sources (uses)	145,000	145,000	145,000	-
Net changes in fund balances	(166,000)	(166,000)	(371,880)	(205,880)
FUND BALANCE, BEGINNING	166,000	166,000	(110,278)	(276,278)
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (482,158)</u>	<u>\$ (482,158)</u>

CITY OF INDEPENDENCE, OREGON
URBAN RENEWAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 194,700	\$ 194,700	\$ 219,283	\$ 24,583
Interest revenue	1,200	1,200	2,227	1,027
Total revenues	195,900	195,900	221,510	25,610
EXPENDITURES:				
Materials and service	500	500	439	61
Contingency	1,642,248	1,642,248	-	1,642,248
Total expenditures	1,642,748	1,642,748	439	1,642,309
Revenues over (under) expenditures	(1,446,848)	(1,446,848)	221,071	1,667,919
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(275,600)	(275,600)	(275,599)	1
Total other financing sources (uses)	(275,600)	(275,600)	(275,599)	1
Net change in fund balance	(1,722,448)	(1,722,448)	(54,528)	1,667,920
FUND BALANCE, BEGINNING BUDGETARY BASIS	1,722,448	1,722,448	1,918,106	195,658
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	1,863,578	<u>\$ 1,863,578</u>
Interfund loan payable			(6,416,127)	
FUND BALANCE, ENDING			<u>\$ (4,552,549)</u>	

CITY OF INDEPENDENCE, OREGON
ECONOMIC DEVELOPMENT LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 2,500	\$ 2,500	\$ 3,079	\$ 579
Loan repayments	22,960	22,960	21,764	(1,196)
Total revenues	25,460	25,460	24,843	(617)
EXPENDITURES:				
Materials and service	250,000	250,000	-	250,000
Contingency	386,003	386,003	-	386,003
Total expenditures	636,003	636,003	-	636,003
Revenues over (under) expenditures	(610,543)	(610,543)	24,843	635,386
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	132,170	132,170	132,169	(1)
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	107,170	107,170	107,169	(1)
Net change in fund balance	(503,373)	(503,373)	132,012	635,385
FUND BALANCE, BEGINNING - BUDGETARY BASIS	503,373	503,373	524,992	21,619
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	657,004	\$ 657,004
Interfund loan receivable			339,643	
FUND BALANCE, ENDING			\$ 996,647	

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Lodging tax	\$ 150,000	\$ 150,000	\$ 204,848	\$ 54,848
Grants and donations	10,000	10,000	-	(10,000)
Rent	1,000	1,000	4,265	3,265
Interest revenue	300	300	542	242
Miscellaneous revenue	15,000	15,000	122,245	107,245
Royalties	2,000	2,000	-	(2,000)
Total revenues	178,300	178,300	331,900	153,600
EXPENDITURES:				
Personnel service	102,000	108,000	106,246	1,754
Materials and service	163,500	157,500	137,595	19,905
Contingency	11,940	11,940	-	11,940
Total expenditures	277,440	277,440	243,841	33,599
Revenues over (under) expenditures	(99,140)	(99,140)	88,059	187,199
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(3,175)	(3,175)	(3,172)	3
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	46,825	46,825	46,828	3
Net change in fund balance	(52,315)	(52,315)	134,887	187,202
FUND BALANCE, BEGINNING - BUDGETARY BASIS	52,315	52,315	103,853	51,538
PRIOR PERIOD ADJUSTMENT	-	-	3,750	3,750
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	242,490	\$ 242,490
Interfund loan payable			(6,250)	
FUND BALANCE, ENDING			\$ 236,240	

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 2,000	\$ 2,000	\$ 1,276	\$ (724)
System development charges	187,220	187,220	274,692	87,472
Total revenues	189,220	189,220	275,968	86,748
EXPENDITURES:				
Materials and service	75,000	75,000	10,160	64,840
Contingency	189,414	189,414	-	189,414
Total expenditures	264,414	264,414	10,160	254,254
Revenues over (under) expenditures	(75,194)	(75,194)	265,808	341,002
OTHER FINANCING SOURCES (USES):				
Transfers out	(62,166)	(62,166)	(62,166)	-
Total other financing sources (uses)	(62,166)	(62,166)	(62,166)	-
Net change in fund balance	(137,360)	(137,360)	203,642	341,002
FUND BALANCE, BEGINNING- BUDGETARY BASIS	137,360	137,360	135,618	(1,742)
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	339,260	<u>\$ 339,260</u>
Interfund loan receivable			864,871	
FUND BALANCE, ENDING			<u>\$ 1,204,131</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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 2,000	\$ 2,000	\$ 929	\$ (1,071)
System development charges	169,325	169,325	291,370	122,045
Total revenues	171,325	171,325	292,299	120,974
EXPENDITURES:				
Materials and service	40,000	40,000	40,233	(233)
Contingency	33,388	33,388	-	33,388
Total expenditures	73,388	73,388	40,233	33,155
Revenues over (under) expenditures	97,937	97,937	252,066	154,129
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(14,716)	(14,716)	(14,714)	2
Transfers out	(133,062)	(133,062)	(133,062)	-
Total other financing sources (uses)	(147,778)	(147,778)	(147,776)	2
Net change in fund balance	(49,841)	(49,841)	104,290	154,131
FUND BALANCE, BEGINNING - BUDGETARY BASIS	49,841	49,841	126,571	76,730
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	230,861	<u>\$ 230,861</u>
Interfund loans			339,312	
FUND BALANCE, ENDING			<u>\$ 570,173</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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 430,500	\$ 430,500	\$ 406,641	\$ (23,859)
Interest revenue	1,500	1,500	1,817	317
Total revenues	432,000	432,000	408,458	(23,542)
EXPENDITURES:				
Debt service:				
Principal	245,000	245,000	245,000	-
Interest	150,670	150,670	150,669	1
Total expenditures	395,670	395,670	395,669	1
Net change in fund balance	36,330	36,330	12,789	(23,541)
FUND BALANCE, BEGINNING	199,342	199,342	212,424	13,082
FUND BALANCE, ENDING	<u>\$ 235,672</u>	<u>\$ 235,672</u>	<u>\$ 225,213</u>	<u>\$ (10,459)</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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Assessments	\$ 15,050	\$ 15,050	\$ 63,332	\$ 48,282
Interest revenue	100	100	171	71
Total revenues	15,150	15,150	63,503	48,353
EXPENDITURES:				
Debt service:				
Principal	24,190	24,190	24,190	-
Interest	3,755	3,755	3,752	3
Contingency	18,334	18,334	-	18,334
Total expenditures	46,279	46,279	27,942	18,337
Revenues over (under) expenditures	(31,129)	(31,129)	35,561	66,690
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	(17,129)	(17,129)	49,561	66,690
FUND BALANCE, BEGINNING	17,129	17,129	12,815	(4,314)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 62,376	\$ 62,376

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 585,000	\$ 658,800	\$ 652,746	\$ (6,054)
Interest revenue	1,500	1,500	1,789	289
Total revenues	586,500	660,300	654,535	(5,765)
EXPENDITURES:				
Debt service:				
Principal	405,000	405,000	405,000	-
Interest	700,260	774,060	774,033	27
Contingency	74,791	74,791	-	74,791
Total expenditures	1,180,051	1,253,851	1,179,033	74,818
Revenues over (under) expenditures	(593,551)	(593,551)	(524,498)	69,053
OTHER FINANCING SOURCES (USES):				
Transfers in	422,630	422,630	422,630	-
Total other financing sources (uses)	422,630	422,630	422,630	-
Net change in fund balance	(170,921)	(170,921)	(101,868)	69,053
FUND BALANCE, BEGINNING	170,921	170,921	168,688	(2,233)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 66,820	\$ 66,820

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 1,000	\$ 1,000	\$ 2,480	\$ 1,480
Miscellaneous revenue	-	-	9,872	9,872
Total revenues	1,000	1,000	12,352	11,352
EXPENDITURES:				
Materials and service	36,000	36,000	29,734	6,266
Capital outlay	30,000	368,000	278,932	89,068
Contingency	275,444	275,444	-	275,444
Total expenditures	341,444	679,444	308,666	370,778
Revenues over (under) expenditures	(340,444)	(678,444)	(296,314)	382,130
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital asset	350,000	350,000	327,208	(22,792)
Transfers in	210,000	260,000	260,000	-
Total other financing sources (uses)	560,000	610,000	587,208	(22,792)
Net change in fund balance	219,556	(68,444)	290,894	359,338
FUND BALANCE, BEGINNING	95,444	383,444	404,100	20,656
FUND BALANCE, ENDING	<u>\$ 315,000</u>	<u>\$ 315,000</u>	<u>\$ 694,994</u>	<u>\$ 379,994</u>

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

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

Enterprise Budgetary Comparison schedules include the following:

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

CITY OF INDEPENDENCE, OREGON
WATER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

	Water Fund	Water SDC Fund	Total Water Operations
REVENUES:			
Charges for services	\$ 2,751,900	\$ -	\$ 2,751,900
Rent	3,209	-	3,209
Interest revenue	7,719	447	8,166
Miscellaneous revenue	5,232	-	5,232
System development charges	-	135,025	135,025
Total revenues	2,768,060	135,472	2,903,532
EXPENDITURES:			
Personnel service	457,181	-	457,181
Materials and service	293,660	141,090	434,750
Capital outlay	227,473	-	227,473
Debt service:			
Principal	219,799	-	219,799
Interest	50,318	-	50,318
Total expenditures	1,248,431	141,090	1,389,521
Revenues over (under) expenditures	1,519,629	(5,618)	1,514,011
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	61,241	31,406	92,647
Interfund loan payments	(12,625)	-	(12,625)
Transfers in	135,305	-	135,305
Transfers out	(1,435,721)	(51,245)	(1,486,966)
Total other financing sources (uses)	(1,251,800)	(19,839)	(1,271,639)
Net change in fund balance	267,829	(25,457)	242,372
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,526,613	98,844	1,625,457
PRIOR PERIOD ADJUSTMENT	23,853	-	23,853
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 1,818,295	\$ 73,387	1,891,682
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(45,888)
Interfund loan			490,840
Loan receivable			102,463
Capital assets, net			6,105,792
OPEB asset			5,996
Deferred outflows related to pensions			193,194
Deferred outflows related to OPEB			2,456
Accrued interest			(4,122)
Loans payable			(1,647,144)
Leases payable			(11,618)
Interfund loan			(12,500)
Net pension liability			(308,075)
OPEB liability			(20,576)
Deferred outflows related to pensions			(238,319)
Deferred outflows related to OPEB			(4,826)
NET POSITION			\$ 6,499,355

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 2,820,500	\$ 2,820,500	\$ 2,751,900	\$ (68,600)
Rent	1,500	1,500	3,209	1,709
Interest revenue	7,000	7,000	7,719	719
Miscellaneous revenue	-	-	5,232	5,232
Total revenues	2,829,000	2,829,000	2,768,060	(60,940)
EXPENDITURES:				
Personnel service	520,000	520,000	457,181	62,819
Materials and service	406,200	409,200	293,660	115,540
Capital outlay	619,000	616,000	227,473	388,527
Debt service:				
Principal	229,235	229,235	219,799	9,436
Interest	51,975	51,975	50,318	1,657
Contingency	996,716	996,716	-	996,716
Total expenditures	2,823,126	2,823,126	1,248,431	1,574,695
Revenues over (under) expenditures	5,874	5,874	1,519,629	1,513,755
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	61,245	61,245	61,241	(4)
Interfund loan payments	(12,625)	(12,625)	(12,625)	-
Transfers in	135,305	135,305	135,305	-
Transfers out	(1,435,721)	(1,435,721)	(1,435,721)	-
Total other financing sources (uses)	(1,251,796)	(1,251,796)	(1,251,800)	(4)
Net change in fund balance	(1,245,922)	(1,245,922)	267,829	1,513,751
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,268,310	1,268,310	1,526,613	258,303
PRIOR PERIOD ADJUSTMENT	-	-	23,853	23,853
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 22,388	\$ 22,388	\$ 1,818,295	\$ 1,795,907

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 2,500	\$ 2,500	\$ 447	\$ (2,053)
System development charges	136,020	136,020	135,025	(995)
Total revenues	138,520	138,520	135,472	(3,048)
EXPENDITURES:				
Materials and service	140,000	140,000	141,090	(1,090)
Contingency	66,239	66,239	-	66,239
Total expenditures	206,239	206,239	141,090	65,149
Revenues over (under) expenditures	(67,719)	(67,719)	(5,618)	62,101
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	31,410	31,410	31,406	(4)
Transfers out	(51,707)	(51,707)	(51,245)	462
Total other financing sources (uses)	(20,297)	(20,297)	(19,839)	458
Net change in fund balance	(88,016)	(88,016)	(25,457)	62,559
FUND BALANCE, BEGINNING - BUDGETARY BASIS	88,016	88,016	98,844	10,828
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 73,387	\$ 73,387

CITY OF INDEPENDENCE, OREGON
SEWER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

	Sewer Fund	Sewer SDC Fund	Total Sewer Operations
REVENUES:			
Charges for services	\$ 2,560,773	\$ -	\$ 2,560,773
Interest revenue	7,351	5,195	12,546
Miscellaneous revenue	1,508	-	1,508
System development charges	-	199,225	199,225
Total revenues	2,569,632	204,420	2,774,052
EXPENDITURES:			
Personnel service	400,092	-	400,092
Materials and service	239,571	72,484	312,055
Capital outlay	21,395	-	21,395
Debt service:			
Principal	80,000	-	80,000
Interest	65,149	-	65,149
Total expenditures	806,207	72,484	878,691
Revenues over (under) expenditures	1,763,425	131,936	1,895,361
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	59,617	87,938	147,555
Issuance of debt	52,923	-	52,923
Transfers out	(1,374,922)	(8,236)	(1,383,158)
Total other financing sources (uses)	(1,262,382)	79,702	(1,182,680)
Net change in fund balance	501,043	211,638	712,681
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,688,975	1,073,648	2,762,623
PRIOR PERIOD ADJUSTMENT	20,933	-	20,933
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 2,210,951	\$ 1,285,286	3,496,237
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(36,626)
Interfund loan			682,064
Loan receivable			150,496
Capital assets, net			11,472,786
OPEB ssset			5,227
Deferred outflows related to pensions			168,436
Deferred outflows related to OPEB			2,142
Accrued interest			(187,334)
Loans payable			(9,218,908)
Leases payable			(11,618)
Net pension liability			(268,595)
OPEB liability			(17,939)
Deferred inflows related to pensions			(207,778)
Deferred inflows related to OPEB			(4,207)
NET POSITION			\$ 6,024,383

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 2,415,000	\$ 2,415,000	\$ 2,560,773	\$ 145,773
Interest revenue	1,000	1,000	7,351	6,351
Miscellaneous revenue	-	-	1,508	1,508
Total revenues	2,416,000	2,416,000	2,569,632	153,632
EXPENDITURES:				
Personnel service	458,000	458,000	400,092	57,908
Materials and service	268,850	268,850	239,571	29,279
Capital outlay	391,000	391,000	21,395	369,605
Debt service:				
Principal	80,000	80,000	80,000	-
Interest	65,150	65,150	65,149	1
Contingency	2,700,331	2,700,331	-	2,700,331
Total expenditures	3,963,331	3,963,331	806,207	3,157,124
Revenues over (under) expenditures	(1,547,331)	(1,547,331)	1,763,425	3,310,756
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	59,620	59,620	59,617	(3)
Issuance of debt	1,500,000	1,500,000	52,923	(1,447,077)
Transfers out	(1,374,922)	(1,374,922)	(1,374,922)	-
Total other financing sources (uses)	184,698	184,698	(1,262,382)	(1,447,080)
Net change in fund balance	(1,362,633)	(1,362,633)	501,043	1,863,676
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,488,413	1,488,413	1,688,975	200,562
PRIOR PERIOD ADJUSTMENT	-	-	20,933	20,933
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 125,780	\$ 125,780	\$ 2,210,951	\$ 2,085,171

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 9,000	\$ 9,000	\$ 5,195	\$ (3,805)
System development charges	176,820	176,820	199,225	22,405
Total revenues	185,820	185,820	204,420	18,600
EXPENDITURES:				
Materials and service	100,000	100,000	72,484	27,516
Contingency	1,145,440	1,145,440	-	1,145,440
Total expenditures	1,245,440	1,245,440	72,484	1,172,956
Revenues over (under) expenditures	(1,059,620)	(1,059,620)	131,936	1,191,556
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	87,940	87,940	87,938	(2)
Transfers out	(8,236)	(8,236)	(8,236)	-
Total other financing sources (uses)	79,704	79,704	79,702	(2)
Net change in fund balance	(979,916)	(979,916)	211,638	1,191,554
FUND BALANCE, BEGINNING - BUDGETARY BASIS	979,916	979,916	1,073,648	93,732
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 1,285,286	\$ 1,285,286

CITY OF INDEPENDENCE, OREGON
STORM DRAIN OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

	Storm Drain Fund	Storm Drain SDC Fund	Total Storm Drain Operations
REVENUES:			
Charges for services	\$ 654,198	\$ -	\$ 654,198
Interest revenue	1,108	1,356	2,464
System development charges	-	41,669	41,669
Total revenues	655,306	43,025	698,331
EXPENDITURES:			
Personnel service	150,712	-	150,712
Materials and service	66,959	-	66,959
Capital outlay	218,649	-	218,649
Total expenditures	436,320	-	436,320
Revenues over (under) expenditures	218,986	43,025	262,011
OTHER FINANCING SOURCES (USES):			
Interfund loan payments	(31,191)	-	(31,191)
Transfers out	(314,199)	(5,358)	(319,557)
Total other financing sources (uses)	(345,390)	(5,358)	(350,748)
Net change in fund balance	(126,404)	37,667	(88,737)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	374,887	285,080	659,967
PRIOR PERIOD ADJUSTMENT	8,023	-	8,023
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 256,506</u>	<u>\$ 322,747</u>	579,253
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(11,648)
Interfund loan			29,317
Loan receivable			20,143
Capital assets, net			933,529
OPEB asset			1,949
Deferred outflows related to pensions			62,787
Deferred outflows related to OPEB			798
Leases payable			(11,618)
Interfund loan			(68,750)
Net pension liability			(100,123)
OPEB liability			(6,687)
Deferred inflows related to pension			(77,453)
Deferred inflows related to OPEB			(1,568)
NET POSITION			<u>\$ 1,349,929</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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 658,000	\$ 658,000	\$ 654,198	\$ (3,802)
Interest revenue	1,000	1,000	1,108	108
Total revenues	659,000	659,000	655,306	(3,694)
EXPENDITURES:				
Personnel service	177,000	174,000	150,712	23,288
Materials and service	114,600	117,600	66,959	50,641
Capital outlay	204,000	204,000	218,649	(14,649)
Contingency	58,464	58,464	-	58,464
Total expenditures	554,064	554,064	436,320	117,744
Revenues over (under) expenditures	104,936	104,936	218,986	114,050
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(31,135)	(31,135)	(31,191)	(56)
Transfers out	(314,199)	(314,199)	(314,199)	-
Total other financing sources (uses)	(345,334)	(345,334)	(345,390)	(56)
Net change in fund balance	(240,398)	(240,398)	(126,404)	113,994
FUND BALANCE, BEGINNING - BUDGETARY BASIS	240,458	240,458	374,887	134,429
PRIOR PERIOD ADJUSTMENT	-	-	8,023	8,023
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 60	\$ 60	\$ 256,506	\$ 256,446

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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 1,500	\$ 1,500	\$ 1,356	\$ (144)
System development charges	64,340	64,340	41,669	(22,671)
Total revenues	65,840	65,840	43,025	(22,815)
EXPENDITURES:				
Materials and service	150,000	150,000	-	150,000
Contingency	184,261	184,261	-	184,261
Total expenditures	334,261	334,261	-	334,261
Revenues over (under) expenditures	(268,421)	(268,421)	43,025	311,446
OTHER FINANCING SOURCES (USES):				
Transfers out	(6,631)	(6,631)	(5,358)	1,273
Total other financing sources (uses)	(6,631)	(6,631)	(5,358)	1,273
Net change in fund balance	(275,052)	(275,052)	37,667	312,719
FUND BALANCE, BEGINNING - BUDGETARY BASIS	275,053	275,053	285,080	10,027
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 1	\$ 1	\$ 322,747	\$ 322,746

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STATISTICAL SECTION

STATISTICAL SECTION

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

CONTENTS

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

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

	2022	2021	2020	2019	2018
Governmental activities:					
Net investment in capital assets	\$ 9,503,825	\$ 6,318,721	\$ 5,923,500	\$ 7,600,589	\$ 7,600,589
Restricted for special purposes	4,117,626	11,251,013	11,526,316	8,699,117	8,841,429
Unrestricted	(1,566,056)	(10,030,635)	(8,991,769)	(11,828,745)	(14,116,395)
Total governmental activities net position	<u>\$ 12,055,395</u>	<u>\$ 7,539,099</u>	<u>\$ 8,458,047</u>	<u>\$ 4,470,961</u>	<u>\$ 2,325,623</u>
Business-type activities:					
Net investment in capital assets	\$ 7,611,201	\$ 7,522,230	\$ 8,523,341	\$ 7,456,240	\$ 8,572,939
Restricted for special purposes	1,694,592	1,457,572	1,760,621	3,047,642	2,035,952
Unrestricted	4,567,874	4,253,839	2,291,202	1,637,277	1,544,702
Total business-type activities net position	<u>\$ 13,873,667</u>	<u>\$ 13,233,641</u>	<u>\$ 12,575,164</u>	<u>\$ 12,141,159</u>	<u>\$ 12,153,593</u>
Primary government:					
Net investment in capital assets	\$ 17,115,026	\$ 13,840,951	\$ 14,446,841	\$ 15,056,829	\$ 16,173,528
Restricted for special purposes	5,812,218	12,708,585	13,286,937	11,746,759	10,877,381
Unrestricted	3,001,818	(5,776,796)	(6,700,567)	(10,191,468)	(12,571,693)
Total primary government net position	<u>\$ 25,929,062</u>	<u>\$ 20,772,740</u>	<u>\$ 21,033,211</u>	<u>\$ 16,612,120</u>	<u>\$ 14,479,216</u>

* Modified Cash Basis

Source: City of Independence Annual Financial Reports

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

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

	2022	2021	2020	2019	2018
EXPENSES					
Governmental activities:					
General government	\$ 2,540,736	\$ 4,173,961	\$ 3,111,872	\$ 2,294,624	\$ 2,705,399
Public safety	3,201,136	3,838,448	3,634,371	3,151,005	3,140,966
Highways and streets	558,117	222,645	491,406	489,319	348,280
Culture and recreation	635,635	1,370,051	1,425,708	1,370,438	1,248,918
Community development	1,502,482	500,698	649,461	694,165	532,557
Interest on long-term debt	937,394	1,344,431	1,179,199	1,203,615	1,272,262
Total governmental activities expenses	9,375,500	11,450,234	10,492,017	9,203,166	9,248,382
Business-type activities:					
Sewer	1,366,184	1,081,503	954,088	1,106,165	886,517
Water	1,038,905	1,070,534	1,123,342	923,467	1,015,831
Storm Drain	322,553	272,685	345,341	349,240	248,498
Total business-type activities expenses	2,727,642	2,424,722	2,422,771	2,378,872	2,150,846
Total expenses	\$ 12,103,142	\$ 13,874,956	\$ 12,914,788	\$ 11,582,038	\$ 11,399,228
PROGRAM REVENUES					
Governmental activities:					
Charges for services					
General Government	\$ 400,970	\$ 213,435	\$ 481,768	\$ 665,614	\$ 47,687
Public Safety	116,832	122,027	161,684	188,962	162,482
Highways and streets	-	-	-	-	-
Culture and recreation	4,265	1,225	(175)	2,185	9,475
Community development	89,059	14,731	149,108	70,773	321,026
Operating grants and contributions	3,681,338	1,597,202	1,479,569	2,100,240	2,108,609
Capital grants and contributions	566,062	1,772,020	1,985,320	1,718,416	239,347
Total governmental activities program revenues	4,858,526	3,720,640	4,257,274	4,746,190	2,888,626
Business-type activities:					
Charges for services	5,980,995	5,810,054	5,914,642	5,445,257	5,322,399
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	355,184	-	-	-	-
Total business-type activities program revenues	6,336,179	5,810,054	5,914,642	5,445,257	5,322,399
Total program revenues	\$ 11,194,705	\$ 9,530,694	\$ 10,171,916	\$ 10,191,447	\$ 8,211,025
Net (Expense)/Revenue					
Governmental activities	\$ (4,516,974)	\$ (7,729,594)	\$ (6,234,744)	\$ (4,456,976)	\$ (6,359,756)
Business-type activities	3,608,537	3,385,332	3,491,871	3,066,385	3,171,553
Total net expense	\$ (908,437)	\$ (4,344,262)	\$ (2,742,873)	\$ (1,390,591)	\$ (3,188,203)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes and assessments	\$ 3,819,888	\$ 3,593,118	\$ 3,231,751	\$ 3,008,161	\$ 2,857,390
Franchise fees	829,260	840,401	817,269	777,739	754,384
Intergovernmental	-	-	-	-	-
Miscellaneous	463,901	108,825	799,661	171,932	629,831
Capital contributions	-	-	-	-	-
Proceeds from sale of assets	263,393	-	-	-	-
Transfers	3,051,293	2,748,302	3,113,149	3,144,482	3,050,853
Total governmental activities	8,427,735	7,290,646	7,961,830	7,102,314	7,292,458
Business-type activities:					
Miscellaneous	29,916	21,447	55,283	65,663	39,626
Capital contributions	-	-	-	-	-
Transfers	(3,051,293)	(2,748,302)	(3,113,149)	(3,144,482)	(3,050,853)
Total business-type activities	(3,021,377)	(2,726,855)	(3,057,866)	(3,078,819)	(3,011,227)
Total	\$ 5,406,358	\$ 4,563,791	\$ 4,903,964	\$ 4,023,495	\$ 4,281,231
Change in accounting principal and prior period adjustments	\$ 658,401	\$ (480,000)	\$ 2,260,000	\$ (500,000)	\$ 1,498,130
Change in Net Position					
Governmental activities	3,910,761	(438,948)	1,727,086	2,645,338	932,702
Business-type activities	587,160	658,477	434,005	(12,434)	160,326
Total	\$ 5,156,322	\$ (260,471)	\$ 4,421,091	\$ 2,132,904	\$ 2,591,158

*Modified Cash Basis

Source: City of Independence Annual Financial Reports

2017	2016	2015	2014	2013*
\$ 2,485,423	\$ 2,620,796	\$ 1,707,068	\$ 1,611,602	\$ 1,206,797
2,995,454	3,382,690	2,188,843	2,334,198	2,233,640
482,086	603,939	262,555	397,394	200,845
996,997	836,864	578,362	673,431	632,274
642,575	477,766	834,303	1,111,469	1,789,060
1,226,811	1,300,778	1,572,457	1,516,687	849,221
8,829,346	9,222,833	7,143,588	7,644,781	6,911,837
905,802	989,603	789,521	700,064	852,976
1,053,187	802,403	678,701	697,000	1,097,348
321,749	270,790	195,612	182,306	195,624
2,280,738	2,062,796	1,663,834	1,579,370	2,145,948
\$ 11,110,084	\$ 11,285,629	\$ 8,807,422	\$ 9,224,151	\$ 9,057,785
\$ 227,975	\$ 53,619	\$ 157,987	\$ 66,517	\$ 48,379
137,321	159,084	156,002	136,690	191,118
1,070	-	453,406	72,952	7,112
7,708	84,317	168,782	139,067	88,237
60,687	152,517	237,163	229,167	674,258
1,551,797	1,118,133	173,190	384,325	689,067
296,561	932,146	14,126	4,901	685,210
2,283,119	2,499,816	1,360,656	1,033,619	2,383,381
4,908,134	4,696,232	5,669,838	3,985,214	3,522,844
-	-	-	-	-
-	91,652	83,727	-	16,720
4,908,134	4,787,884	5,753,565	3,985,214	3,539,564
\$ 7,191,253	\$ 7,287,700	\$ 7,114,221	\$ 5,018,833	\$ 5,922,945
\$ (6,546,227)	\$ (6,723,017)	\$ (5,782,932)	\$ (6,611,162)	\$ (4,528,456)
2,627,396	2,725,088	4,089,731	2,405,844	1,393,616
\$ (3,918,831)	\$ (3,997,929)	\$ (1,693,201)	\$ (4,205,318)	\$ (3,134,840)
\$ 2,730,220	\$ 2,598,269	\$ 2,467,848	\$ 2,412,538	\$ 2,347,911
636,597	628,850	610,168	631,682	542,630
-	-	1,432,080	1,398,173	893,622
178,128	104,183	169,553	191,345	154,824
-	-	(5,200,000)	-	-
-	-	-	-	-
2,733,658	2,797,199	(130,073)	1,908,380	1,651,073
6,278,603	6,128,501	(650,424)	6,542,118	5,590,060
21,124	12,601	262	44,772	632
-	-	(1,394,884)	-	-
(2,733,658)	(2,797,199)	130,073	(1,908,380)	(1,651,073)
(2,712,534)	(2,784,598)	(1,264,549)	(1,863,608)	(1,650,441)
\$ 3,566,069	\$ 3,343,903	\$ (1,914,973)	\$ 4,678,510	\$ 3,939,619
\$ -	\$ -	\$ -	\$ -	\$ -
(267,624)	(594,516)	(6,433,356)	(69,044)	1,061,604
(85,138)	(59,510)	2,825,182	542,236	(256,825)
\$ (352,762)	\$ (654,026)	\$ (3,608,174)	\$ 473,192	\$ 804,779

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund:					
Nonspendable	\$ 4,033,264	\$ 4,047,131	\$ 4,058,702	\$ 4,073,171	\$ 4,003,462
Restricted	-	-	-	-	-
Committed	473,769	247,414	187,773	122,704	157,755
Assigned	327,210	-	-	-	-
Unassigned	2,195,694	2,133,546	3,119,954	1,733,479	1,253,348
Total General Fund	<u>\$ 7,029,937</u>	<u>\$ 6,428,091</u>	<u>\$ 7,366,429</u>	<u>\$ 5,929,354</u>	<u>\$ 5,414,565</u>
Special Revenue Funds:					
Nonspendable	\$ 64,667	\$ 28,742	\$ 9,142	\$ 20,325	\$ 7,831
Restricted	3,670,848	-	-	-	-
Committed	-	-	-	-	-
Assigned	525,668	994,456	1,165,144	874,268	970,499
Unassigned	-	961,972	367,033	358,508	(490,162)
Total Special Revenue Funds	<u>\$ 4,261,183</u>	<u>\$ 1,985,170</u>	<u>\$ 1,541,319</u>	<u>\$ 1,253,101</u>	<u>\$ 488,168</u>
Debt Service Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	354,409	9,798,927	10,137,539	7,812,991	8,286,707
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	f -
Total Debt Service Funds	<u>\$ 354,409</u>	<u>\$ 9,798,927</u>	<u>\$ 10,137,539</u>	<u>\$ 7,812,991</u>	<u>\$ 8,286,707</u>
Capital Projects Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	1,452,086	1,388,777	991,356	554,722
Committed	-	-	-	-	-
Assigned	694,994	293,822	318,943	-	82,786
Unassigned	(5,034,707)	(4,769,450)	(5,141,144)	(6,338,767)	(6,716,183)
Total Capital Projects Funds	<u>\$ (4,339,713)</u>	<u>\$ (3,023,542)</u>	<u>\$ (3,433,424)</u>	<u>\$ (5,347,411)</u>	<u>\$ (6,078,675)</u>
All Governmental Funds:					
Nonspendable	\$ 4,097,931	\$ 4,075,873	\$ 4,067,844	\$ 4,093,496	\$ 4,011,293
Restricted	4,025,257	11,251,013	11,526,316	8,804,347	8,841,429
Committed	473,769	247,414	187,773	122,704	157,755
Assigned	1,547,872	1,288,278	1,484,087	874,268	1,053,285
Unassigned	(2,839,013)	(1,673,932)	(1,654,157)	(4,246,780)	(5,952,997)
Total All Governmental Funds	<u>\$ 7,305,816</u>	<u>\$ 15,188,646</u>	<u>\$ 15,611,863</u>	<u>\$ 9,648,035</u>	<u>\$ 8,110,765</u>

Note: Significant differences primarily in restricted and unassigned fund balances are due to a prior period adjustment to restate 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

2017	2016	2015	2014	2013*
\$ 129,855	\$ 73,518	\$ 40,259	\$ -	\$ -
-	-	-	-	-
117,986	72,233	34,322	25,898	-
-	-	-	-	-
825,699	1,099,844	1,051,790	1,254,205	-
<u>\$ 1,073,540</u>	<u>\$ 1,245,595</u>	<u>\$ 1,126,371</u>	<u>\$ 1,280,103</u>	<u>\$ -</u>
\$ 28,216	\$ 39,020	\$ 40,814	\$ -	\$ -
-	-	-	-	76,201
-	-	-	-	-
1,044,566	1,071,566	1,324,312	1,027,370	13,498
(179,561)	(309,000)	(174,381)	(151,721)	-
<u>\$ 893,221</u>	<u>\$ 801,586</u>	<u>\$ 1,190,745</u>	<u>\$ 875,649</u>	<u>\$ 89,699</u>
\$ -	\$ -	\$ -	\$ -	\$ -
6,698,156	6,622,369	111,416	392,938	112,937
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 6,698,156</u>	<u>\$ 6,622,369</u>	<u>\$ 111,416</u>	<u>\$ 392,938</u>	<u>\$ 112,937</u>
\$ -	\$ 980	\$ -	\$ -	\$ -
499,678	442,107	389,810	-	-
-	-	-	-	-
112,101	94,832	-	148,959	457,885
(3,158,971)	(2,993,059)	(2,446,459)	(2,100,118)	(362,679)
<u>\$ (2,547,192)</u>	<u>\$ (2,455,140)</u>	<u>\$ (2,056,649)</u>	<u>\$ (1,951,159)</u>	<u>\$ 95,206</u>
\$ 158,071	\$ 113,518	\$ 81,073	\$ -	\$ -
7,197,834	7,064,476	501,226	392,938	189,138
117,986	72,233	34,322	25,898	-
1,156,667	1,166,398	1,324,312	1,176,329	471,383
(2,512,833)	(2,202,215)	(1,569,050)	(997,634)	(362,679)
<u>\$ 6,117,725</u>	<u>\$ 6,214,410</u>	<u>\$ 371,883</u>	<u>\$ 597,531</u>	<u>\$ 297,842</u>

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

	2022	2021	2020	2019	2018
REVENUES					
Taxes and assessments	\$ 3,906,324	\$ 3,613,523	\$ 3,252,719	\$ 3,116,266	\$ 3,051,952
Licenses and permits	229,954	153,854	353,674	515,603	108,080
Intergovernmental	3,142,158	2,818,244	1,916,506	3,376,594	1,563,249
Franchise fees	829,260	840,401	817,269	777,739	754,384
Charges for services	735,829	525,793	734,602	517,252	126,154
Fines and forfeitures	126,166	116,217	194,337	167,988	166,716
Miscellaneous	1,548,822	311,744	-	234,260	1,375,863
Total Revenues	10,518,513	8,379,776	7,269,107	8,705,702	7,146,398
EXPENDITURES					
Current operating:					
General government	2,235,955	3,394,218	2,618,797	1,677,331	1,676,480
Highways and streets	289,612	293,186	285,467	299,681	263,346
Culture and recreation	1,294,810	1,059,231	1,157,577	1,159,613	1,181,528
Public Safety	3,190,708	3,302,871	3,243,263	3,022,821	2,901,233
Community development	634,715	491,498	646,819	699,295	526,884
Capital outlay	2,534,317	595,466	747,717	1,263,645	2,385,211
Debt service:					
Interest	1,235,748	926,403	987,064	1,020,057	1,927,818
Principal	1,237,469	1,186,829	6,271,371	1,077,396	11,286,072
Total Expenditures	12,653,334	11,249,702	15,958,075	10,219,839	22,148,572
REVENUES OVER (UNDER) EXPENDITURES	(2,134,821)	(2,869,926)	(8,688,968)	(1,514,137)	(15,002,174)
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of capital assets	330,259	-	-	-	-
Transfers in	4,474,111	5,354,218	4,541,466	4,415,144	4,408,328
Transfers out	(1,422,818)	(2,605,916)	(1,428,317)	(1,270,662)	(1,357,475)
Principal payments received	-	-	-	-	-
Issuance of debt	-	178,407	5,946,881	226,848	12,329,361
Capital contributions	-	-	-	180,077	-
Total Other Financing Sources (Uses)	3,381,552	2,926,709	9,060,030	3,551,407	15,380,214
NET CHANGE IN FUND BALANCES	\$ 1,246,731	\$ 56,783	\$ 371,062	\$ 2,037,270	\$ 378,040
Debt service as a percentage of noncapital expenditures	32.65%	60.94%	53.09% *	30.58%	147.89% *

* In instances of debt refunding, percentages are inflated
Source: City of Independence Annual Financial Reports

2017	2016	2015	2014	2013
\$ 2,739,429	\$ 2,810,466	\$ 3,078,693	\$ 2,488,517	\$ 2,366,786
114,567	109,007	334,327	178,113	46,035
1,469,121	1,146,777	1,752,058	2,059,033	2,892,575
636,597	628,850	610,168	631,682	542,630
118,725	97,232	97,878	223,781	91,179
137,984	142,072	122,407	119,180	174,994
628,053	309,224	709,409	243,120	476,793
5,844,476	5,243,628	6,704,940	5,943,426	6,590,992
1,295,846	1,370,608	1,074,133	1,038,201	967,602
400,080	360,566	214,800	202,998	188,691
934,641	687,474	631,920	652,163	632,274
2,738,853	2,643,402	2,621,402	2,332,784	2,233,640
639,889	474,593	534,442	812,711	832,520
1,709,028	1,112,638	1,504,323	312,295	1,066,295
1,223,297	1,299,384	4,740,636	1,480,903	1,480,495
1,058,894	9,411,110	1,628,999	4,030,581	851,116
10,000,528	17,359,775	12,950,655	10,862,636	8,252,633
(4,156,052)	(12,116,147)	(6,245,715)	(4,919,210)	(1,661,641)
-	-	-	-	-
3,708,039	3,929,951	2,824,095	2,945,802	3,354,315
(974,381)	(1,132,752)	(1,123,547)	(1,037,422)	(1,703,242)
-	-	46,640	51,053	-
1,325,709	8,651,475	4,272,879	3,487,227	-
-	-	-	-	-
4,059,367	11,448,674	6,020,067	5,446,660	1,651,073
\$ (96,685)	\$ (667,473)	\$ (225,648)	\$ 527,450	\$ (10,568)
37.98%	904.39% *	125.47% *	130.79%	48.03%

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

	2022	2021	2020	2019	2018
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General government	\$ 1,583,856	\$ 1,724,223	\$ 1,243,099	\$ 1,984,318	\$ 1,423,140
Public safety	247,215	145,685	185,341	212,620	208,817
Highways and streets	1,476,253	715,132	913,366	857,627	688,072
Culture and recreation	317,895	58,981	1,761,359	1,615,852	177,571
Community development	1,233,307	19,731	154,108	75,773	391,026
Total Governmental Activities	<u>4,858,526</u>	<u>2,663,752</u>	<u>4,257,273</u>	<u>4,746,190</u>	<u>2,888,626</u>
Business-type Activities:					
Sewer	2,752,745	2,568,229	2,658,913	2,258,467	2,197,510
Water	2,880,885	2,523,872	2,477,067	2,560,736	2,539,337
Storm Drain	702,549	717,953	778,662	626,054	585,552
Total Business-type Activities	<u>6,336,179</u>	<u>5,810,054</u>	<u>5,914,642</u>	<u>5,445,257</u>	<u>5,322,399</u>
Total Activities	<u>\$ 11,194,705</u>	<u>\$ 8,473,806</u>	<u>\$ 10,171,915</u>	<u>\$ 10,191,447</u>	<u>\$ 8,211,025</u>

Source: City of Independence Annual Financial Reports

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

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

Fiscal Year Ended June 30,	Real Property	Personal Property*	Public Utility Property	Total		Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Estimated Actual Value		
2013	\$ 356,205,697	\$ 9,742,607	\$ 7,108,600	\$373,056,904	\$ 466,938,455	79.89	5.66
2014	362,146,881	9,624,992	7,627,050	379,398,923	458,658,686	82.72	5.85
2015	374,713,304	9,450,908	7,398,497	391,562,709	472,700,818	82.84	5.69
2016	398,203,180	9,189,510	7,702,000	415,094,690	517,600,090	80.20	5.64
2017	424,521,894	9,382,525	8,217,600	442,122,019	560,243,769	78.92	5.55
2018	446,817,349	10,040,055	8,780,000	465,637,404	629,330,216	73.99	5.50
2019	464,112,789	10,646,454	10,860,000	485,619,243	705,620,234	68.82	5.46
2020	495,930,540	12,505,486	10,491,000	518,927,026	794,597,465	65.31	5.40
2021	526,094,110	15,178,848	12,070,900	553,343,858	891,949,852	62.04	5.40
2022	563,666,436	13,774,356	12,458,900	589,899,692	992,977,814	59.41	5.29

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

* Includes mobile homes

Source: Polk County Department of Assessment and Taxation

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

Fiscal Year Ended June 30,	City of Independence			Polk County				Cental School District No. 13J			Overlapping Rates									
											Special Districts									
	General	Debt	Total City	General	Public Safety	Debt	Total County	General	Debt	Total School District	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
2013	4.5897	1.0673	5.6570	1.7160	-	0.5337	2.2497	4.8834	3.2395	8.1229	0.8979	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.4525
2014	4.5897	1.2627	5.8524	1.7160	-	0.5440	2.2600	4.8834	3.1863	8.0697	0.8593	0.0818	-	0.2967	0.1069	1.5038	-	0.0500	0.1132	29.5235
2015	4.5897	1.1042	5.6939	1.7160	-	0.5438	2.2598	4.8834	3.5324	8.4158	0.8942	0.0818	-	0.2967	0.1069	1.5038	0.3303	0.0500	0.1132	30.4220
2016	4.5897	1.0494	5.6391	1.7160	0.0305	0.5190	2.2655	4.8834	3.1117	7.9951	0.9190	0.0818	-	0.2967	0.1069	1.5038	0.3442	0.0500	0.1132	29.5759
2017	4.5897	0.9568	5.5465	1.7160	0.3196	0.5043	2.5399	4.8834	3.4611	8.3445	0.9018	0.0818	-	0.2967	0.1069	1.5038	0.3079	0.0500	0.1040	30.6682
2018	4.5897	0.9085	5.4982	1.5794	0.3303	-	1.9097	4.4947	2.6242	7.1189	0.8484	0.0753	-	0.2731	0.0974	1.3841	0.3059	0.0461	0.1035	26.6892
2019	4.5897	0.8658	5.4555	1.5764	0.3303	-	1.9067	4.4947	2.6242	7.1189	0.8484	0.0753	-	0.2731	0.0974	1.3841	0.3059	0.0461	0.1035	26.6405
2020	4.5897	0.8152	5.4049	1.5693	0.4250	-	1.9943	4.4659	2.6762	7.1421	0.5724	0.0749	0.2627	0.2714	0.0974	1.3841	0.3059	0.0461	0.1035	26.7961
2021	4.5897	0.7549	5.3446	1.5517	0.4250	-	1.9767	4.4159	2.7080	7.1239	0.5660	0.0740	0.2602	0.2683	0.0949	1.3599	0.3043	0.0453	0.1015	26.6202
2022	4.5897	0.7042	5.2939	1.5299	0.4250	-	1.9549	4.3538	2.6931	7.0469	0.5581	0.0730	0.2679	0.2646	0.0929	1.3407	0.2949	0.0446	0.0999	26.3341

Source: Polk County Department of Assessment and Taxation

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

Taxpayer	2022			2013		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
RIVERPLACE APARTMENT HOMES LLC	\$ 19,062,250	1	3.23%	\$ -	-	0.00%
INDEPENDENCE LANDING II LLC	14,358,260	2	2.43%	-	-	0.00%
ACPI WOOD PRODUCTS LLC *	13,573,180	3	2.30%	10,211,010	1	2.74%
PRT INVESTORS LLC ETAL	12,513,990	4	2.12%	-	-	0.00%
NORTHWEST NATURAL GAS CO	6,199,000	5	1.05%	3,252,000	5	0.87%
RICHMOND SQUARE APARTMENTS LLC	5,716,250	6	0.97%	-	-	0.00%
1315 MONMOUTH LLC	5,639,690	7	0.96%	-	-	0.00%
CREEKSIDE MEADOWS, LLC	5,350,540	8	0.91%	4,001,340	4	1.07%
MARQUIS CORP	4,860,439	9	0.82%	-	-	0.00%
INDEPENDENCE LANDING I LLC	4,895,120	10	0.83%	-	-	0.00%
CENTRAL PLAZA SHOPPING CENTER LLC	-	-	0.00%	2,745,010	8	0.74%
WINCO FOODS, LLC	-	-	0.00%	2,088,500	10	0.56%
CITY OF INDEPENDENCE	-	-	0.00%	2,975,290	6	0.80%
SLEGERS TRUST	-	-	0.00%	2,761,440	7	0.74%
FOX LAND ASSOCIATES, LTD	-	-	0.00%	2,317,860	9	0.62%
LEGACY OAKS LLC	-	-	0.00%	9,696,250	2	2.60%
SPURLOCK JAMES H & MARY ANN	-	-	0.00%	4,381,110	3	1.17%
	<u>\$ 92,168,719</u>		<u>15.62%</u>	<u>\$ 44,429,810</u>		<u>11.91%</u>

Source: Polk County Department of Assessment and Taxation

* aka MEDALION CABINETRY, LLC & ELKAY WOOD PRODUCTS

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

Fiscal Year Ended June 30,	Total tax levy (net of discounts)	Collected in year of levy		Collected in subsequent years	Total collections to date	
		Amount	Percent of Levy		Amount	Percent of Levy
2013	\$ 2,314,240	\$ 2,217,612	95.82	\$ 63,159	\$ 2,280,771	98.55
2014	2,419,024	2,336,497	96.59	65,137	2,401,634	99.28
2015	2,520,529	2,381,798	94.50	62,315	2,444,113	96.97
2016	2,647,861	2,507,283	94.69	66,208	2,573,491	97.19
2017	2,799,122	2,642,030	94.39	59,675	2,701,705	96.52
2018	2,928,888	2,769,218	94.55	53,829	2,823,047	96.39
2019	3,039,254	2,987,150	98.29	56,405	3,043,555	100.14
2020	3,231,847	3,173,287	98.19	45,370	3,218,657	99.59
2021	3,456,854	3,402,769	98.44	32,001	3,434,770	99.36
2022	3,753,964	3,578,541	95.33	-	3,578,541	95.33

Source: Information derived from Annual Financial Reports for all governmental func

CITY OF INDEPENDENCE, OREGON
SCHEDULE OF OUTSTANDING DEBT
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental Activities					
Bonds					
2013 GO Refunding Bonds	\$ 3,450,000	\$ 3,695,000	\$ 3,935,000	\$ 4,170,000	\$ 4,395,000
Bond Premium	15,326	16,849	18,372	19,895	21,418
2016A FFC ICC Refunding	7,875,000	7,910,000	7,945,000	7,980,000	8,010,000
Bond Premium	393,950	417,124	440,298	463,472	486,646
2015 FFC MINET Refunding Bonds	2,650,000	2,870,000	3,080,000	3,290,000	3,495,000
2003 Refunding Bonds	-	-	-	-	-
2007 Urban Renewal Bonds	-	-	-	-	-
2010 FFC (ICC) Bonds	-	-	-	350,000	685,000
2010 FFC A&B (MINET)	-	-	-	770,000	955,000
2017C FFC MINET Refunding Bonds	1,475,000	1,755,000	2,025,000	2,095,000	2,160,000
2017B FFC MINET Refunding Bonds	-	-	-	4,570,000	4,570,000
2017A FFC ICC Refunding Bonds	3,305,000	3,675,000	4,035,000	4,035,000	4,035,000
Bond Premium	293,922	311,211	328,500	345,789	363,078
2020 FF&C MINET Refunding Bonds	4,780,000	4,780,000	4,780,000	4,035,000	4,035,000
Bond Premium	439,349	465,193	491,037	345,789	363,078
Notes Payable					
IFA Loan - Urban Renewal	2,904,580	2,904,580	2,726,173	2,726,173	2,499,325
SPWF Loan - Hoffman Rd	50,843	75,033	98,071	120,012	140,908
SPWF Loan - Library	-	-	-	-	-
OECD MINET Loan #1	-	-	-	-	-
OHVS Loan - Cinema	-	-	-	-	-
Olsen - Ballfield Property	-	-	-	-	-
2020 Chase Bank - Museum	539,651	601,209	650,000	-	-
Capital Lease	-	-	-	9,614	21,115
Total Governmental	<u>\$28,172,621</u>	<u>\$29,476,199</u>	<u>\$30,552,451</u>	<u>\$35,325,744</u>	<u>\$36,235,568</u>
Business-type Activities					
Bonds					
2016A FFC Water Bonds	\$ 1,020,000	\$ 1,075,000	\$ 1,130,000	\$ 1,185,000	\$ 1,185,000
2016B FFC Water Bonds	-	-	-	-	55,000
Bond Premium	44,994	48,208	51,422	54,636	57,850
2013 Sewer Refunding Bonds	1,945,000	2,025,000	2,105,000	2,210,000	2,335,000
Bond Discount	(10,357)	(10,933)	(11,509)	(12,085)	(12,661)
1998 Water Revenue Bonds	-	-	-	-	-
2004 Water Revenue Bonds	-	-	-	-	-
Notes Payable					
2011 SDWRL - Water	-	-	-	-	-
CWSRF Loan	7,284,265	7,231,342	3,426,305	457,915	-
2018 Chase Bank Loan - Water	582,150	656,988	729,894	800,000	-
Capital Lease	-	-	-	14,420	31,671
Total Business-type	<u>\$10,866,052</u>	<u>\$11,025,605</u>	<u>\$ 7,431,112</u>	<u>\$ 4,709,886</u>	<u>\$ 3,651,860</u>

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

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

GOVERNMENTAL ACTIVITIES:

Fiscal Year Ended June 30,	Population	Assessed Value	Bonded Debt	Ratio of Bonded Debt to Assessed Value	Debt as % Personal Income	Bonded Debt Per Capita
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	15.44%	3,157.88
2021	9,828	553,343,858	29,476,199	0.0533	14.32%	2,999.21
2022	10,081	589,899,692	28,172,621	0.0478	12.76%	2,794.63

Note: Net general bonded debt includes notes payable and capital leases related to the general government. These are all considered full faith and credit obligations of the general government and are repaid from general governmental resources. MINET debt is included for accounting standards only, however MINET debt is conduit debt and paid fully by MINET and not the tax payers of Independence.

CITY OF INDEPENDENCE, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022

<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	\$ 66,116,112,315	\$ 94,425,000	1.33 %	\$ 1,256,608
Willamette ESD	72,625,646,147	6,416,593	1.21 %	77,737
Polk County FD #1	2,382,657,459	1,250,000	36.93 %	461,605
Central SD 13J	2,492,856,882	58,798,048	35.30 %	20,753,359
Polk County	10,277,544,323	13,365,488	8.56 %	1,170,358
Subtotal, overlapping debt	153,894,817,126	174,255,129		23,719,667
Direct debt outstanding:				
City of Independence	879,878,241	19,993,523	100.00 %	\$ 19,993,523
Total Direct and Overlapping Debt	<u>\$ 154,774,695,367</u>	<u>\$ 194,248,652</u>		<u>\$ 43,713,190</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. MINET debt is included, however this is conduit debt and paid by MINET, and is not tax -supported.

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, 2022

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

Real Market value	\$ 992,977,814
Rate	x 3%
Debt limit	<u>29,789,334</u>
Debt applicable to limit	<u>(3,989,651)</u>
Legal debt margin	<u>\$ 25,799,683</u>

Fiscal year ended June 30,	Debt Limit	Debt Applicable to Limit	Legal Debt Margin
2013	\$ 14,008,154	\$ 749,862	\$ 13,258,292
2014	13,759,761	5,259,730	8,500,031
2015	14,181,025	5,144,892	9,036,133
2016	15,528,003	4,917,289	10,610,714
2017	16,807,313	4,672,286	12,135,027
2018	18,879,906	4,416,115	14,463,791
2019	21,168,607	4,179,614	16,988,993
2020	23,837,924	4,585,000	19,252,924
2021	26,758,496	4,296,209	22,462,287
2022	29,789,334	3,989,651	25,799,683

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	
2013	\$ 1,838,937	\$ 438,628	\$ 1,400,309	\$ 189,265	\$ 99,022	\$ 288,287	485.73
2014	2,038,704	451,626	1,587,078	194,709	88,544	283,253	560.30
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	2,388,116	1,053,187	1,334,929	45,000	32,772	77,772	1,716.46
2018	2,555,410	1,015,831	1,539,579	50,000	37,108	87,108	1,767.44
2019	2,467,956	1,200,156	1,267,800	55,000	37,522	92,522	1,370.27
2020	2,522,410	1,457,972	1,064,438	125,106	59,400	184,506	576.91
2021	2,725,994	1,069,753	1,656,241	127,906	53,895	181,801	911.02
2022	2,725,994	1,069,753	1,656,241	127,906	53,895	181,801	911.02

SEWER REVENUE BONDS

Fiscal Year Ended June 30,	Gross Revenue	Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2013	\$ 1,365,337	\$ 421,467	\$ 943,870	\$ 84,192	\$ 117,265	\$ 201,457	468.52
2014	1,565,230	387,561	1,177,669	-	84,450	84,450	1,394.52
2015	2,570,638	789,521	1,781,117	65,000	84,450	149,450	1,191.78
2016	1,812,097	941,809	870,288	115,000	79,050	194,050	448.49
2017	2,004,056	905,802	1,098,254	115,000	79,915	194,915	563.45
2018	2,219,763	886,517	1,333,246	120,000	75,600	195,600	681.62
2019	2,124,252	1,152,603	971,649	125,000	73,200	198,200	490.24
2020	5,225,809	4,715,653	510,156	105,000	70,700	175,700	290.36
2021	6,184,229	3,793,918	2,390,311	80,000	67,550	147,550	1,620.00
2022	6,184,229	3,793,918	2,390,311	80,000	67,550	147,550	1,620.00

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
2013	\$ 18,875	\$ 30,206	\$ 31,289	\$ 61,495	30.69
2014	28,564	30,437	29,945	60,382	47.31
2015	54,995	54,759	14,136	68,895	79.82
2016	24,479	19,076	8,866	27,942	87.61
2017	26,825	18,954	8,988	27,942	96.00
2018	14,344	19,901	8,040	27,941	51.34
2019	14,971	20,896	7,045	27,941	53.58
2020	15,086	21,941	6,001	27,942	53.99
2021	10,018	23,038	4,904	27,942	35.85
2022	10,018	23,038	4,904	27,942	35.85

CITY OF INDEPENDENCE, OREGON
Top Ten Sewer System Rate Payers
June 30, 2022

		Amount	EDU's
Riverplace Apartments	Multi-Family Housing	\$ 136,098	205
Legacy Oaks	Multi-Family Housing	127,940	197
Tokola Properties	Multi-Family Housing	81,180	125
Richmond Square	Multi-Family Housing	54,553	84
Ash Creek Mobile Court	Mobile Home Park	52,727	76
Creekside Meadows	Multi-Family Housing	37,668	70
Hazel Glen Court	Mobile Home Park	36,369	56
Green Acres	Mobile Home Park	29,225	45
Independence MHP	Mobile Home Park	24,679	38
Greystone Apartments	Multi-Family Housing	22,730	35
Total Top Ten Rate Payers		<u>\$ 603,169</u>	931
Total All Users		\$ 2,496,667	

CITY OF INDEPENDENCE, OREGON
Top Ten Water System Rate Payers
June 30, 2022

		Amount	Units
Legacy Oaks Apartments	Multi-Family Housing	\$ 100,337	24,031
Riverplace Apartments	Multi-Family Housing	87,408	11,604
Tokola Properties	Multi-Family Housing	40,763	8,542
Creskide Meadows	Multi-Family Housing	37,643	5,937
Ash Creek Mobile Court	Mobile Home Park	35,542	6,974
Hazel Glen Court	Mobile Home Park	31,409	5,733
Greystone Apts	Mobile Home Park	20,989	5,350
Colonia Amistad	Multi-Family Housing	27,382	5,163
Richmond Square Apts	Multi-Family Housing	38,921	4,921
Independence MHP	Mobile Home Park	<u>23,234</u>	4,861
Total Top Ten Rate Payers		<u>\$ 443,628</u>	83,116
Total All Users		\$ 2,601,354	373,123

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

Fiscal Year Ended June 30,	Population	Per Capita Personal Income	Total Household Income (in 000's)	Area in square miles	Average Density (persons / square mile)	Average Annual Unemployment	
2013	8,608	\$ 17,115	\$ 147,326	2.73	3,153.1	8.0%	*
2014	8,654	15,910	137,685	2.73	3,170.0	7.0%	*
2015	8,772	16,501	144,747	2.82	3,110.6	5.7%	*
2016	8,982	18,955	170,254	2.82	3,185.1	5.0%	*
2017	9,246	20,153	186,335	2.86	3,232.9	4.7%	*
2018	9,370	21,080	197,520	2.86	3,276.2	4.9%	*
2019	9,530	20,087	191,429	2.86	3,332.2	4.3%	*
2020	9,675	20,450	197,854	2.86	3,382.9	11.6%	*
2021	9,828	20,950	205,897	2.86	3,436.4	6.0%	*
2022	10,081	21,836	220,823	2.86	3,524.8	4.5%	*

N/A - information is not available

*Polk County

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

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

Employer	2022			2013*		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Central School District 13J	396	1	14.88%	310	1	29.36%
FCR	230	2	8.64%	-	-	0.00%
ACIP (Elkay Wood Products)(Medallion Cabinetry)	230	3	8.64%	100	3	9.47%
Forest River Cargo Trailers	190	4	7.14%	150	2	14.20%
Marquis Spa	190	5	7.14%	100	4	9.47%
Independence Health and Rehabilitation Center	70	6	2.63%	70	6	6.63%
WareMart	60	7	2.25%	50	7	4.73%
City of Independence	53	8	1.99%	45	9	4.26%
Roth's	-	-	0.00%	65	6	6.16%
Robert Lloyd Sheet Metal	50	9	1.88%	50	8	4.73%
Siletz Trucking	-	-	0.00%	40	10	3.79%
The Independence (Hotel)	30	10	1.13%	-	-	0.00%
	<u>873</u>		<u>32.81%</u>	<u>670</u>		<u>63.45%</u>

* Estimated - complete data not available

Source: Independence Economic Development Dept. and Employers

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	8	9	10	13	14	12	16	17	16	17
Public safety	15	17	18	18	18	18	20	20	20	17
Highways and streets	2	2	2	2	2	2	2	2	2	2
Culture and recreation	3	3	4	6	6	7	7	7	7	10
Sewer	2	1	1	2	2	3	3	3	3	3
Water	2	3	3	3	3	3	3	3	3	3
Storm Drain	1	1	1	1	2	2	2	2	2	2
Total	33	36	39	45	47	47	53	54	53	54

Source: City of Independence

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CITY OF INDEPENDENCE, OREGON
OPERATING INDICATORS
LAST TEN FISCAL YEARS

Function	2013	2014	2015	2016	2017
Police					
Arrests	591	631	507	574	510
Traffic violations	724	662	684	915	884
Municipal Court Cases	522	508	826	919	610
Charges	664	620	1,015	1,026	758
Building Activity					
Permits Issued	45	76	47	86	63
Estimated Value	\$4,618,919	\$23,105,490	\$12,559,620	\$7,586,405	\$8,053,833
Planning Applications	6	7	7	11	7
Library					
Circulation	143,728	146,262	141,519	138,943	117,363
Miles of Streets Maintained	27.60	27.60	27.60	27.60	33.50
Water					
Connections	2,262	2,297	2,378	2,410	2,440
Sewer					
Connections	2,067	2,275	2,317	2,339	2,370

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

** FY2022 Staffing shortages caused by COVID-19 pandemic

Source: City of Independence

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

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety											
Police Stations	1	1	1	1	1	1	1	1	1	1	1
Highways and streets											
Streets (miles)	27.6	27.6	27.6	27.6	27.6	33.5	36.68	37.18	37.43	38.09	38.09
Culture and recreation											
Number of parks	9	9	9	9	9	9	9	10	10	10	10
Acreage	114.3	114.3	114.3	114.3	114.3	114.3	114.3	119	119	119	119
Pool (sq ft)	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	0
Sewage disposal											
Max daily capacity	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd
Water											
Max daily capacity	2.0 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd	2.1 mgd
Fire hydrants	210	210	212	214	214	214	214	263	269	278	278

Source: City of Independence

AUDIT COMMENTS AND DISCLOSURES

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of the City of Independence (the City) as of and for the year ended June 30, 2022 and have issued our report thereon dated December 27, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

- OAR 150-294-0430(1) states: "An estimate for general operating contingency may be included in any operating fund." OAR 150-294-0430(1)(a) defines an operating fund as: An operating fund is one which contains estimates for personnel services, materials and services, or capital outlay. The 2021-22 budget for the Special Assessment Fund included appropriations for contingency but did not include personnel services, materials and services, or capital outlay.
- Repayment of interfund loans should be budgeted as a debt service requirement in the funds that received the loan. During fiscal year 2022, the City budgeted repayment of interfund loans as transfers out.

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

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

<u>Fund</u>	<u>Budget Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Over Expenditure</u>
General	Community Development	\$183,750	\$244,601	\$(60,851)
Information Systems Equipment	Materials and Services	120,000	148,066	(28,066)
Parks SDC	Materials and Services	40,000	40,233	(233)
Water SDC	Materials and Services	140,000	141,090	(1,090)
Storm Drain	Capital Outlay	204,000	218,649	(14,649)
Storm Drain	Interfund Loan Payments	31,135	31,191	(56)

OAR 162-10-0230 Internal Control

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

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


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

Restriction on Use

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

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
December 27, 2022