



City of Independence, Oregon

Annual Financial Report

For the Year Ended June 30, 2024

City of Independence, Oregon

Annual Financial Report
For the Fiscal Year Ended
June 30, 2024

Prepared by
The Finance Department
City of Independence, Oregon

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City Officials

John McCardle, Mayor

Shannon Corr, Councilor

Marilyn Morton, Councilor

Dawn Roden, Councilor

Kate Schwarzler, Councilor

Sarah Jobe, Councilor

Kathy Marin-Willis, Councilor

Kenna West, City Manager

Rob Moody, Finance Director

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence (the City), as of and for the year ended June 30, 2024, 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, 2024, 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

Auditor's Responsibilities for the Audit of the Financial Statements, 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 Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 31, 2025, 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
March 31, 2025

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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, 2024. Overall highlights of the City's financial position are offered in the following table for the current and prior fiscal year.

	June 30		
	2024	2023	Change
Net Position	\$ 33,238,049	\$ 30,926,415	\$ 2,311,634
Change in Net Position	2,311,634	4,997,353	(2,685,719)
Governmental Net Position	13,163,931	13,942,902	(778,971)
Proprietary Net position	20,074,118	16,983,513	3,090,605
Change in Governmental Net Position	(778,971)	1,887,507	(2,666,478)
Change in Proprietary Net Position	3,090,605	3,109,846	(19,241)

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

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

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

The Statement of Activities. The statement of activities presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as earned or incurred without regard to actual cash flows.

Fund Financial Statements. The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. 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.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information including combining statements, schedules of revenues, expenditures, and changes in fund balance-budget and actual for all funds, and other schedules to assist the reader in understanding the City's finances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. The statement of net position is provided in this discussion and analysis on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets and deferred outflows exceeded liabilities and deferred inflows by \$33 million as of June 30, 2024. Current liabilities consist of accounts payable, unearned revenue and deposits. Long-term liabilities are comprised of amounts related to pensions, other postemployment benefits, and debt. These amounts are further detailed in the notes to the basic financial statements. Restricted net position represents resources that are subject to external restrictions on their use, such as debt service or construction of capital assets. Unrestricted net position is available for general operations of the City. The following summarizes the City's Statement of Net Position for the current and prior years.

CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Statement of Net Position
(Amounts presented in thousands)
As of June 30,

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 8,567	\$ 9,834	\$ 18,401	\$ 9,620	\$ 9,932	\$ 19,552
Other assets	4,322	1,504	5,826	9,759	1,677	11,436
Non-depreciable capital assets	1,506	9,463	10,969	3,431	8,753	12,184
Depreciable capital assets, net	24,576	11,854	36,430	23,256	10,168	33,424
Total Assets	38,971	32,655	71,626	46,066	30,530	76,596
Deferred Outflows of Resources	3,187	563	3,750	3,461	576	4,037
Current liabilities	1,983	1,181	3,164	1,965	1,396	3,361
Deposits	211	65	276	204	268	472
Long-term liabilities			-			-
Portion due within one year	1,606	376	1,982	1,613	255	1,868
Portion due in more than one year	24,521	11,319	35,840	30,277	11,781	42,058
Total Liabilities	28,321	12,942	41,263	34,059	13,700	47,759
Deferred Inflows of Resources	673	202	875	1,525	421	1,946
Net investment in capital assets	10,219	11,357	21,576	10,018	8,252	18,270
Restricted	7,018	2,324	9,342	5,923	2,514	8,437
Unrestricted	(4,073)	6,393	2,320	(1,998)	6,217	4,219
Total Net Position	\$ 13,164	\$ 20,074	\$ 33,238	\$ 13,943	\$ 16,983	\$ 30,926

Statement of Activities. The City's net position increased by \$2.3 million during the current fiscal year, less than in the prior year. The key elements of the change in the City's net position for the year ended June 30, 2024, relative to the prior year are as follows:

- Grants and miscellaneous revenue decreased by \$1.7 million versus the prior year. The City received a \$2 million grant from the State of Oregon for the 9th Street Pump Station Project during 2022-23.
- Expenses for business activities decreased by \$.5 million reflecting project expenses related to improvements in the sewer collection system as well as the water distribution system. Expenses in governmental activities increased by \$1.5 million, primarily reflecting project spending in the Transportation Fund and increases in interest paid on long-term debt.
- A significant and notable decrease in transfers to governmental from business-type activities resulted in a decrease in net position in the governmental activities. The reduction in transfers reflects a change in philosophy and direction of City leadership with respect to funding General Fund operations.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

**Statement of Activities
(Amounts presented in thousands)
For the Fiscal Year Ended June 30,**

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program Revenues						
Charges for Services	\$ 738	\$ 6,145	\$ 6,883	\$ 669	\$ 6,021	\$ 6,690
Operating Grants	1,984	-	1,984	2,741	-	2,741
Capital Grants	897	922	1,819	1,332	3,023	4,355
General Receipts						
Property Taxes & Assessments	3,930	-	3,930	3,933	-	3,933
Other general receipts	2,643	560	3,204	1,572	255	1,827
Total Revenues	10,192	7,627	17,820	10,247	9,299	19,546
Expenses						
General Government	2,414	-	2,414	2,225	-	2,225
Public Safety	3,380	-	3,380	3,316	-	3,316
Transportation	1,134	-	1,134	922	-	922
Community Development	322	-	322	574	-	574
Culture and Recreation	2,073	-	2,073	1,851	-	1,851
Interest on Long-term Debt	2,061	-	2,061	975	-	975
Water	-	1,711	1,711	-	1,486	1,486
Sewer	-	1,833	1,833	-	2,625	2,625
Storm	-	578	578	-	575	575
Total Disbursements	11,384	4,122	15,506	9,863	4,686	14,549
Transfers	414	(414)	-	1,504	(1,504)	-
Change in Net Position	(779)	3,090	2,311	1,888	3,109	4,997
Net Position, beginning of year	13,943	16,984	30,927	12,055	13,874	25,929
Net Position, end of year	\$ 13,164	\$ 20,074	\$ 33,238	\$ 13,943	\$ 16,983	\$ 30,926

Governmental activities

The combined expenses of all governmental activities was \$11.4 million for the year ended June 30, 2024. The amount that our taxpayers paid was \$3.9 million through property taxes and assessments. Those who directly benefited from the programs (fines, fees, and charges for services) paid \$738 thousand or 6% of total governmental revenue. Transfers from proprietary funds for services provided account for \$414 thousand or 3% of costs in support of governmental activities, down from 15% in the prior year.

Net position of governmental-type activities decreased by \$779 thousand during the fiscal year ended June 30, 2024, again driven primarily by the decrease in transfers from business-type activities.

Business-type activities

As shown in the Statement of Activities, the City's net position for the business-type activities increased by \$3.1 million during the year. Utility revenues, higher interest rates,

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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

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

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

Transfers represent resources moved between business-type activities and governmental activities. In the current year these transfers were limited to payment of internal franchise fees similar to other utilities doing business in the community, offset by the transfer of capital assets from the governmental activities to the Water Fund.

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 \$7.9 million at June 30, 2024, a decrease of \$455 thousand from the previous year.

General Fund. The General Fund accounts for all the financial resources of the City, which are not accounted for in any other fund. Unassigned fund balance was \$1.2 million 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 expenditures. Unassigned fund balance represents 19% of the total General Fund expenditures, less than the 30% noted for the prior year. The General Fund saw a decrease of \$734 thousand during the year indicating expenditures greater than revenues for the year and a resultant spending down of fund balance.

Transportation Fund. The Transportation Fund accounts for street maintenance and improvements. Fund balance in the Transportation Fund increased by \$73 thousand.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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

Urban Renewal Projects Fund. The Urban Renewal Projects Fund accounts for the acquisition and construction of facilities within the Urban Renewal District and financed by grants and the issuance of bonds. The fund balance in the Urban Renewal Projects Fund decreased by \$353 thousand as expenditures to repay loans to the City exceeded revenues from tax increment during the year.

Grants Program Fund. The Grants Program Fund accounts for local, state, and federal grants received for operating purposes, and the associated expenditures. Fund balance in the Grants Program Fund increased by \$429 thousand.

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, Capital Projects 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 \$144 thousand.

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

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

The primary component of each proprietary fund net position balance is investment in capital assets. The unrestricted net position (available for current disbursements) for Water Operations was \$2.7 million at year end. The unrestricted net position for Sewer Operations was \$3.6 million at year end. For Storm Drain Operations the unrestricted net position was \$70 thousand. Restricted net position(s) relate primarily to unspent systems development charges.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Independence's capital assets related to governmental and business-type activities as of June 30, 2024, totals \$47.4 million (net of accumulated depreciation), a net increase of \$1.8 million versus the prior year. Capital assets include land, buildings, distribution and collection systems (water, sanitary sewer, and storm drain), major improvements, machinery and equipment, park facilities, roads, bridges, and sidewalks.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The City's investment in capital assets increased with capital outlays during the year and decreased with annual depreciation of assets.

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

	(Amounts presented in thousands)					
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,475	\$ 1,457	\$ 78	\$ 202	\$ 1,553	\$ 1,659
Work in progress	30	1,974	8,400	7,690	8,430	9,664
Intangibles	181	235	895	861	1,076	1,096
Buildings	15,612	16,258	1,017	1,246	16,629	17,504
Equipment & vehicles	1,068	1,697	1,158	1,334	2,226	3,031
Infrastructure	27,367	24,790	-	-	27,367	24,790
Right-to-use leased asset	109	109	42	42	151	151
SBITA assets	149	58	-	-	149	58
Water and sewer systems	-	-	21,958	19,748	21,958	19,748
	45,991	46,578	33,548	31,123	79,539	77,701
Less:						
Accumulated Depreciation/Amortization	(19,910)	(19,890)	(12,232)	(12,202)	(32,142)	(32,092)
	<u>\$ 26,081</u>	<u>\$ 26,688</u>	<u>\$ 21,316</u>	<u>\$ 18,921</u>	<u>\$ 47,397</u>	<u>\$ 45,609</u>

The City depreciates all 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 basic financial statements.

Debt Administration

The City had total debt outstanding of \$35.3 million at the end of the current fiscal year, a decrease of \$2.2 million from the prior year balance. The decrease is a result of scheduled principal payments on outstanding obligations of the City and amortization of related discounts and premiums on those obligations.

State statutes limit the amount of general obligation debt a governmental entity may carry to 3 percent of its total real market value. The real market valuation of the City of Independence is \$1.42 billion resulting in the current general obligation debt limitation of \$42.7 million. Total general obligation indebtedness subject to the limitation is \$2.9 million at June 30, 2024.

**CITY OF INDEPENDENCE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

(Amounts are presented in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 2,935	\$ 3,200	\$ -	\$ -	\$ 2,935	\$ 3,200
Bond Premium	12	14	-	-	12	14
Full Faith & Credit Obligations	18,185	19,155	900	960	19,085	20,115
Bond Premium	984	1,061	39	42	1,023	1,103
Notes	3,226	3,407	7,237	7,790	10,463	11,197
Sewer Revenue Bonds	-	-	1,775	1,860	1,775	1,860
Bond Discount	-	-	(9)	(10)	(9)	(10)
	<u>\$ 25,342</u>	<u>\$ 26,837</u>	<u>\$ 9,942</u>	<u>\$ 10,642</u>	<u>\$ 35,284</u>	<u>\$ 37,479</u>

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

BUDGETARY HIGHLIGHTS

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

Significant variances in the General Fund between the final amended budget and actual results are primarily in revenue, and most notably in interest income as higher rates than anticipated continue to drive earnings. The General Fund also reported budget over-expenditures in several departments as a result of unanticipated costs of operations.

Economic Factors and Next Year's Budget

The top factors in preparation of the FY 2024-25 budget included the continued reliance on limited governmental revenues in the form of property taxes and state provided revenues in support of General Fund operations. The budget for FY 2024-25 included a public safety fee to be implemented mid-fiscal year as a means to stabilize the City's Police Department, as well as implementing increases in fees and charges to improve the sustainability of the City's Tourism and Events Fund (a non-major governmental fund).

The primary projects in the Capital Improvement Plan (CIP) continue to be focused on sewer upgrades, planning and design for a surface water treatment plant, 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, 2024**

The City's Budget Committee considered all the following factors while preparing the budget for the 2024-2025 fiscal year.

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

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF INDEPENDENCE, OREGON
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 8,566,975	\$ 9,834,456	\$ 18,401,431
Property taxes receivable	156,253	-	156,253
Accounts receivable, net	435,673	609,324	1,044,997
SDC and assessments receivables	19,246	-	19,246
Leases receivable	23,554	-	23,554
Prepays	51,963	4,455	56,418
Internal balances	(5,803,823)	781,292	(5,022,531)
Total current assets	3,449,841	11,229,527	14,679,368
Noncurrent assets:			
Loans receivable, net	7,963,289	87,034	8,050,323
Net OPEB asset	71,628	22,246	93,874
Property held for resale	1,404,051	-	1,404,051
Capital assets:			
Non-depreciable/amortizable	1,505,834	9,462,719	10,968,553
Depreciable/amortizable	24,575,854	11,854,371	36,430,225
Total noncurrent assets	35,520,656	21,426,370	56,947,026
Total assets	38,970,497	32,655,897	71,626,394
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	1,375,588	-	1,375,588
Deferred outflows related to pensions	1,793,088	556,866	2,349,954
Deferred outflows related to OPEB	18,657	5,794	24,451
Total deferred outflows of resources	3,187,333	562,660	3,749,993
Total assets and deferred outflows of resources	\$ 42,157,830	\$ 33,218,557	\$ 75,376,387
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 427,443	\$ 810,035	\$ 1,237,478
Deposits	210,863	65,415	276,278
Unearned revenue	913,909	-	913,909
Interest payable	641,443	370,832	1,012,275
Current portion of accrued compensated absences	106,333	38,778	145,111
Current portion of leases payable	22,511	8,367	30,878
Current portion of SBITA payable	42,485	-	42,485
Current portion of long-term debt	1,434,300	329,287	1,763,587
Total current liabilities	3,799,287	1,622,714	5,422,001
Noncurrent liabilities:			
Net pension liability	128,329	1,599,668	1,727,997
OPEB liability	188,859	58,652	247,511
Noncurrent portion of accrued compensated absences	212,665	38,775	251,440
Noncurrent portion of leases payable	22,918	10,081	32,999
Noncurrent portion of SBITA payable	60,954	-	60,954
Noncurrent portion of long-term debt	23,907,518	9,612,240	33,519,758
Total noncurrent liabilities	24,521,243	11,319,416	35,840,659
Total liabilities	28,320,530	12,942,130	41,262,660
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	558,494	173,447	731,941
Deferred inflows related to OPEB	92,935	28,862	121,797
Deferred inflows related to leases receivable	21,940	-	21,940
Total deferred inflows of resources	673,369	202,309	875,678
NET POSITION:			
Net investment in capital assets	10,219,251	11,357,115	21,576,366
Restricted for:			
OPEB asset benefits	71,628	22,246	93,874
Capital projects	1,011,801	2,301,794	3,313,595
Debt service	744,615	-	744,615
System development	2,642,397	-	2,642,397
Transportation	793,676	-	793,676
Community development	1,753,964	-	1,753,964
Unrestricted	(4,073,401)	6,392,963	2,319,562
Total net position	\$ 13,163,931	\$ 20,074,118	\$ 33,238,049

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, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,413,904	\$ 567,260	\$ 919,520	\$ -
Public safety	3,379,642	100,762	36,865	-
Highways and streets	1,134,452	-	929,525	725,545
Community development	322,260	69,937	13,000	-
Culture and recreation	2,073,476	-	84,676	171,221
Interest on long-term debt	2,060,561	-	-	-
Total governmental activities	11,384,295	737,959	1,983,586	896,766
Business type activities:				
Water Operations	1,711,120	2,778,273	-	165,491
Sewer Operations	1,832,655	2,697,699	-	723,323
Storm Drain Operations	578,048	668,568	-	32,747
Total business type activities	4,121,823	6,144,540	-	921,561
Total government	\$ 15,506,118	\$ 6,882,499	\$ 1,983,586	\$ 1,818,327
General revenues:				
Taxes:				
Property taxes				
Transient lodging taxes				
Franchise taxes				
Interest and investment earnings				
Miscellaneous revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

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

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (927,124)	\$ -	\$ (927,124)
(3,242,015)	-	(3,242,015)
520,618	-	520,618
(239,323)	-	(239,323)
(1,817,579)	-	(1,817,579)
(2,060,561)	-	(2,060,561)
(7,765,984)	-	(7,765,984)
-	1,232,644	1,232,644
-	1,588,367	1,588,367
-	123,267	123,267
-	2,944,278	2,944,278
(7,765,984)	2,944,278	(4,821,706)
3,929,925	-	3,929,925
178,786	-	178,786
987,672	-	987,672
1,046,534	502,690	1,549,224
430,499	57,234	487,733
413,597	(413,597)	-
6,987,013	146,327	7,133,340
(778,971)	3,090,605	2,311,634
13,942,902	16,983,513	30,926,415
\$ 13,163,931	\$ 20,074,118	\$ 33,238,049

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 the City 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 through borrowings.

Grants Program Fund

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

CITY OF INDEPENDENCE, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2024

	General Fund Generally Accepted Accounting Principles		MINET Debt Fund	Transportation Fund	Urban Renewal Projects Fund	Grants Program Fund	Other Governmental	Total Governmental												
ASSETS:																				
Cash and cash equivalents	\$	1,291,512	\$	165	\$	741,698	\$	1,843,212	\$	4,690,388	\$	8,566,975								
Property taxes receivable		104,068		-		-		8,800		-		43,385	156,253							
Accounts receivable, net		305,537		-		73,767		-		8,000		48,369	435,673							
SDC and assessments receivables		-		-		-		-		-		19,246	19,246							
Leases receivable		23,554		-		-		-		-		-	23,554							
Prepays		29,581		-		1,485		-		-		20,897	51,963							
Loans receivable, net		-		7,865,000		-		-		-		98,289	7,963,289							
Due from other funds		749,587		-		-		-		-		-	749,587							
Property held for sale		-		-		-		1,404,051		-		-	1,404,051							
Interfund loan receivables		3,875,940		-		-		-		-		1,146,591	5,022,531							
Total assets	\$	6,379,779	\$	7,865,165	\$	816,950	\$	1,412,851	\$	1,851,212	\$	6,067,165	\$	24,393,122						
LIABILITIES:																				
Accounts payable and accrued expenses	\$	267,661	\$	-	\$	-	\$	25,802	\$	133,980	\$	427,443								
Deposits		187,589		-		23,274		-		-		-	210,863							
Interfund loan payable		-		-		-		5,803,823		-		-	5,803,823							
Due to other funds		-		-		-		749,587		-		-	749,587							
Unearned revenue		-		-		-		-		913,909		-	913,909							
Total liabilities		455,250		-		23,274		6,553,410		939,711		133,980	8,105,625							
DEFERRED INFLOWS OF RESOURCES:																				
Unavailable revenue - property taxes		86,252		-		-		6,983		-		36,046	129,281							
Unavailable revenue - loan receivables		-		7,865,000		-		-		-		94,255	7,959,255							
Unavailable revenue - municipal court receivables		28,425		-		-		-		-		-	28,425							
Unavailable revenue - opioid receivables		186,493		-		-		-		-		-	186,493							
Unavailable revenue - SDC and assessments receivables		-		-		-		-		-		19,246	19,246							
Unavailable revenue - leases receivable		21,940		-		-		-		-		-	21,940							
Total deferred inflows of resources		323,110		7,865,000		-		6,983		-		149,547	8,344,640							
FUND BALANCES:																				
Nonspendable:																				
Prepaid items		29,581		-		-		-		-		20,673	50,254							
Loan receivable		3,875,940		-		-		-		-		-	3,875,940							
Restricted for:																				
Debt service		-		165		-		-		-		689,158	689,323							
System development		-		-		-		-		-		2,642,397	2,642,397							
Transportation		-		-		793,676		-		-		110,779	904,455							
Community development		-		-		-		-		911,501		783,279	1,694,780							
Committed to:																				
Park maintenance		181,344		-		-		-		-		-	181,344							
Assigned to:																				
Community development		327,210		-		-		-		-		19,201	346,411							
Capital projects		-		-		-		-		-		1,518,151	1,518,151							
Unassigned		1,187,344		-		-		(5,147,542)		-		-	(3,960,198)							
Total fund balances		5,601,419		165		793,676		(5,147,542)		911,501		5,783,638	7,942,857							
Total liabilities, deferred inflows of resources, and fund balances									\$	6,379,779	\$	7,865,165	\$	816,950	\$	1,412,851	\$	1,851,212	\$	6,067,165

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.	26,081,688
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	8,322,700
The net pension liability and deferred outflows and inflows related to pensions are not available and, therefore, are not reported in the funds.	(3,916,266)
The net OPEB asset/liability and deferred outflows and inflows related to OPEB are not available and, therefore, are not reported in the funds.	(191,509)
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.	1,375,588
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	(25,341,818)
Compensated absences	(318,998)
Leases payable	(45,429)
SBITA payable	(103,439)
Interest payable	(641,443)
Net position of governmental activities	\$ 13,163,931

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, 2024

	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	\$ 2,609,062	\$ -	\$ -	\$ 268,946	\$ -	\$ -	\$ 1,036,842	\$ 3,914,850
Transient lodging taxes	-	-	-	-	-	-	178,786	178,786
Franchise fees	987,672	-	-	-	-	-	-	987,672
Licenses, permits and fees	187,239	-	-	-	-	-	-	187,239
Intergovernmental	483,639	798,192	929,525	-	875,824	-	-	3,087,180
Assessments	-	-	-	-	-	-	4,231	4,231
Grants and donations	(499)	-	-	-	60,300	-	27,493	87,294
Fines and forfeitures	81,654	-	-	-	-	-	-	81,654
Charges for services	199,163	-	-	-	-	-	-	199,163
Rent	27,338	-	-	-	-	-	-	27,338
Interest revenue	613,451	-	34,303	3,262	93,516	-	302,002	1,046,534
Miscellaneous revenue	37,024	-	6,271	-	-	-	387,204	430,499
Loan repayments	-	-	-	337	-	-	65,369	65,706
Royalties	-	-	-	-	-	-	5,000	5,000
System development charges	-	-	-	-	-	-	344,473	344,473
Total revenues	5,225,743	798,192	970,099	272,545	1,029,640	-	2,351,400	10,647,619
EXPENDITURES:								
Current:								
General government	1,344,201	-	-	567	366,102	-	183,152	1,894,022
Public safety	3,238,220	-	-	-	38,857	-	-	3,277,077
Highways and streets	-	-	806,372	-	-	-	-	806,372
Community development	291,334	-	-	-	27,371	-	-	318,705
Culture and recreation	1,028,653	-	-	-	5,071	-	667,182	1,700,906
Capital outlay	313,163	-	40,377	-	462,830	-	182,508	998,878
Debt service:								
Principal	64,083	530,000	-	-	-	-	821,775	1,415,858
Interest	9,029	268,027	286	625,456	-	-	631,596	1,534,394
Total expenditures	6,288,683	798,027	847,035	626,023	900,231	-	2,486,213	11,946,212
Revenues over (under) expenditures	(1,062,940)	165	123,064	(353,478)	129,409	-	(134,813)	(1,298,593)
OTHER FINANCING SOURCES (USES):								
Interfund loan proceeds	-	-	-	-	-	-	-	-
Interfund loan payments	-	-	-	-	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	-
Transfers in	554,466	-	-	-	300,000	-	825,389	1,679,855
Transfers out	(225,890)	-	(50,000)	-	-	-	(542,724)	(818,614)
Total other financing sources (uses)	328,576	-	(50,000)	-	300,000	-	282,665	861,241
Net change in fund balance	(734,364)	165	73,064	(353,478)	429,409	-	147,852	(437,352)
FUND BALANCE, BEGINNING	6,335,783	-	720,612	(4,794,064)	482,092	189,463	5,446,323	8,380,209
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-	-	(189,463)	189,463	-
FUND BALANCE, ENDING	\$ 5,601,419	\$ 165	\$ 793,676	\$ (5,147,542)	\$ 911,501	\$ 189,463	\$ 5,783,638	\$ 7,942,857

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

CITY OF INDEPENDENCE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ (437,352)
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.		(67,003)
Governmental funds report OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.		4,019
The statement of revenues, expenditures, and changes in fund balance report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital asset additions	932,066	
Current year depreciation/amortization	<u>(1,178,744)</u>	(246,678)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.		
Non-cash transfer to Business-Type Activities		(447,644)
Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities.		(455,892)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Changes in prepaid bond insurance		(118,522)
Accrued interest expense		(543,218)
Amortization of bond premium and bond insurance		
Interest expense associated with deferred charge on refunding		(61,857)
Changes in compensated absences		(13,232)
Subscription-based information technology arrangements payable		91,400
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	1,415,858	
Deferred charge on refunding	78,908	
Lease principal payments	<u>22,242</u>	<u>1,517,008</u>
Change in net position of governmental activities		<u>\$ (778,971)</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 our community members 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 include 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 purposes of Generally Accepted Accounting Principles these aforementioned funds are consolidated and included as three (3) separate enterprise funds.

CITY OF INDEPENDENCE, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2024

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 3,667,599	\$ 5,422,184	\$ 744,673	\$ 9,834,456
Accounts receivable, net	270,836	255,802	82,686	609,324
Prepaid expenses	1,485	1,485	1,485	4,455
Interfund loan receivable	240,365	519,568	21,359	781,292
Total current assets	4,180,285	6,199,039	850,203	11,229,527
Noncurrent assets:				
Loans receivable	33,288	50,978	2,768	87,034
Capital assets, net	7,176,603	13,175,923	964,564	21,317,090
OPEB asset	8,918	8,623	4,705	22,246
Total noncurrent assets	7,218,809	13,235,524	972,037	21,426,370
Total assets	11,399,094	19,434,563	1,822,240	32,655,897
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	223,237	215,858	117,771	556,866
Deferred outflows related to OPEB	2,323	2,246	1,225	5,794
Total deferred outflows of resources	225,560	218,104	118,996	562,660
Total assets and deferred outflows of resources	\$ 11,624,654	\$ 19,652,667	\$ 1,941,236	\$ 33,218,557
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 459,519	\$ 306,498	\$ 44,018	\$ 810,035
Accrued interest payable	2,977	367,855	-	370,832
Deposits	65,415	-	-	65,415
Accrued compensated absences	15,645	15,106	8,027	38,778
Current portion of leases payable	2,789	2,789	2,789	8,367
Current portion of long-term debt	145,947	183,340	-	329,287
Total current liabilities	692,292	875,588	54,834	1,622,714
Noncurrent liabilities:				
Noncurrent portion of leases payable	3,360	3,360	3,361	10,081
Noncurrent portion of long-term debt	1,219,378	8,392,862	-	9,612,240
Accrued compensated absences	15,644	15,105	8,026	38,775
Net pension liability	641,276	620,079	338,313	1,599,668
OPEB liability	23,513	22,735	12,404	58,652
Total noncurrent liabilities	1,903,171	9,054,141	362,104	11,319,416
Total liabilities	2,595,463	9,929,729	416,938	12,942,130
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	69,532	67,233	36,682	173,447
Deferred inflows related to OPEB	11,570	11,188	6,104	28,862
Total deferred inflows of resources	81,102	78,421	42,786	202,309
NET POSITION:				
Net investment in capital assets	5,805,129	4,593,572	958,414	11,357,115
Restricted for:				
OPEB asset benefits	8,918	8,623	4,705	22,246
System development	452,181	1,401,161	448,452	2,301,794
Unrestricted	2,681,861	3,641,161	69,941	6,392,963
Total net position	8,948,089	9,644,517	1,481,512	20,074,118
Total liabilities, deferred inflows of resources, and net position	\$ 11,624,654	\$ 19,652,667	\$ 1,941,236	\$ 33,218,557

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, 2024

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
OPERATING REVENUES:				
Charges for services	\$ 2,778,273	\$ 2,697,699	\$ 668,568	\$ 6,144,540
Miscellaneous income	53,897	2,957	380	57,234
Total operating revenues	2,832,170	2,700,656	668,948	6,201,774
OPERATING EXPENSES:				
Personnel service	769,297	729,412	394,994	1,893,703
Materials and service	660,159	776,598	151,937	1,588,694
Depreciation/Amortization	242,443	188,348	31,117	461,908
Total operating expenses	1,671,899	1,694,358	578,048	3,944,305
Operating income (loss)	1,160,271	1,006,298	90,900	2,257,469
NON-OPERATING REVENUES (EXPENSES):				
Interest income	184,244	286,315	32,131	502,690
Interest expense	(39,221)	(138,297)	-	(177,518)
Capital grants	-	500,000	-	500,000
Total non-operating revenues (expenses)	145,023	648,018	32,131	825,172
Net income (loss) before transfers and contributions	1,305,294	1,654,316	123,031	3,082,641
TRANSFERS AND CONTRIBUTIONS:				
Transfers in (out)	78,039	(369,776)	(121,860)	(413,597)
Capital contributions	165,491	223,323	32,747	421,561
Change in net position	1,548,824	1,507,863	33,918	3,090,605
NET POSITION, BEGINNING	7,399,265	8,136,654	1,447,594	16,983,513
NET POSITION, ENDING	<u>\$ 8,948,089</u>	<u>\$ 9,644,517</u>	<u>\$ 1,481,512</u>	<u>\$ 20,074,118</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, 2024

Business-Type Activities - Enterprise Funds

	Water Operations	Sewer Operations	Storm Drain Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,691,794	\$ 2,691,011	\$ 664,689	\$ 6,047,494
Cash paid to employees and others for salaries and benefits	(716,378)	(689,757)	(350,442)	(1,756,577)
Cash paid to suppliers and others	(242,528)	(1,502,330)	(119,649)	(1,864,507)
Net cash provided by operating activities	1,732,888	498,924	194,598	2,426,410
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Payment from (to) other funds	77,041	72,419	4,152	153,612
Transfers in (out)	(369,604)	(369,776)	(121,860)	(861,240)
Net cash (used for) non-capital financing activities	(292,563)	(297,357)	(117,708)	(707,628)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(815,541)	(1,567,652)	(27,408)	(2,410,601)
Principal paid on long-term obligations	(142,071)	(85,000)	-	(227,071)
Principal paid on lease obligations	(2,752)	(2,752)	(2,752)	(8,256)
Proceeds from borrowin	-	26,164	-	26,164
Proceeds from system development charges	132,203	232,420	35,760	400,383
Interest paid	(39,635)	(60,200)	-	(99,835)
Net cash provided by (used for) capital and related financing activities	(867,796)	(1,457,020)	5,600	(2,319,216)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	184,244	286,315	32,131	502,690
Net cash provided by investing activities	184,244	286,315	32,131	502,690
Net increase (decrease) in cash and cash equivalents	756,773	(969,138)	114,621	(97,744)
CASH AND CASH EQUIVALENTS, BEGINNING	2,910,826	6,391,322	630,052	9,932,200
CASH AND CASH EQUIVALENTS, ENDING	\$ 3,667,599	\$ 5,422,184	\$ 744,673	\$ 9,834,456
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income	\$ 1,160,271	\$ 1,006,298	\$ 90,900	\$ 2,257,469
Adjustments				
Depreciation and amortization	242,443	188,348	31,117	461,908
Decrease (increase) in:				
Accounts receivable and loans receivable	62,523	(9,645)	(4,259)	48,619
Prepays	(628)	(551)	(1,052)	(2,231)
Increase (decrease) in:				
Accounts payable and accrued expenses	418,259	(725,181)	33,340	(273,582)
PERS liability reserve	(7,460)	(7,368)	(3,981)	(18,809)
Deposits	(202,899)	-	-	(202,899)
Net pension liability and pension related items	48,855	34,604	37,969	121,428
Net OPEB liability and OPEB related items	1,557	864	1,440	3,861
Accrued compensated absences	9,967	11,555	9,124	30,646
Net cash provided by operating activities	\$ 1,732,888	\$ 498,924	\$ 194,598	\$ 2,426,410
NON-CASH CAPITAL FINANCING ACTIVITIES:				
Transfer from Governmental Activities	\$ 447,644	\$ -	\$ -	\$ 447,644

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, 2024

1. Summary of Significant Accounting Policies

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

A. Description of Reporting Entity

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 levels. 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 City function. Direct expenses are those specifically associated with and clearly identifiable to a particular function or program. 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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

offered by the programs, and (b) grants and contributions that are restricted to meeting the operational 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 a separate accounting entity. Funds are classified and summarized as governmental or proprietary. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the fund 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 2024:

- 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 *MINET Debt Fund* accounts for revenue from MINET for the servicing of MINET-related debt incurred by the City to fund MINET infrastructure and capital projects.
- The *Transportation Fund* accounts for street maintenance and improvements, funded with State of Oregon gas tax monies.
- The *Urban Renewal Projects Fund* accounts for the acquisition and construction of facilities financed through long-term borrowing.
- The *Grants Program Fund* accounts for local, state, and federal grants received for operating and capital purposes, and the associated expenditures.

The City reports each of its three proprietary funds as major funds. These funds are used to account for operations that are financed in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to community members 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, 2024

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 within 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 payment 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, long-term loans receivable, 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.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

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 each 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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

assessed as of that date. Property taxes attach as an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Polk County and remitted to the City.

Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable expected to be collected within thirty 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 Receivable/Payable

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.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities and proprietary fund statements 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:

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

<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	5-50

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

I. Lease and Subscription-Based Information Technology Arrangement Assets

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

J. Deferred Outflows/Inflows of Resources

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 post-employment 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 period(s) 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 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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 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 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. Post-employment 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 and compensatory time is accrued as it is earned. For governmental funds, accumulated vested compensated absences are maintained separately and represent 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 compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the fund that will pay it. Funds liquidating accrued compensated absences include the General Fund, Facilities Repair and Replacement Fund, Transportation Fund, Tourism & Events Fund, Water Fund, Sewer Fund and Storm Drain Fund.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 borrowing. 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 borrowing used to acquire or construct capital assets. All other net position is considered unrestricted.

P. Fund Balance

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

Nonspendable – Includes amounts not immediately convertible to cash, such as prepaid items and long-term advances.

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

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

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

Unassigned – This is the residual classification used for those balances not assigned to another category. Deficit fund balance in funds other than the General Fund would be reported as unassigned.

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.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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/expenses during the reporting period. Actual results could differ from those estimates.

S. Implementation of a New Accounting Standard

During the fiscal year ended June 30, 2024, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The City reported a non-major fund that was previously reported as a major fund, requiring implementation of this Statement.

2. Cash and Cash Equivalents

At June 30, 2024 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	\$ 17,272,184

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024, the book value of the City's deposits was \$1,129,260 and the bank balance was \$1,464,245. \$1,217,042 of the City's bank balances were exposed to custodial credit risk as they were collateralized under Public Funds Collateralization program (PFCP). The Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the 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 loans to MINET for infrastructure financing.

A. System Development Charges

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

B. Economic Development Loans

The City operates a loan program through its Economic Development Loan Fund. Twenty-year loans are made to local businesses at below-market rates for the purpose of stimulating economic growth. The screening and approval process is contracted through the Mid-Willamette Valley Council of Governments. As of June 30, 2024, there were two loans outstanding totaling \$59,184 with interest rates ranging between 3-5%. Monthly repayments are required.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

C. Special Assessment Loans

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

D. MINET

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

As of June 30, 2024, the loan receivable balance from MINET totaled \$11,991,125. The City has estimated the collectability of the loan receivable and has recorded an allowance for doubtful accounts in the amount of \$4,126,125. The loan receivable is as follows:

	MINET Debt Service Fund	Water Fund	Total
Loan receivable balance	\$ 7,865,000	\$ 4,126,125	\$ 11,991,125
Allowance for doubtful accounts	-	(4,126,125)	(4,126,125)
	<u>\$ 7,865,000</u>	<u>\$ -</u>	<u>\$ 7,865,000</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, 2024, the value of the lease receivable is \$23,554. The lessee is required to make monthly fixed payments of \$1,773. The lease has an interest rate of 1.0110%. The value of the deferred inflow of resources as of June 30, 2024 was \$23,554, and the City recognized lease revenue of \$20,877 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, 2024

4. Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2024 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, non-depreciable				
Land	\$ 1,457,360	\$ 18,113	\$ -	\$ 1,475,473
Work in progress	1,973,970	18,037	(1,961,646)	30,361
Total capital assets, non-depreciable	3,431,330	36,150	(1,961,646)	1,505,834
Capital assets, depreciable				
Intangibles				
Lease assets	108,785	-	-	108,785
SBITA	57,896	91,400	-	149,296
Other	234,883	-	(54,136)	180,747
Total intangibles	401,564	91,400	(54,136)	438,828
Buildings	16,257,935	-	(645,928)	15,612,007
Equipment	677,346	28,328	(238,273)	467,401
Vehicles	1,019,868	69,249	(488,116)	601,001
Infrastructure	24,789,643	2,577,185	-	27,366,828
Total capital assets, depreciable	43,146,356	2,766,162	(1,426,453)	44,486,065
Less accumulated depreciation/amortization for:				
Intangibles				
Right to use lease assets	(40,692)	(22,350)	-	(63,042)
SBITA	(21,783)	(5,078)	-	(26,861)
Other	(234,086)	(3,159)	69,135	(168,110)
Buildings	(5,811,141)	(389,648)	411,500	(5,789,289)
Equipment	(460,062)	(31,673)	193,798	(297,937)
Vehicles	(747,319)	(66,970)	484,567	(329,722)
Infrastructure	(12,575,384)	(659,866)	-	(13,235,250)
Total accumulated depreciation/amortization	(19,890,467)	(1,178,744)	1,159,000	(19,910,211)
Net capital assets, depreciable	23,255,889	1,587,418	(267,453)	24,575,854
Net capital assets	\$ 26,687,219	\$ 1,623,568	\$ (2,229,099)	\$ 26,081,688
Depreciation for Governmental Activities				
General Government		\$ 388,986		
Public Safety		70,725		
Highways and Streets		341,836		
Culture and Recreation		377,197		
Total Depreciation Expense - Governmental Activities		\$ 1,178,744		

CITY OF INDEPENDENCE, OREGON
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Capital asset activity for the business-type activities for the year ended June 30, 2024 was as follows:

Business-type Activities	Beginning Balance	Additions	Deletions	Adjustments Transfers	Ending Balance
Capital assets, non-depreciable					
Land	\$ 201,804	\$ -	\$ -	\$ (34,450)	\$ 167,354
Work in progress	7,689,747	710,275	-	-	8,400,022
Intangibles	860,893	-	-	34,450	895,343
Total capital assets, non-depreciable	8,752,444	710,275	-	-	9,462,719
Capital assets, depreciable					
Lease assets	41,712	-	-	-	41,712
Total intangibles	41,712	-	-	-	41,712
Buildings	1,245,809	-	-	(110,108)	1,135,701
Distribution/collection systems	19,748,437	1,941,963	-	(27,464)	21,662,936
Equipment	1,334,225	82,368	-	(93,038)	1,323,555
Total capital assets, depreciable	22,370,183	2,024,331	-	(230,610)	24,163,904
Less accumulated depreciation for:					
Intangibles	(14,757)	(8,307)	-	-	(23,064)
Buildings	(503,593)	(97,710)	-	42,495	(558,808)
Distribution/collection systems	(10,650,384)	(274,262)	-	164,523	(10,760,123)
Equipment	(1,033,139)	(81,629)	-	147,230	(967,538)
Total accumulated depreciation	(12,201,873)	(461,908)	-	354,248	(12,309,533)
Net capital assets, depreciable	10,168,310	1,562,423	-	123,638	11,854,371
Net capital assets	\$ 18,920,754	\$ 2,272,698	\$ -	\$ 123,638	\$ 21,317,090
Depreciation for Business-type Activities					
Water		\$ 242,443			
Sewer		188,348			
Storm Drain		31,117			
		<u>\$ 461,908</u>			

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. Interfund Transfers, Loans, Receivables, Payables.

A. Interfund Transfers

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

Fund Transfers:

	<u>Transfers In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund GAAP	\$ 554,466	\$ 225,890
Transportation Fund	-	50,000
Grants Program Fund	300,000	-
Total Major Governmental Funds	<u>854,466</u>	<u>275,890</u>
Non-Major Governmental Funds:		
Economic Development Fund	-	300,000
Transportation SDC Fund	-	110,779
Parks SDC Fund	-	131,945
Urban Renewal Debt Service Fund	427,435	-
Building Repair and Replacement	287,175	-
Capital Projects Fund	110,779	-
Total Non-Major Governmental Funds	<u>825,389</u>	<u>542,724</u>
Major Enterprise Funds:		
Water Fund	447,644	369,605
Sewer Fund	-	369,776
Storm Drain Fund	-	121,860
Total Enterprise Funds	<u>447,644</u>	<u>861,241</u>
Total All Funds	<u>\$ 2,127,499</u>	<u>\$ 1,679,855</u>

Note that interfund transfers in the fund statements do not balance. The difference relates to capital assets transferred from governmental activities to the Water Fund. Because the governmental funds do not report capital assets, they cannot report transfers of those assets, and thus transfers out from the governmental funds are less than transfers in to the proprietary funds by \$447,644.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Budgetary Transfers:

	<u>Transfers In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 554,466	\$ 225,890
Transportation Fund	-	50,000
Grants Program Fund	300,000	-
Total Major Governmental Funds	<u>854,466</u>	<u>275,890</u>
Non-Major Governmental Funds:		
Building Repair/Replacement Reserve Fund	287,175	-
Economic Development Loan Fund	-	300,000
Urban Renewal Debt Service Fund	427,435	-
Transportation SDC Fund	-	110,779
Capital Projects Fund	110,779	-
Parks SDC Fund	-	131,945
Total Non-Major Governmental Funds	<u>825,389</u>	<u>542,724</u>
Major Enterprise Funds:		
Water Fund	-	379,805
Water SDC Fund	10,200	-
Sewer Fund	760,965	369,776
Sewer SDC Fund	-	760,965
Storm Fund	-	121,860
Storm SDC Fund	-	-
Total Enterprise Funds	<u>771,165</u>	<u>1,632,406</u>
Total All Funds	<u>\$ 2,451,020</u>	<u>\$ 2,451,020</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 URA began repaying the City in 2023. The principal balance of this loan receivable is \$3,867,234. This loan receivable is reported in the General Fund.

In 2017, the URA 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, 2024, the balance of this loan is \$1,678,807. 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, 2024

The Agency incurred other loans with the City in prior years to supplement project-related cash flows. The balance of these loans at June 30, 2024 totaled \$257,783.

	ICC Construction and Debt Service	Independence Landing Development Agreement	Total
General Fund	\$ 3,867,234	\$ 8,706	\$ 3,875,940
Transportation SDC Fund	-	659,920	659,920
Parks SDC Fund	-	386,423	386,423
Water SDC Fund	-	240,365	240,365
Sewer SDC Fund	-	362,034	362,034
Storm Drain SDC Fund	-	21,359	21,359
Loan Balances	<u>\$ 3,867,234</u>	<u>\$ 1,678,807</u>	5,546,041
		Cash allocations	257,782
		Total loans receivable	<u>\$ 5,803,823</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.

Loan From (Receivable)	Loan To (Payable)	June 30, 2024 Balance
General Fund	Urban Renewal Projects Fund	\$ 3,875,940
Economic Development Loan Fund	Urban Renewal Projects Fund	100,248
Transportation SDC Fund	Urban Renewal Projects Fund	659,920
Parks SDC Fund	Urban Renewal Projects Fund	386,423
Sewer Fund	Urban Renewal Projects Fund	157,534
Sewer SDC Fund	Urban Renewal Projects Fund	362,034
Water SDC Fund	Urban Renewal Projects Fund	240,365
Storm Drain SDC Fund	Urban Renewal Projects Fund	21,359
		<u>\$ 5,803,823</u>

Additionally, the Agency owes the City \$749,587 related to deficit cash balances in the Urban Renewal Projects Fund at June 30, 2024. The total balance of loans receivable between the City and the URA is \$6,553,411.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

C. Interfund Receivables and Payables

Interfund balances which represent unsettled overdrafts of pooled cash as of June 30, 2024, are as follows:

	<u>Due to other funds</u>	<u>Due from other funds</u>
Urban Renewal Projects Fund	\$ 749,587	\$ -
Information Services Equipment Fund	50,570	-
General Fund	-	800,157
	<u>\$ 800,157</u>	<u>\$ 800,157</u>

D. Franchise Fee Payments

The Proprietary funds paid franchise fees to the General Fund for fiscal year ended June 30, 2024 as follows:

Water Fund	\$ 187,745
Sewer Fund	187,917
Storm Drain Fund	46,860
Total	<u>\$ 422,522</u>

6. Leases Payable

During the year ended June 30, 2024, governmental leases payable activity was as follows:

<u>Governmental Activities</u>	<u>June 30, 2023</u>				<u>June 30, 2024</u>
	<u>Balance</u>	<u>Additions</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Office copier, postage and plotting machines; interest ranges between 0.74-2.36%, monthly payments of principal and interest of \$1,854, due 2027	\$ 67,671	\$ -	\$ -	\$ 22,242	\$ 45,429
Current portion					(22,511)
Long-term portion					<u>\$ 22,918</u>

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024-25	\$ 22,511	\$ 467
2025-26	19,605	204
2026-27	3,313	27
	<u>\$ 45,429</u>	<u>\$ 698</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

During the year ended June 30, 2024, business-type leases payable activity was as follows:

<u>Business-Type Activities</u>	<u>June 30, 2023</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u> <u>Balance</u>
Office copier, postage and plotting machines; interest at 1.04-2.36%, monthly payments of principal and interest of \$226, due 2027	\$ 26,704	\$ -	\$ 8,256	\$ 18,448
				(8,367)
Current portion				\$ 10,081
Long-term portion				

Future maturities are as follows:

<u>Total</u>		
<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 8,367	\$ 205
2026	8,477	94
2027	1,604	14
	<u>\$ 18,448</u>	<u>\$ 313</u>

7. Subscription-Based Information Technology Arrangements

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

- Network detection and response system – interest calculated at 4.75%, principal and interest payments totaling a combined \$15,000 annually through the 2025-26 fiscal year. On June 30, 2024, the principal balance outstanding totaled \$14,320.
- A VOIP telephone solution – interest calculated at 5.25% per year, combined principal and interest payments totaling \$32,172 per year through the 2026-27 fiscal year. The principal balance outstanding on June 30, 2024, totals \$89,119.
- Payroll and human resources services software – interest calculated at 4.75% annually through the 2023-24 fiscal year, combined principal and interest payments totaling \$9,008 for 2023-24.

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

	<u>June 30, 2023</u>			<u>June 30, 2024</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Subscription-based information technology arrangements	\$ 36,590	\$ 91,400	\$ 24,551	\$ 103,439
	<u>\$ 36,590</u>	<u>\$ 91,400</u>	<u>\$ 24,551</u>	<u>103,439</u>
Current portion				(42,485)
Long-term portion				<u>\$ 60,954</u>

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

<u>Fiscal</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 42,485	\$ 4,687
2026	29,679	2,493
2027	<u>31,275</u>	<u>885</u>
	<u>\$ 103,439</u>	<u>\$ 8,065</u>

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

8. Long Term Debt

During the year ended June 30, 2024, 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	\$ 3,200,000	\$ -	\$ 265,000	\$ 2,935,000	\$ 275,000
Bond Premium	13,803	-	1,619	12,184	-
2015 FF&C MINET Bond	2,425,000	-	235,000	2,190,000	240,000
2016A FF&C Refunding Obligation	7,840,000	-	40,000	7,800,000	40,000
Bond Premium	370,776	-	34,146	336,630	-
2017C FF&C MINET Bond	1,190,000	-	295,000	895,000	305,000
2017A FF&C Refunding Obligation	2,920,000	-	400,000	2,520,000	415,000
Bond Premium	276,634	-	17,299	259,335	-
2020 FF&C MINET Refunding Obligation	4,780,000	-	-	4,780,000	-
Bond Premium	413,505	-	25,844	387,661	-
Total Bonds	23,429,718	-	1,313,908	22,115,810	1,275,000
Notes Payable					
SPWF Loan - Hoffman	25,443	-	25,443	-	-
2020 Chase Bank (Museum)	476,843	-	64,083	412,760	65,384
2021 IFA Loan - Indy Landing	2,904,580	-	91,332	2,813,248	93,916
Total Notes Payable	3,406,866	-	180,858	3,226,008	159,300
Total Bonds, Notes, and Leases	26,836,584	-	1,494,766	25,341,818	1,434,300
Compensated Absences	305,766	178,486	165,254	318,998	106,333
Total Governmental Activities	\$ 27,142,350	\$ 178,486	\$ 1,660,020	\$ 25,660,816	\$ 1,540,633

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, 2024 are as follows:

Governmental Activities

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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.	\$ 2,935,000
In May of 2015, the City issued \$4,145,000 of full faith and credit obligation bonds at rate interest rates varying from 0.65% to 4.05% to retire a portion of the 2010 MINET bonds. Interest is payable semiannually on December 1 and June 1 of each year. The bonds mature in 2032.	2,190,000
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	7,800,000
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.	895,000
In December 2017, the City issued \$4,035,000 of full faith and credit obligation refunding bonds to retire existing debt of the City. Interest rates range from 3.00% to 4.00%. The bond principal is payable annually and interest is payable semi-annually. The bonds mature in 2030.	2,520,000
In June 2020, the City issued full faith and credit obligations to retire existing debt of MINET owed by the City. Interest rates range from 2.0% to 3.0%. Bond principal is paid annually, and interest is paid semi-annually. The bonds mature in June 2040.	4,780,000
Total bonds	<u>\$ 21,120,000</u>

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
2025	\$ 275,000	\$ 122,719	\$ 240,000	\$ 79,485
2026	290,000	111,719	250,000	71,150
2027	300,000	100,119	255,000	62,185
2028	315,000	88,119	265,000	52,693
2029	325,000	75,519	275,000	42,221
2030-34	1,430,000	158,394	905,000	55,991
	<u>\$ 2,935,000</u>	<u>\$ 656,589</u>	<u>\$ 2,190,000</u>	<u>\$ 363,725</u>

CITY OF INDEPENDENCE, OREGON
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Fiscal Year	2016A FF&C Refunding Bond		2017A FF& C Refunding Bond	
	Principal	Interest	Principal	Interest
2025	\$ 40,000	\$ 296,406	\$ 415,000	\$ 100,800
2026	40,000	294,806	430,000	84,200
2027	40,000	293,206	450,000	67,000
2028	45,000	291,606	465,000	49,000
2029	45,000	289,806	485,000	30,400
2030-34	2,860,000	1,246,630	275,000	11,000
2035-39	3,870,000	575,062	-	-
2040-44	860,000	29,025	-	-
	<u>\$ 7,800,000</u>	<u>\$ 3,316,547</u>	<u>\$ 2,520,000</u>	<u>\$ 342,400</u>

Fiscal Year	2017C FF&C MINET Bond		2020 FF&C MINET Refunding	
	Principal	Interest	Principal	Interest
2025	\$ 305,000	\$ 29,058	\$ -	\$ 143,050
2026	315,000	19,450	-	143,050
2027	275,000	9,212	-	143,050
2028	-	-	35,000	143,050
2029	-	-	315,000	142,350
2030-34	-	-	1,705,000	565,950
2035-39	-	-	1,985,000	293,100
2040-44	-	-	740,000	32,550
	<u>\$ 895,000</u>	<u>\$ 57,720</u>	<u>\$ 4,780,000</u>	<u>\$ 1,606,150</u>

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.

\$ 412,760

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. The agreement matures in fiscal year 2045-46.

2,813,248

Total notes payable

\$ 3,226,008

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

Fiscal Year	2021 IFA SPWF - Indy Landing		2020 Chase Bank (Museum)	
	Principal	Interest	Principal	Interest
2025	\$ 93,916	\$ 79,615	\$ 65,384	\$ 7,715
2026	96,574	76,957	66,711	6,375
2027	99,307	71,224	68,066	5,007
2028	102,118	71,414	69,447	3,611
2029	105,008	68,524	70,857	2,187
2030-34	571,331	296,325	72,295	733
2035-39	656,882	210,774	-	-
2040-44	755,243	112,413	-	-
	<u>\$ 2,813,248</u>	<u>\$ 1,001,442</u>	<u>\$ 412,760</u>	<u>\$ 25,628</u>

During the year ended June 30, 2024, business-type long-term liability activity was as follows:

Business Activities	Beginning Balances	Additions	Deletions	Ending Balances	Due in One Year
Revenue Bonds					
2013 Sewer Bond	\$ 1,860,000	\$ -	\$ 85,000	\$ 1,775,000	\$ 90,000
Bond Discount	(9,781)	554	-	(9,227)	-
2016A Full Faith & Credit Water Bond	960,000	-	60,000	900,000	65,000
Bond Premium	41,780	-	3,364	38,416	-
Total Bonds	<u>2,851,999</u>	<u>554</u>	<u>148,364</u>	<u>2,704,189</u>	<u>155,000</u>
Notes Payable					
CWSRF Loan	7,284,265	26,164	500,000	6,810,429	93,340
Direct Borrowing					
2018 Chase Bank Loan	505,766	-	78,857	426,909	80,947
Total Notes Payable	<u>7,790,031</u>	<u>26,164</u>	<u>578,857</u>	<u>7,237,338</u>	<u>174,287</u>
Total Notes Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bonds, Notes and Leases	<u>10,642,030</u>	<u>26,718</u>	<u>727,221</u>	<u>9,941,527</u>	<u>329,287</u>
Compensated Absences	46,907	92,805	62,159	77,553	38,775
Total Business Activities	<u>\$ 10,688,937</u>	<u>\$ 119,523</u>	<u>\$ 789,380</u>	<u>\$ 10,019,080</u>	<u>\$ 368,062</u>

CITY OF INDEPENDENCE, OREGON
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For the Fiscal Year Ended June 30, 2024

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.

\$ 1,775,000

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.

900,000

Total bonds payable

\$ 2,675,000

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

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

Fiscal Year	2013 Sewer Revenue Bonds		2016A Water Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 90,000	\$ 57,650	\$ 65,000	\$ 27,650
2026	90,000	54,950	65,000	25,050
2027	95,000	52,250	65,000	23,100
2028	95,000	49,400	70,000	21,150
2029	100,000	46,550	70,000	19,050
2030-34	540,000	186,400	395,000	61,800
2035-39	630,000	91,175	170,000	7,650
2040-44	135,000	4,725	-	-
	<u>\$ 1,775,000</u>	<u>\$ 543,100</u>	<u>\$ 900,000</u>	<u>\$ 185,450</u>

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In November 2017, the City entered into a Clean Water State Revolving Fund Loan (CWSRF) agreement with the State of Oregon Department of Environmental Quality (DEQ) to award the City a total of \$9,416,130. The City will repay this amount at the end of the project with 1.42% interest per annum. The City pledged income derived from net revenue of the City's sewer systems to pay debt service. In the event of default, outstanding amounts become immediately due. The loan will be drawn down first. At year-end the City had an outstanding balance of:

\$ 6,810,429

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.

426,909

Total notes payable

\$ 7,237,338

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

Fiscal Year	2019 FF&C Chase - Water Rights	
	Principal	Interest
2025	\$ 80,947	\$ 11,309
2026	83,092	9,164
2027	85,293	6,962
2028	87,554	4,702
2029	90,023	2,382
2030-34	-	-
2035-39	-	-
2040-44	-	-
	<u>\$ 426,909</u>	<u>\$ 34,519</u>

9. Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2024. These deficits will be financed through future revenues.

Fund	Amount
Urban Renewal Projects Fund	\$ 5,147,542
Information Services Equipment Fund	50,570
	<u>\$ 5,198,112</u>

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10. Tax Abatements

Polk County negotiates property tax abatement agreements on an individual basis. For the fiscal year ended June 30, 2024, the County had agreements which reduced property taxes levied on 12 properties for certified historic properties and for enterprise zone properties.

Property taxes for certified historic properties are abated for 15 consecutive years on the assessed value of qualifying improvements to the property pursuant to ORS 358.475-.545. The taxpayer is required to make qualified improvement to the property within the first five years in an amount of at least ten percent of the historic property’s real market value at the time of program qualification. The County has not made any commitments as part of these agreements other than to reduce taxes. State law provides for the recapture of taxes abated, in addition to interest and penalties, if the property is disqualified during the term of the agreement.

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

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

Property taxes abated by Polk County for the year ended June 30, 2024, listed by abatement program are as follows:

Abatement Program	Percentage of Taxes Abated	Total Property Taxes Abated	City Share of Taxes Abated
Historic Property	30%-55%	\$ 2,649	\$ 842
Enterprise Zone	100%	187,417	-
		<u>\$ 190,066</u>	<u>\$ 842</u>

11. Post Employment Benefits Other than Pensions

Other postemployment benefits (OPEB) for the City is comprised of 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.

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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	\$ -	\$ 93,874	\$ 93,874
Deferred outflows of resources			
Change in assumptions	10,781	-	10,781
Difference in expected and actual expe	5,006	-	5,006
Difference in earnings	-	266	266
Change in proportionate share	-	2,125	2,125
Contributions after MD	5,725	548	6,273
Net OPEB Liability	(247,511)	-	(247,511)
Deferred inflows of resources			
Change in assumptions	(56,280)	(1,012)	(57,292)
Difference in expected and actual expe	(52,605)	(2,357)	(54,962)
Difference in earnings	-	-	-
Change in proportionate share	-	(9,543)	(9,543)
OPEB expense/(income)*	17,161	(11,004)	6,157

* included in program expenses on the 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. As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

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

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

The City's net OPEB liability of \$247,511 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2024, the City recognized OPEB expense from this plan of \$17,161. At June 30, 2024, 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	\$ 5,006	\$ 52,605
Changes in assumptions	10,781	56,280
Total (prior to post-MD contributions)	15,787	108,885
Contributions subsequent to the MD	5,725	-
Total	<u>\$ 21,512</u>	<u>\$ 108,885</u>

Deferred outflows of resources related to OPEB of \$5,725 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB income as follows:

<u>Year Ended June 30</u>	
2025	\$ (13,412)
2026	(13,412)
2027	(12,871)
2028	(11,616)
2029	(10,210)
Thereafter	<u>(31,577)</u>
	<u>\$ (93,098)</u>

Actuarial Assumptions and Other Inputs

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

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Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Discount Rate	3.65 percent
Projected Salary Increases	3.40 percent overall payroll growth
Retiree Healthcare Participation	35% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.</p> <p>Future mortality improvement: Generational Unisex Social Security Data Scale</p> <p>Healthcare cost trend rate: Medical and vision: 6.25 percent per year increasing to 6.75 percent.</p> <p>Dental: 4.00 percent per year until 2072, then 3.75 percent thereafter.</p>

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

Changes in the Net OPEB Liability

	<u>Net OPEB Liability</u>
Balance as of June 30, 2023	\$ 221,501
Changes for the year:	
Service cost	21,986
Interest on total OPEB liability	8,587
Effect of assumptions changes or inputs	(2,695)
Benefit payments	(1,868)
Balance as of June 30, 2024	<u>\$ 247,511</u>

Changes in assumptions are the result of the change in the discount rate from 3.54% to 3.65%.

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Sensitivity of the Total OPEB Liability

The following presents the City's OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
\$ 274,076	\$ 247,511	\$ 223,267

<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
\$ 212,751	\$ 247,511	\$ 289,274

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/emp/Documents/GASB/2023/GASB-75-RHIA-Individual-Employer-Schedules.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

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disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2021 actuarial valuation and a percentage of payroll that first became effective July 1, 2023. The City contributed 0.05% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The City's total for the year ended June 30, 2024, contributions was \$548.

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

At June 30, 2024, the City reported an asset of \$93,874 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021, rolled forward to June 30, 2023. 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, 2024, the City's proportionate share was 0.0256% which is a increase from its proportion of 0.0201%, as of June 30, 2023.

For the year ended June 30, 2024, the City recognized OPEB income from this plan of \$11,004. At June 30, 2024, 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	\$ -	\$ 2,357
Changes in assumptions	-	1,012
Earnings on investments	266	-
Change in proportionate share	2,125	9,543
Total (prior to post-MD contributions)	2,391	12,912
Contributions subsequent to the MD	548	-
Total	\$ 2,939	\$ 12,912

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Deferred outflows of resources related to OPEB of \$548 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, 2025. 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>	
2025	\$ (9,501)
2026	(5,733)
2027	3,469
2028	1,244
2029	-
Total	<u>\$ (10,521)</u>

Actuarial Methods and Assumptions

The net OPEB asset in the December 31, 2021 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed below in note 12 – Pension Plan Actuarial Assumptions.

Long-Term Expected Rate of Return

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

Discount Rate

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

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

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

<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
\$ (85,331)	\$ (93,874)	\$ (101,203)

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OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2023, measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2023, measurement period that require disclosure.

12. Pension Plan

Plan Description

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

A. Benefits provided

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

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

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

Death Benefits

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

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

Disability Benefits

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

Benefit Changes

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

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

Pension Benefits

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

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

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

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

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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.

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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2024 were \$949,969 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year

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ended June 30, 2024 were 26.69 percent for Tier One/Tier Two General Service Member, 26.69 percent for Tier One/Tier Two Police and Fire, 20.17 percent for OPSRP Pension Program General Service Members, 24.96 percent for OPSRP Pension Program Police and Fire Members.

C. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contribution were \$225,214 for the year ended June 30, 2024.

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

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

At June 30, 2024, the City reported a liability of \$6,750,528 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to June 30, 2023. 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, 2024, the City's proportion was 0.0360 percent, which was a decrease from its proportion of 0.0375 as of June 30, 2023.

For the year ended June 30, 2024, the City's recognized pension expense of \$1,146,999. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 330,121	\$ 26,766
Changes in assumptions	599,677	4,471
Earnings on investments	121,335	-
Change in proportionate share	339,693	179,022
Differences between employer contributions and employer's proportionate share of system contributions	9,159	521,682
Total (prior to post-MD contributions)	1,399,985	731,941
Contributions subsequent to the MD	949,969	-
Total	<u>\$ 2,349,954</u>	<u>\$ 731,941</u>

City's contributions subsequent to the measurement date of \$949,969 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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>	
2025	\$ 105,050
2026	(225,149)
2027	614,965
2028	171,641
2029	1,537
Thereafter	-
	<u>\$ 668,044</u>

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E. Actuarial assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
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
Cost-of-living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy 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 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>Disabled retirees: 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>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

F. Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC)

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target Allocation</u>
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Total	100.00%	

Assumed Inflation - Mean 2.35%

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 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)	\$ 11,150,601	\$ 6,750,528	\$ 3,068,133

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

H. Pension plan fiduciary net position

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

I. Changes in Plan Provisions During to Measurement Period

There were no changes during the June 30, 2023, measurement period that require disclosure.

J. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2023, measurement period that require disclosure.

13. Risk Management

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

14. Contingencies and Commitments

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

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

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

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Project No.	Project	Contract Amount	Paid through June 30, 2024	Remaining Commitment
2021-03	Water Rights	\$ 65,283	\$ 31,041	\$ 34,242
2022-09	Waste Water Treatment Plant Upgrade	2,204,558	561,927	1,642,631
2022-13	Sunset Meadows Park Improvements	571,017	558,348	12,669
2023-04	Surface Water Treatment Plant	11,997,275	1,392,231	10,605,044
2022-14	C Street Sewer Replacement	736,789	733,289	3,500
2022-17	9th Street Pump Station Phases 2-3	786,800	180,714	606,086
2023-05	Riverview Pathway Realignment	138,304	104,245	34,059
2023-06	Stormwater Master Plan	91,124	44,306	46,818
2023-09	Road Survey for Annex-Juris Transfer	41,250	21,267	19,983
2023-11	Parks Master Plan	244,300	43,297	201,003
2023-13	Corvallis Road Waterline	363,591	132,693	230,898

15. Concentration of Credit Risk

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

The total amount loaned to MINET as of June 30, 2024, is shown below:

MINET Loan	Purpose	Amount	Interest Rate	Repayment Term
2015 Full Faith & Credit Obligation	Capital/Infrastructure	2,190,000	0.65%-4.05%	15 years
2017 Full Faith & Credit Obligation	Capital/Infrastructure	895,000	0.85%-5.84%	21 years
2020 Full Faith & Credit Obligation	Capital/Infrastructure	4,780,000	2%-3%	20 years
Advances to MINET	Cover prior year shortfalls	4,126,125	3%	12 years

CITY OF INDEPENDENCE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Summarized financial data for MINET is as follows:

	<u>2024</u>	<u>2023</u>
Assets		
Current assets	\$ 2,057,934	\$ 1,805,181
Capital assets, net of depreciation	<u>12,278,358</u>	<u>12,668,674</u>
Total assets	<u>14,336,292</u>	<u>14,473,855</u>
 Deferred Outflows of Resources		
Deferred charges for debt refunding	<u>651,973</u>	<u>746,826</u>
 Liabilities		
Current liabilities	1,559,904	1,560,074
Long-term liabilities	<u>26,356,133</u>	<u>27,733,207</u>
Total liabilities	<u>27,916,037</u>	<u>29,293,281</u>
 Net Position		
Net investment in capital assets	(4,230,226)	(5,008,065)
Unrestricted	<u>(8,697,546)</u>	<u>(9,064,535)</u>
Total net position	<u><u>\$ (12,927,772)</u></u>	<u><u>\$ (14,072,600)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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

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

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 2,596,000	\$ 2,596,000	\$ 2,609,062	13,062
Franchise fees	835,000	835,000	987,672	152,672
Licenses, permits and fees	286,350	286,350	187,239	(99,111)
Intergovernmental	463,400	463,400	483,639	20,239
Assessments				-
Grants and donations	500	2,000	(498)	(2,498)
Fines and forfeitures	71,400	71,400	81,654	10,254
Charges for services	155,000	155,000	187,282	32,282
Rent	37,460	37,460	27,338	(10,122)
Interest revenue	20,200	52,200	595,538	543,338
Miscellaneous revenue	10,000	10,000	37,024	27,024
Total revenues	<u>4,475,310</u>	<u>4,508,810</u>	<u>5,195,950</u>	<u>687,140</u>
EXPENDITURES:				
General government	1,080,525	1,242,525	1,306,910	(64,385)
Public safety	3,406,736	3,406,736	3,238,220	168,516
Community development	354,478	354,478	291,334	63,144
Culture and recreation	1,099,342	1,100,842	1,028,653	72,189
Capital outlay	-	-	665	(665)
Debt service:				
Principal	64,085	64,085	64,083	2
Interest	9,030	9,030	9,029	1
Contingency	<u>1,149,595</u>	<u>1,019,595</u>	<u>-</u>	<u>1,019,595</u>
Total expenditures	<u>7,163,791</u>	<u>7,197,291</u>	<u>5,938,894</u>	<u>1,258,397</u>
Revenues over (under) expenditures	<u>(2,688,481)</u>	<u>(2,688,481)</u>	<u>(742,944)</u>	<u>1,945,537</u>
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	492,600	492,600	2,150	(490,450)
Transfers in	490,613	490,613	422,521	(68,092)
Transfers out	<u>(213,715)</u>	<u>(213,715)</u>	<u>(213,715)</u>	<u>-</u>
Total other financing sources (uses)	<u>769,498</u>	<u>769,498</u>	<u>210,956</u>	<u>(558,542)</u>
Net change in fund balance	<u>(1,918,983)</u>	<u>(1,918,983)</u>	<u>(531,988)</u>	<u>1,386,995</u>
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>1,918,983</u>	<u>1,918,983</u>	<u>2,114,813</u>	<u>195,830</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>1,582,825</u>	<u>\$ 1,582,825</u>
Interfund receivable			3,875,940	
Information services equipment fund			(50,570)	
Parks capital reserve fund			<u>181,344</u>	
FUND BALANCE, ENDING GAAP			<u>\$ 5,589,539</u>	

CITY OF INDEPENDENCE, OREGON
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 855,000	\$ 855,000	\$ 929,525	\$ 74,525
Interest revenue	5,000	5,000	34,303	29,303
Miscellaneous revenue	-	-	6,271	6,271
Total revenues	860,000	860,000	970,099	110,099
EXPENDITURES:				
Personnel service	483,349	483,349	495,894	(12,545)
Materials and service	519,950	519,950	310,478	209,472
Capital outlay	44,650	44,650	40,377	4,273
Debt service:				
Principal	-	-	57,143	(57,143)
Interest	-	-	286	(286)
Contingency	313,878	313,878	-	313,878
Total expenditures	1,361,827	1,361,827	904,178	457,649
Revenues over (under) expenditures	(501,827)	(501,827)	65,921	567,748
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(57,430)	(57,430)	-	57,430
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	(107,430)	(107,430)	(50,000)	57,430
Net change in fund balance	(609,257)	(609,257)	15,921	625,178
FUND BALANCE, BEGINNING - BUDGETARY BASIS	619,257	619,257	777,755	158,498
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 10,000	\$ 10,000	\$ 793,676	\$ 783,676

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, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 101,090	\$ 101,090	\$ 875,824	\$ 774,734
Grants and donations	15,000	15,000	60,300	45,300
Interest revenue	10,000	10,000	93,516	83,516
Total revenues	126,090	126,090	1,029,640	903,550
EXPENDITURES:				
Personnel service	172,500	72,900	66,724	6,176
Materials and service	1,452,190	1,502,340	370,677	1,131,663
Capital outlay	-	49,450	462,830	(413,380)
Contingency	544,110	544,110	-	544,110
Total expenditures	2,168,800	2,168,800	900,231	1,268,569
Revenues over (under) expenditures	(2,042,710)	(2,042,710)	129,409	2,172,119
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	300,000	300,000
Net changes in fund balances	(2,042,710)	(2,042,710)	429,409	2,472,119
FUND BALANCE, BEGINNING	2,042,710	2,042,710	482,092	(1,560,618)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 911,501	\$ 911,501

CITY OF INDEPENDENCE, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Ten Fiscal Years

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	Plan fiduciary net position as a percentage of the total pension liability
2023	0.03603994%	\$ 6,750,528	\$ 3,608,813	187.06%	81.7%
2022	0.03750261%	5,742,402	3,379,700	169.91%	84.5%
2021	0.03592788%	4,299,303	3,793,030	113.35%	87.6%
2020	0.03422785%	7,469,694	3,665,402	203.79%	75.8%
2019	0.03335804%	5,770,142	3,437,258	167.87%	80.2%
2018	0.03086104%	4,675,041	3,211,306	145.58%	82.1%
2017	0.03078833%	4,150,279	2,965,410	139.96%	83.1%
2016	0.03134115%	4,705,034	2,661,504	176.78%	80.5%
2015	0.02869354%	1,647,429	2,374,283	69.39%	91.9%
2014	0.02677427%	(606,896)	2,259,338	-26.86%	103.6%

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

NOTES TO SCHEDULE

Changes in Benefit Terms:

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

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

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

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2024	\$ 949,969	949,969	-	\$ 4,184,973	22.70%
2023	865,066	865,066	-	3,608,313	23.97%
2022	768,563	768,563	-	3,379,700	22.74%
2021	720,689	720,689	-	3,793,030	19.00%
2020	702,449	702,449	-	3,665,402	19.16%
2019	492,899	492,899	-	3,437,258	14.34%
2018	452,305	452,305	-	3,211,306	14.08%
2017	334,614	334,614	-	2,965,410	11.28%
2016	320,569	320,569	-	2,661,504	12.04%
2015	305,990	305,990	-	2,374,283	12.89%

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, 2021	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013
Effective	July 2023 - June 2025	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017
Actuarial cost method	Entry Age Normal				
Amortization method	Level percentage of payroll				
Asset valuation method	Market Value				
Remaining amortization periods	20 years				
Actuarial assumptions:					
Inflation rate	2.40 percent		2.50 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

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
2023	0.02563693%	\$ (93,874)	\$ 3,608,813	-2.60%	201.6%
2022	0.02018283%	(71,717)	3,379,700	-2.12%	194.6%
2021	0.02436595%	(83,673)	3,793,030	-2.21%	183.9%
2020	0.03021349%	(61,563)	3,665,402	-1.68%	150.1%
2019	0.02915515%	(56,338)	3,437,258	-1.64%	144.4%
2018	0.02776841%	(30,997)	3,211,306	-0.97%	124.0%
2017	0.02714883%	(11,330)	2,965,410	-0.38%	108.9%

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

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

NOTES TO SCHEDULE

Changes of Assumptions:

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

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

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2024	\$ 548	548	-	\$ 4,184,973	0.01%
2023	505	505	-	3,608,313	0.01%
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, 2021	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013
Effective	July 2023 - June 2025	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017
Actuarial cost method	Entry Age Normal				
Amortization method	Level percentage of payroll				
Asset valuation method	Market Value				
Remaining amortization periods	20 years				
Actuarial assumptions:					
Inflation rate	2.40 percent		2.50 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

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$ 21,986	\$ 26,202	\$ 25,411	\$ 18,835	\$ 16,637	\$ 18,322	\$ 19,773
Interest	8,587	6,736	6,285	9,593	9,642	9,095	7,422
Differences between economic/demographic gains or losses	-	(47,651)	-	(23,396)	-	12,511	-
Changes of assumptions	(2,695)	(47,960)	1,453	8,242	9,285	(26,636)	(17,378)
Benefit payment	(1,868)	(2,974)	(9,862)	(9,256)	(16,293)	(16,737)	(12,793)
Net change in total OPEB liability	26,010	(65,647)	23,287	4,018	19,271	(3,445)	(2,976)
Total OPEB liability - beginning	221,501	287,148	263,861	259,843	240,572	244,017	246,993
Total OPEB liability - ending	\$ 247,511	\$ 221,501	\$ 287,148	\$ 263,861	\$ 259,843	\$ 240,572	\$ 244,017
 Covered-employee payroll	 \$ 3,608,813	 \$ 3,379,700	 \$ 3,793,030	 \$ 3,665,402	 \$ 3,437,258	 \$ 3,211,306	 \$ 2,965,410
 Total OPEB liability as a percentage of covered-employee payroll	 6.86%	 6.55%	 7.57%	 7.20%	 7.56%	 7.49%	 8.23%

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

No assets are accumulated in a trust.

1. Stewardship, Compliance and Accountability

A. Budgetary Information

On or before June 30 of each year, the City enacts a resolution adopting the budget, appropriating the expenditures, and levying the property taxes. The City's budget is presented on the modified accrual basis of accounting. Prior to enacting this resolution, the proposed budget is presented to a Budget Committee that takes public testimony and ultimately approves the budget. 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 (ORS 294).

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 services, materials and services, capital outlay, debt service, transfers, and contingency are the legal level of control for all other funds. The detailed 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 with 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 appropriations transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. The Council approved appropriation transfers and supplemental budget resolutions during the fiscal year ended June 30, 2024.

Expenditures in the following funds/departments/categories exceeded appropriations for the fiscal year ended June 30, 2024:

Fund	Department/Category	Amount
General Fund	Administration	(\$57,585)
General Fund	Finance	(17,265)
General Fund	Human Resources	(9,694)
General Fund	Building Inspection	(11,509)
Transportation Fund	Personnel Services	(12,545)
Transportation Fund	Debt Service	(57,429)
Grants Program Fund	Capital Outlay	(413,380)
Information Services Equipment Fund	Materials and Services	(37,291)
Urban Renewal Projects Fund	Debt Service	(968,871)
Economic Development Loan Fund	Transfers out	(300,000)
Tourism and Events Fund	Materials and Services	(34,792)
Parks SDC Fund	Capital Outlay	(34,959)
Building Repair and Replacement Fund	Personnel Services	(1,847)
Water Fund	Personnel Services	(45,759)
Water SDC Fund	Materials and Services	(50)
Sewer Fund	Personnel Services	(39,021)

B. Deficit Fund Balances

At June 30, 2024, the following funds had a deficit fund balance on the budgetary basis:

Urban Renewal Projects Fund	(\$4,794,064)
Information Services Equipment Fund	(\$50,070)

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

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

Building Repair & Replacement Fund

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

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
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2024

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS:				
Cash and cash equivalents	\$ 2,487,887	\$ 681,819	\$ 1,520,682	\$ 4,690,388
Property taxes receivable	-	43,385	-	43,385
Accounts receivable, net	45,885	-	2,484	48,369
SDC and assessments receivables	-	19,246	-	19,246
Prepays	20,673	-	224	20,897
Loans receivable, net	98,289	-	-	98,289
Interfund loan receivables	1,146,591	-	-	1,146,591
Total assets	<u>\$ 3,799,325</u>	<u>\$ 744,450</u>	<u>\$ 1,523,390</u>	<u>\$ 6,067,165</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 128,741	\$ -	\$ 5,239	\$ 133,980
Total liabilities	<u>128,741</u>	<u>-</u>	<u>5,239</u>	<u>133,980</u>
DEREFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	36,046	-	36,046
Unavailable revenue - loan receivables	94,255	-	-	94,255
Unavailable revenue - SDC and assesments receivables	-	19,246	-	19,246
Total deferred inflows of resources	<u>94,255</u>	<u>55,292</u>	<u>-</u>	<u>149,547</u>
FUND BALANCE:				
Nonspendable:				
Prepaid items	20,673	-	-	20,673
Restricted for:				
Debt service	-	689,158	-	689,158
System development	2,642,397	-	-	2,642,397
Transportation	110,779	-	-	110,779
Community development	783,279	-	-	783,279
Assigned to:				
Tourism and events	19,201	-	-	19,201
Capital projects	-	-	1,518,151	1,518,151
Total fund balance	<u>3,576,329</u>	<u>689,158</u>	<u>1,518,151</u>	<u>5,783,638</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,799,325</u>	<u>\$ 744,450</u>	<u>\$ 1,523,390</u>	<u>\$ 6,067,165</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, 2024

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES:				
Property taxes	\$ -	\$ 1,036,842	\$ -	\$ 1,036,842
Transient lodging taxes	178,786	-	-	178,786
Assessments	-	4,231	-	4,231
Grants and donations	-	-	27,493	27,493
Interest revenue	182,951	54,083	64,968	302,002
Miscellaneous revenue	256,002	-	131,202	387,204
Loan repayments	65,369	-	-	65,369
Royalties	5,000	-	-	5,000
System development charges	344,473	-	-	344,473
Total revenues	1,032,581	1,095,156	223,663	2,351,400
EXPENDITURES:				
General government	-	-	183,152	183,152
Highways and streets	-	-	-	-
Culture and recreation	667,182	-	-	667,182
Capital outlay	105,346	-	77,162	182,508
Debt service:				
Principal	-	821,775	-	821,775
Interest	-	631,596	-	631,596
Total expenditures	772,528	1,453,371	260,314	2,486,213
Revenues over (under) expenditures	260,053	(358,215)	(36,651)	(134,813)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	427,435	397,954	825,389
Transfers out	(542,724)	-	-	(542,724)
Total other financing sources (uses)	(542,724)	427,435	397,954	282,665
Net change in fund balance	(282,671)	69,220	361,303	147,852
FUND BALANCE, BEGINNING	3,859,000	619,938	967,385	5,446,323
FUND BALANCE, ENDING	\$ 3,576,329	\$ 689,158	\$ 1,518,151	\$ 5,783,638

CITY OF INDEPENDENCE, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2024

	Economic Development Loan Fund	Tourism and Events Fund
ASSETS:		
Cash and cash equivalents	\$ 683,031	\$ 3,504
Accounts receivable, net	-	39,486
Prepays	-	20,673
Loans receivable, net	59,184	-
Interfund loan receivables	100,248	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 842,463</u>	<u>\$ 63,663</u>
LIABILITIES:		
Accounts payable and accrued expenses	\$ -	\$ 23,789
Total liabilities	<u>-</u>	<u>23,789</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue- loans receivable	59,184	-
Total deferred inflows of resources	<u>59,184</u>	<u>-</u>
FUND BALANCE:		
Nonspendable:		
Prepaid items	-	20,673
Restricted for:		
System development	-	-
Transportation	-	-
Community development	783,279	-
Assigned to:		
Tourism and events	<u>-</u>	<u>19,201</u>
Total fund balance	<u>783,279</u>	<u>39,874</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 842,463</u>	<u>\$ 63,663</u>

Transportation SDC		
Fund	Parks SDC Fund	Total
\$ 1,145,048	\$ 656,304	\$ 2,487,887
6,399	-	45,885
-	-	20,673
35,071	4,034	98,289
659,920	386,423	1,146,591
<u>\$ 1,846,438</u>	<u>\$ 1,046,761</u>	<u>\$ 3,799,325</u>
<u>\$ 69,992</u>	<u>\$ 34,960</u>	<u>\$ 128,741</u>
<u>69,992</u>	<u>34,960</u>	<u>128,741</u>
<u>35,071</u>	<u>-</u>	<u>94,255</u>
<u>35,071</u>	<u>-</u>	<u>94,255</u>
-	-	20,673
1,630,596	1,011,801	2,642,397
110,779	-	110,779
-	-	783,279
-	-	19,201
<u>1,741,375</u>	<u>1,011,801</u>	<u>3,576,329</u>
<u>\$ 1,846,438</u>	<u>\$ 1,046,761</u>	<u>\$ 3,799,325</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, 2024

	Economic Development Loan Fund	Tourism and Events Fund
REVENUES:		
Transient lodging taxes	\$ -	\$ 178,786
Interest revenue	38,630	4,323
Miscellaneous revenue	-	256,002
Loan repayments	14,143	-
Royalties	-	5,000
System development charges	-	-
Total revenues	<u>52,773</u>	<u>444,111</u>
EXPENDITURES:		
Culture and recreation	-	657,182
Capital outlay	-	-
Total expenditures	<u>-</u>	<u>657,182</u>
Revenues over (under) expenditures	<u>52,773</u>	<u>(213,071)</u>
OTHER FINANCING SOURCES (USES):		
Transfers out	<u>(300,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>-</u>
Net change in fund balance	<u>(247,227)</u>	<u>(213,071)</u>
FUND BALANCE, BEGINNING	<u>1,030,506</u>	<u>252,945</u>
FUND BALANCE, ENDING	<u><u>\$ 783,279</u></u>	<u><u>\$ 39,874</u></u>

Transportation SDC Fund	Parks SDC Fund	Total
\$ -	\$ -	\$ 178,786
74,963	65,035	182,951
-	-	256,002
46,618	4,608	65,369
-	-	5,000
173,252	171,221	344,473
294,833	240,864	1,032,581
-	10,000	667,182
70,387	34,959	105,346
70,387	44,959	772,528
224,446	195,905	260,053
(110,779)	(131,945)	(542,724)
(110,779)	(131,945)	(542,724)
113,667	63,960	(282,671)
1,627,708	947,841	3,859,000
\$ 1,741,375	\$ 1,011,801	\$ 3,576,329

CITY OF INDEPENDENCE, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2024

	General Obligation Bond Fund	Special Assessment Fund	Urban Renewal Debt Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 90,612	\$ 18,674	\$ 572,533	\$ 681,819
Property taxes receivable	12,280	-	31,105	43,385
SDC and assessments receivables	-	19,246	-	19,246
Total assets	<u>\$ 102,892</u>	<u>\$ 37,920</u>	<u>\$ 603,638</u>	<u>\$ 744,450</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue- property taxes	\$ 10,392	\$ -	\$ 25,654	\$ 36,046
Unavailable revenue- assessments	-	19,246	-	19,246
Total deferred inflows of resources	<u>10,392</u>	<u>19,246</u>	<u>25,654</u>	<u>55,292</u>
FUND BALANCE:				
Restricted for:				
Debt service	92,500	18,674	577,984	689,158
Total fund balance	<u>92,500</u>	<u>18,674</u>	<u>577,984</u>	<u>689,158</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 102,892</u>	<u>\$ 37,920</u>	<u>\$ 603,638</u>	<u>\$ 744,450</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, 2024**

	General Obligation Bond Fund	Special Assessment Fund	Urban Renewal Debt Fund	Total
REVENUES:				
Property taxes	\$ 230,005	\$ -	\$ 806,837	\$ 1,036,842
Assessments	-	4,231	-	4,231
Interest revenue	16,365	1,302	36,416	54,083
Total revenues	246,370	5,533	843,253	1,095,156
EXPENDITURES:				
Debt service:				
Principal	265,000	25,443	531,332	821,775
Interest	133,318	1,272	497,006	631,596
Total expenditures	398,318	26,715	1,028,338	1,453,371
Revenues over (under) expenditures	(151,948)	(21,182)	(185,085)	(358,215)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	427,435	427,435
Total other financing sources (uses)	-	-	427,435	427,435
Net change in fund balance	(151,948)	(21,182)	242,350	69,220
FUND BALANCE, BEGINNING	244,448	39,856	335,634	619,938
FUND BALANCE, ENDING	\$ 92,500	\$ 18,674	\$ 577,984	\$ 689,158

CITY OF INDEPENDENCE, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2024

	Building Repair & Replacement Fund	Capital Projects	Total
ASSETS:			
Cash and cash equivalents	\$ 1,080,235	\$ 440,447	\$ 1,520,682
Accounts receivable, net	2,484	-	2,484
Prepays	224	-	224
Total assets	<u>\$ 1,082,943</u>	<u>\$ 440,447</u>	<u>\$ 1,523,390</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 5,239	\$ -	\$ 5,239
Total liabilities	<u>5,239</u>	<u>-</u>	<u>5,239</u>
FUND BALANCE:			
Assigned to:			
Capital projects	<u>1,077,704</u>	<u>440,447</u>	<u>1,518,151</u>
Total fund balance	<u>1,077,704</u>	<u>440,447</u>	<u>1,518,151</u>
Total liabilities and fund balance	<u>\$ 1,082,943</u>	<u>\$ 440,447</u>	<u>\$ 1,523,390</u>

CITY OF INDEPENDENCE, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2024

	Building Repair & Replacement Fund	Capital Projects	Total
REVENUES:			
Grants and donations	\$ -	\$ 27,493	\$ 27,493
Interest revenue	49,063	15,905	64,968
Miscellaneous revenue	2,838	128,364	131,202
Total revenues	51,901	171,762	223,663
EXPENDITURES:			
General government	183,152	-	183,152
Capital outlay	45,605	31,557	77,162
Total expenditures	228,757	31,557	260,314
Revenues over (under) expenditures	(176,856)	140,205	(36,651)
OTHER FINANCING SOURCES (USES):			
Transfers in	287,175	110,779	397,954
Total other financing sources (uses)	287,175	110,779	397,954
Net changes in fund balances	110,319	250,984	361,303
FUND BALANCES, BEGINNING	967,385	-	967,385
Change within financial reporting entity (major to nonmajor fund)	-	189,463	189,463
FUND BALANCES, ENDING	<u>\$ 1,077,704</u>	<u>\$ 440,447</u>	<u>\$ 1,518,151</u>

CITY OF INDEPENDENCE, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2024

	General 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	\$ 1,042,716	\$ -	\$ 248,796	\$ 1,291,512
Property taxes receivable	104,068	-	-	104,068
Accounts receivable, net	144,901	-	-	144,901
Leases receivable	23,554	-	-	23,554
Prepays	29,581	-	-	29,581
Interest receivable				-
Loans receivable, net				-
Due from other funds	800,157	-	-	800,157
Property held for sale				-
Interfund loan receivables	3,875,940	-	-	3,875,940
Total assets	<u>\$ 6,020,917</u>	<u>\$ -</u>	<u>\$ 248,796</u>	<u>\$ 6,269,713</u>
LIABILITIES:				
Accounts payable and accrued expenses	\$ 200,209	\$ -	\$ 67,452	\$ 267,661
Deposits	187,589	-	-	187,589
Due to other funds	-	50,570	-	50,570
Total liabilities	<u>387,798</u>	<u>50,570</u>	<u>67,452</u>	<u>505,820</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	86,252	-	-	86,252
Unavailable revenue - municipal court receivables	28,425	-	-	28,425
Unavailable revenue - loan receivables				-
Unavailable revenue - opioid receivables	37,737	-	-	37,737
Unavailable revenue - leases receivable	21,940			21,940
Total deferred inflows of resources	<u>174,354</u>	<u>-</u>	<u>-</u>	<u>174,354</u>
FUND BALANCE:				
Nonspendable:				
Prepaid items	29,581	-	-	29,581
Loan receivable	3,875,940	-	-	3,875,940
Committed to:				
Park maintenance	-	-	181,344	181,344
Assigned to:				
Community development	327,210	-	-	327,210
Unassigned	1,226,033	(50,570)	-	1,175,463
Total fund balance	<u>5,458,764</u>	<u>(50,570)</u>	<u>181,344</u>	<u>5,589,538</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,020,916</u>	<u>\$ -</u>	<u>\$ 248,796</u>	<u>\$ 6,269,712</u>

CITY OF INDEPENDENCE, OREGON
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2024

	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	2,609,062	\$ -	\$ -	\$ -	\$ 2,609,062
Franchise fees	987,672	-	-	-	987,672
Licenses, permits and fees	187,239	-	-	-	187,239
Intergovernmental	483,639	-	-	-	483,639
Grants and donations	(499)	-	-	-	(499)
Fines and forfeitures	81,654	-	-	-	81,654
Charges for services	187,282	-	-	-	187,282
Rent	27,338	-	-	-	27,338
Interest revenue	595,538	470	-	17,443	613,451
Miscellaneous revenue	37,024	-	-	-	37,024
Total revenues	5,195,949	470	-	17,443	5,213,862
EXPENDITURES:					
General government	1,306,910	-	37,291	-	1,344,201
Public safety	3,238,220	-	-	-	3,238,220
Community development	291,334	-	-	-	291,334
Culture and recreation	1,028,653	-	-	-	1,028,653
Capital outlay	665	-	-	312,498	313,163
Debt service:					
Principal	64,083	-	-	-	64,083
Interest	9,029	-	-	-	9,029
Total expenditures	5,938,894	-	37,291	312,498	6,288,683
Revenues over (under) expenditures	(742,945)	470	(37,291)	(295,055)	(1,074,821)
OTHER FINANCING SOURCES (USES):					
Interfund loan payments	2,150	-	-	-	2,150
Transfers in	422,521	-	-	131,945	554,466
Transfers out	(213,715)	(12,175)	-	-	(225,890)
Total other financing sources (uses)	210,956	(12,175)	-	131,945	330,726
Net change in fund balance	(531,989)	(11,705)	(37,291)	(163,110)	(744,095)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,114,813	11,705	(13,279)	344,454	2,457,693
FUND BALANCE, ENDING - BUDGETARY BASIS	1,582,824	-	(50,570)	181,344	1,713,598
Interfund receivable	3,875,940	-	-	-	3,875,940
FUND BALANCE, ENDING	\$ 5,458,764	\$ -	\$ (50,570)	\$ 181,344	\$ 5,589,538

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, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Administration:				
Personnel service	\$ 231,560	\$ 231,560	\$ 207,565	\$ 23,995 *
Materials and service	197,780	257,780	339,360	(81,580) *
Subtotal	429,340	489,340	546,925	(57,585)
Finance:				
Personnel service	69,917	69,917	88,208	(18,291) *
Materials and service	37,600	98,100	97,074	1,026 *
Subtotal	107,517	168,017	185,282	(17,265)
Human Resources:				
Personnel service	67,290	67,290	67,991	(701) *
Materials and service	22,800	29,300	38,293	(8,993) *
Subtotal	90,090	96,590	106,284	(9,694)
Building inspection:				
Personnel services	180,314	215,314	226,906	(11,592) *
Materials and services	24,870	24,870	24,787	83 *
Subtotal	205,184	240,184	251,693	(11,509)
Information technology:				
Personnel services	123,426	123,426	121,163	2,263 *
Materials and services	37,600	37,600	22,250	15,350 *
Subtotal	161,026	161,026	143,413	17,613
Janitorial:				
Personnel service	66,918	66,918	57,694	9,224 *
Materials and service	20,450	20,450	15,619	4,831 *
Subtotal	87,368	87,368	73,313	14,055
Police operations:				
Personnel service	2,742,795	2,742,795	2,588,011	154,784 *
Materials and service	609,910	609,910	605,825	4,085 *
Subtotal	3,352,705	3,352,705	3,193,836	158,869
Municipal court:				
Personnel service	23,656	23,656	24,892	(1,236) *
Materials and service	30,375	30,375	19,492	10,883 *
Subtotal	54,031	54,031	44,384	9,647
Economic development:				
Personnel service	95,859	95,859	91,122	4,737 *
Materials and service	28,100	28,100	24,730	3,370 *
Subtotal	123,959	123,959	115,852	8,107
Community development:				
Personnel service	145,944	145,944	149,886	(3,942) *
Materials and service	84,575	84,575	25,596	58,979 *
Subtotal	230,519	230,519	175,482	55,037
Library:				
Personnel service	430,473	430,473	423,431	7,042 *
Materials and service	118,100	118,100	95,724	22,376 *
Subtotal	548,573	548,573	519,155	29,418
Museum:				
Personnel service	164,140	164,140	157,438	6,702 *
Materials and service	35,325	36,825	33,881	2,944 *
Capital outlay	-	-	665	(665) *
Subtotal	199,465	200,965	191,984	8,981
Parks:				
Personnel services	163,754	163,754	162,446	1,308 *
Materials and service	185,150	185,150	153,923	31,227 *
Subtotal	348,904	348,904	316,369	32,535
Pool:				
Materials and service	2,400	2,400	1,810	590 *
Subtotal	2,400	2,400	1,810	590
Non-departmental:				
Debt service:				
Principal	64,085	64,085	64,083	2 *
Interest	9,030	9,030	9,029	1 *
Subtotal	73,115	73,115	73,112	3
Total expenditures	\$ 6,014,196	\$ 6,177,696	\$ 5,938,894	\$ 238,802

*Subtotal equals appropriation level.

CITY OF INDEPENDENCE, OREGON
GENERAL EQUIPMENT & VEHICLE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue		\$ -	\$ 470	\$ 470
Total revenues	-	-	470	470
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(12,500)	(12,175)	325
Total other financing sources (uses)	-	(12,500)	(12,175)	325
Net change in fund balance	-	(12,500)	(11,705)	795
FUND BALANCE, BEGINNING - BUDGETARY BASIS	-	12,500	11,705	(795)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ -	\$ -

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Miscellaneous revenue	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total revenues	5,000	5,000	-	(5,000)
EXPENDITURES:				
Materials and service	-	-	37,291	(37,291)
Capital outlay	5,000	5,000	-	5,000
Contingency	92	92	-	92
Total expenditures	5,092	5,092	37,291	(32,199)
Net change in fund balance	(92)	(92)	(37,291)	(37,199)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	92	92	(13,279)	(13,371)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ (50,570)	\$ (50,570)

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 77,000	\$ 77,000	\$ -	\$ (77,000)
Interest revenue	2,000	2,000	17,443	15,443
Total revenues	79,000	79,000	17,443	(61,557)
EXPENDITURES:				
Materials and service	90,000	90,000	-	90,000
Capital outlay	390,390	390,390	312,498	77,892
Total expenditures	480,390	480,390	312,498	167,892
Revenues over (under) expenditures	(401,390)	(401,390)	(295,055)	106,335
OTHER FINANCING SOURCES (USES):				
Transfers in	131,945	131,945	131,945	-
Total other financing sources (uses)	131,945	131,945	131,945	-
Net change in fund balance	(269,445)	(269,445)	(163,110)	106,335
FUND BALANCE, BEGINNING - BUDGETARY BASIS	274,989	274,989	344,454	69,465
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 5,544	\$ 5,544	\$ 181,344	\$ 175,800

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, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 798,195	\$ 798,195	\$ 798,192	\$ (3)
Total revenues	798,195	798,195	798,192	(3)
EXPENDITURES:				
Debt service:				
Principal	530,000	530,000	530,000	- *
Interest	268,195	268,195	268,027	168 *
Total expenditures	798,195	798,195	798,027	168
Net change in fund balance	-	-	165	165
FUND BALANCE, BEGINNING-BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	165	<u>\$ 165</u>
Loan receivable			7,865,000	
Unavailable revenue - loan receivables			(7,865,000)	
FUND BALANCE, ENDING			<u>\$ 165</u>	

* Appropriated together as debt service.

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 463,700	\$ 463,700	\$ 268,946	\$ (194,754)
Interest revenue	1,000	1,000	3,262	2,262
Loan repayments	-	-	337	337
Total revenues	464,700	464,700	272,545	(192,155)
EXPENDITURES:				
Materials and service	15,000	15,000	567	14,433
Debt service:				
Principal	-	-	343,415	(343,415)
Interest	-	-	625,456	(625,456)
Contingency	1,027,989	1,027,989	-	1,027,989
Total expenditures	1,042,989	1,042,989	969,438	73,551
Revenues over (under) expenditures	(578,289)	(578,289)	(696,893)	(118,604)
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(764,220)	(764,220)	-	764,220
Total other financing sources (uses)	(764,220)	(764,220)	-	764,220
Net change in fund balance	(1,342,509)	(1,342,509)	(696,893)	645,616
FUND BALANCE, BEGINNING BUDGETARY BASIS	1,342,509	1,342,509	1,353,174	10,665
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	656,281	\$ 656,281
Interfund loan payable			(5,803,823)	
FUND BALANCE, ENDING			\$ (5,147,542)	

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 8,000	\$ 8,000	\$ 38,630	\$ 30,630
Loan repayments	14,480	14,480	14,143	(337)
Interfund loan payments	110,870	110,870	109,573	(1,297)
Total revenues	133,350	133,350	162,346	28,996
EXPENDITURES:				
Materials and service	120,000	120,000	-	120,000
Contingency	824,358	824,358	-	824,358
Total expenditures	944,358	944,358	-	944,358
Revenues over (under) expenditures	(811,008)	(811,008)	162,346	973,354
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(300,000)	(300,000)
Net change in fund balance	(811,008)	(811,008)	(137,654)	673,354
FUND BALANCE, BEGINNING - BUDGETARY BASIS	811,008	811,008	820,685	9,677
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	683,031	\$ 683,031
Interfund loan receivable			100,248	
FUND BALANCE, ENDING			\$ 783,279	

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Lodging tax	\$ 335,700	\$ 335,700	\$ 178,786	\$ (156,914)
Interest revenue	2,000	2,000	4,323	2,323
Miscellaneous revenue	150,500	150,500	256,002	105,502
Royalties	5,000	5,000	5,000	-
Total revenues	493,200	493,200	444,111	(49,089)
EXPENDITURES:				
Personnel service	329,267	329,267	325,925	3,342
Materials and service	296,465	296,465	331,257	(34,792)
Contingency	149,980	149,980	-	149,980
Total expenditures	775,712	775,712	657,182	118,530
Net change in fund balance	(282,512)	(282,512)	(213,071)	69,441
FUND BALANCE, BEGINNING - BUDGETARY BASIS	322,512	322,512	252,945	(69,567)
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 39,874</u>	<u>\$ (126)</u>

CITY OF INDEPENDENCE, OREGON
TRANSPORTATION SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 2,000	\$ 2,000	\$ 74,963	\$ 72,963
Loan repayments	18,030	18,030	46,618	28,588
Interfund loan payments	96,395	96,395	110,906	14,511
System development charges	71,380	71,380	173,252	101,872
Total revenues	187,805	187,805	405,739	217,934
EXPENDITURES:				
Capital outlay	603,975	603,975	70,387	533,588
Contingency	179,028	179,028	-	179,028
Total expenditures	783,003	783,003	70,387	712,616
Revenues over (under) expenditures	(595,198)	(595,198)	335,352	930,550
OTHER FINANCING SOURCES (USES):				
Transfers out	(110,779)	(110,779)	(110,779)	-
Net change in fund balance	(705,977)	(705,977)	224,573	930,550
FUND BALANCE, BEGINNING-BUDGETARY BASIS	705,977	705,977	856,882	150,905
FUND BALANCE, ENDING -BUDGETARY BASIS	\$ -	\$ -	1,081,455	\$ 1,081,455
Interfund loan receivable			659,920	
FUND BALANCE, ENDING			\$ 1,741,375	

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, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 4,000	\$ 4,000	\$ 65,035	\$ 61,035
Loan repayments	-	-	4,608	4,608
Interfund loan payments	-	-	24,317	24,317
System development charges	46,160	46,160	171,221	125,061
Total revenues	50,160	50,160	265,181	215,021
EXPENDITURES:				
Materials and service	85,000	85,000	10,000	75,000
Capital outlay	-	-	34,959	(34,959)
Contingency	267,950	267,950	-	267,950
Total expenditures	352,950	352,950	44,959	307,991
Revenues over (under) expenditures	(302,790)	(302,790)	220,222	523,012
OTHER FINANCING SOURCES (USES):				
Transfers out	(131,945)	(131,945)	(131,945)	-
Net change in fund balance	(434,735)	(434,735)	88,277	523,012
FUND BALANCE, BEGINNING - BUDGETARY BASIS	434,735	434,735	537,101	102,366
FUND BALANCE, ENDING -BUDGETARY BASIS	\$ -	\$ -	625,378	\$ 625,378
Interfund loans			386,423	
FUND BALANCE, ENDING			\$ 1,011,801	

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 230,400	\$ 230,400	\$ 230,005	\$ (395)
Interest revenue	3,000	3,000	16,365	13,365
Total revenues	233,400	233,400	246,370	12,970
EXPENDITURES:				
Debt service:				
Principal	265,000	265,000	265,000	-
Interest	133,320	133,320	133,318	2
Total expenditures	398,320	398,320	398,318	2
Net change in fund balance	(164,920)	(164,920)	(151,948)	12,972
FUND BALANCE, BEGINNING	237,892	237,892	244,448	6,556
FUND BALANCE, ENDING	<u>\$ 72,972</u>	<u>\$ 72,972</u>	<u>\$ 92,500</u>	<u>\$ 19,528</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, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Assessments	\$ 4,230	\$ 4,230	\$ 4,231	\$ 1
Interest revenue	400	400	1,302	902
Total revenues	4,630	4,630	5,533	903
EXPENDITURES:				
Debt service:				
Principal	25,445	25,445	25,443	2
Interest	1,275	1,275	1,272	3
Total expenditures	26,720	26,720	26,715	5
Net change in fund balance	(22,090)	(22,090)	(21,182)	908
FUND BALANCE, BEGINNING	39,447	39,447	39,856	409
FUND BALANCE, ENDING	\$ 17,357	\$ 17,357	\$ 18,674	\$ 1,317

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 665,285	\$ 665,285	\$ 806,837	\$ 141,552
Interest revenue	1,500	1,500	36,416	34,916
Total revenues	666,785	666,785	843,253	176,468
EXPENDITURES:				
Materials and service	650	650	-	650
Debt service:				
Principal	531,332	531,332	531,332	-
Interest	497,050	497,050	497,006	44
Total expenditures	1,029,032	1,029,032	1,028,338	694
Revenues over (under) expenditures	(362,247)	(362,247)	(185,085)	177,162
OTHER FINANCING SOURCES (USES):				
Transfers in	606,415	606,415	427,435	(178,980)
Total other financing sources (uses)	606,415	606,415	427,435	(178,980)
Net change in fund balance	244,168	244,168	242,350	(1,818)
FUND BALANCE, BEGINNING	296,240	296,240	335,634	39,394
FUND BALANCE, ENDING	\$ 540,408	\$ 540,408	\$ 577,984	\$ 37,576

CITY OF INDEPENDENCE, OREGON
FACILITIES, VEHICLES AND EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 9,000	\$ 9,000	\$ 49,063	\$ 40,063
Miscellaneous revenue	-	-	2,838	2,838
Total revenues	9,000	9,000	51,901	42,901
EXPENDITURES:				
Personnel service	93,701	94,201	96,048	(1,847)
Materials and service	137,450	139,950	87,104	52,846
Capital outlay	60,000	67,000	45,605	21,395
Contingency	72,706	62,706	-	62,706
Total expenditures	363,857	363,857	228,757	135,100
Revenues over (under) expenditures	(354,857)	(354,857)	(176,856)	178,001
OTHER FINANCING SOURCES (USES):				
Transfers in	275,000	275,000	287,175	12,175
Total other financing sources (uses)	275,000	275,000	287,175	12,175
Net change in fund balance	(79,857)	(79,857)	110,319	190,176
FUND BALANCE, BEGINNING	894,857	894,857	967,385	72,528
FUND BALANCE, ENDING	<u>\$ 815,000</u>	<u>\$ 815,000</u>	<u>\$ 1,077,704</u>	<u>\$ 262,704</u>

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, 2024

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Grants and donations	\$ -	\$ -	\$ 27,493	\$ 27,493
Interest revenue	200	200	15,905	15,705
Miscellaneous revenue	-	-	128,364	128,364
Total revenues	200	200	171,762	171,562
EXPENDITURES:				
Capital outlay	330,544	330,544	31,557	298,987
Contingency	276	276	-	276
Total expenditures	330,820	330,820	31,557	299,263
Revenues over (under) expenditures	(330,620)	(330,620)	140,205	470,825
OTHER FINANCING SOURCES (USES):				
Transfers in	110,779	110,779	110,779	-
Total other financing sources (uses)	110,779	110,779	110,779	-
Net changes in fund balances	(219,841)	(219,841)	250,984	470,825
FUND BALANCE, BEGINNING	219,841	219,841	189,463	(30,378)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 440,447	\$ 440,447

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, 2024

	Water Fund	Water SDC Fund	Total Water Operations
REVENUES:			
Charges for services	\$ 2,776,914	\$ -	\$ 2,776,914
Rent	3,044	-	3,044
Interest revenue	147,011	37,233	184,244
Miscellaneous revenue	48,490	-	48,490
Loan repayments	48,746	15,222	63,968
Interfund loan proceeds	57,143	19,898	77,041
System development charges	-	110,914	110,914
Total revenues	<u>3,081,348</u>	<u>183,267</u>	<u>3,264,615</u>
EXPENDITURES:			
Personnel service	718,885	-	718,885
Materials and service	629,850	20,050	649,900
Capital outlay	828,552	-	828,552
Debt service:			
Principal	138,857	-	138,857
Interest	42,849	-	42,849
Total expenditures	<u>2,358,993</u>	<u>20,050</u>	<u>2,379,043</u>
Revenues over (under) expenditures	<u>722,355</u>	<u>163,217</u>	<u>885,572</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	10,200	10,200
Transfers out	(379,805)	-	(379,805)
Total other financing sources (uses)	<u>(379,805)</u>	<u>10,200</u>	<u>(369,605)</u>
Net change in fund balance	342,550	173,417	515,967
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>2,636,539</u>	<u>278,764</u>	<u>2,915,303</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 2,979,089</u>	<u>\$ 452,181</u>	<u>3,431,270</u>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(47,573)
Interfund loan			240,365
Loan receivable			33,288
Capital assets, net			7,176,603
OPEB asset			8,918
Deferred outflows related to pensions			223,237
Deferred outflows related to OPEB			2,323
Accrued interest			(2,977)
Loans payable			(1,365,325)
Leases payable			(6,149)
Net pension liability			(641,276)
OPEB liability			(23,513)
Deferred outflows related to pensions			(69,532)
Deferred outflows related to OPEB			(11,570)
NET POSITION			<u>\$ 8,948,089</u>

CITY OF INDEPENDENCE, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Charges for services	2,895,500	2,895,500	2,776,914	(118,586)
Rent	1,500	1,500	3,044	1,544
Interest revenue	25,000	25,000	147,011	122,011
Miscellaneous revenue	500	500	48,490	47,990
Loan repayments	48,746	48,746	48,746	-
Interfund loan repayments	57,430	57,430	57,143	(287)
Total revenues	3,048,676	3,048,676	3,081,348	32,672
EXPENDITURES:				
Personnel service	673,126	673,126	718,885	(45,759)
Materials and service	727,290	727,290	629,850	97,440
Capital outlay	1,740,650	1,740,650	828,552	912,098
Debt service:				
Principal	138,600	138,600	138,857	(257) *
Interest	44,160	44,160	42,849	1,311 *
Contingency	1,594,476	1,594,476	-	1,594,476
Total expenditures	4,918,302	4,918,302	2,358,993	2,559,309
Revenues over (under) expenditures	(1,869,626)	(1,869,626)	722,355	2,591,981
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Issuance of debt				-
Capital contributions			-	-
Transfers in				-
Transfers out	(440,306)	(440,306)	(379,805)	60,501
Total other financing sources (uses)	(440,306)	(440,306)	(379,805)	60,501
Net change in fund balance	(2,309,932)	(2,309,932)	342,550	2,652,482
FUND BALANCE, BEGINNING -				
BUDGETARY BASIS	2,354,932	2,354,932	2,636,539	281,607
FUND BALANCE, ENDING -				
BUDGETARY BASIS	\$ 45,000	\$ 45,000	\$ 2,979,089	\$ 2,934,089

* Appropriated together as debt service.

CITY OF INDEPENDENCE, OREGON
WATER SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 2,000	\$ 2,000	\$ 37,233	\$ 35,233
Loan repayments	11,290	11,290	15,222	3,932
System development charges	29,410	29,410	110,914	81,504
Total revenues	42,700	42,700	163,369	120,669
EXPENDITURES:				
Materials and service	20,000	20,000	20,050	(50)
Contingency	246,390	246,390	-	246,390
Total expenditures	266,390	266,390	20,050	246,340
Revenues over (under) expenditures	(223,690)	(223,690)	143,319	367,009
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	6,630	6,630	19,898	13,268
Transfers in	10,200	10,200	10,200	-
Total other financing sources (uses)	16,830	16,830	30,098	13,268
Net change in fund balance	(206,860)	(206,860)	173,417	380,277
FUND BALANCE, BEGINNING - BUDGETARY BASIS	206,860	206,860	278,764	71,904
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 452,181	\$ 452,181

CITY OF INDEPENDENCE, OREGON
SEWER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2024

	Sewer Fund	Sewer SDC Fund	Total Sewer Operations
REVENUES:			
Charges for services	\$ 2,699,429	\$ -	\$ 2,699,429
Interest revenue	200,404	85,911	286,315
Miscellaneous revenue	2,957	-	2,957
Loan repayments	-	23,409	23,409
System development charges	-	209,011	209,011
Total revenues	2,902,790	318,331	3,221,121
EXPENDITURES:			
Personnel service	693,944	-	693,944
Materials and service	317,362	-	317,362
Capital outlay	2,029,642	-	2,029,642
Debt service:			
Principal	85,000	-	85,000
Interest	60,200	-	60,200
Total expenditures	3,186,148	-	3,186,148
Revenues over (under) expenditures	(283,358)	318,331	34,973
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	42,466	29,953	72,419
Issuance of debt	26,164	-	26,164
Transfers in	760,966	-	760,966
Transfers out	(369,777)	(760,965)	(1,130,742)
Total other financing sources (uses)	459,819	(731,012)	(271,193)
Net change in fund balance	176,461	(412,681)	(236,220)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	3,810,307	1,813,842	5,624,149
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 3,986,768</u>	<u>\$ 1,401,161</u>	5,387,929
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(45,169)
Interfund loan			519,568
Loan receivable			50,978
Capital assets, net			13,175,923
OPEB asset			8,623
Deferred outflows related to pensions			215,858
Deferred outflows related to OPEB			2,246
Accrued interest			(367,855)
Long-term Debt			(8,576,202)
Leases payable			(6,149)
Net pension liability			(620,079)
OPEB liability			(22,735)
Deferred inflows related to pensions			(67,233)
Deferred inflows related to OPEB			(11,188)
NET POSITION			<u>\$ 9,644,515</u>

CITY OF INDEPENDENCE, OREGON
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 2,775,000	\$ 2,775,000	\$ 2,699,429	\$ (75,571)
Interest revenue	10,000	10,000	200,404	190,404
Miscellaneous revenue	500	500	2,957	2,457
Total revenues	2,785,500	2,785,500	2,902,790	117,290
EXPENDITURES:				
Personnel service	654,923	654,923	693,944	(39,021)
Materials and service	404,990	404,990	317,362	87,628
Capital outlay	5,406,650	5,406,650	2,029,642	3,377,008
Debt service:				
Principal	316,100	316,100	85,000	231,100
Interest	190,800	190,800	60,200	130,600
Contingency	544,698	544,698	-	544,698
Total expenditures	7,518,161	7,518,161	3,186,148	4,332,013
Revenues over (under) expenditures	(4,732,661)	(4,732,661)	(283,358)	4,449,303
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	43,860	43,860	42,466	(1,394)
Issuance of debt	600,000	600,000	26,164	(573,836)
Transfers in	1,470,000	1,470,000	760,964	(709,036)
Transfers out	(375,060)	(375,060)	(369,777)	5,283
Total other financing sources (uses)	1,738,800	1,738,800	459,817	(1,278,983)
Net change in fund balance	(2,993,861)	(2,993,861)	176,459	3,170,320
FUND BALANCE, BEGINNING - BUDGETARY BASIS	3,499,641	3,499,641	3,810,307	310,666
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 505,780	\$ 505,780	\$ 3,986,766	\$ 3,480,986

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 15,000	\$ 15,000	\$ 85,911	\$ 70,911
Loan repayments	12,000	12,000	23,409	11,409
System development charges	88,840	88,840	209,011	120,171
Total revenues	115,840	115,840	318,331	202,491
EXPENDITURES:				
Contingency	266,474	266,474	-	266,474
Total expenditures	266,474	266,474	-	266,474
Revenues over (under) expenditures	(150,634)	(150,634)	318,331	468,965
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	9,960	9,960	29,953	19,993
Transfers out	(1,470,000)	(1,470,000)	(760,965)	709,035
Total other financing sources (uses)	(1,460,040)	(1,460,040)	(731,012)	729,028
Net change in fund balance	(1,610,674)	(1,610,674)	(412,681)	1,197,993
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,610,674	1,610,674	1,813,842	203,168
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 1,401,161	\$ 1,401,161

**CITY OF INDEPENDENCE, OREGON
STORM DRAIN OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2024**

	Storm Drain Fund	Storm Drain SDC Fund	Total Storm Drain Operations
REVENUES:			
Charges for services	\$ 669,448	\$ -	\$ 669,448
Interest revenue	9,863	21,255	31,118
Miscellaneous revenue	380	-	380
Loan repayments	-	4,027	4,027
System development charges	-	32,747	32,747
Total revenues	679,691	58,029	737,720
EXPENDITURES:			
Personnel service	355,585	-	355,585
Materials and service	122,570	19,151	141,721
Capital outlay	40,377	-	40,377
Total expenditures	518,532	19,151	537,683
Revenues over (under) expenditures	161,159	38,878	200,037
OTHER FINANCING SOURCES (USES):			
Interfund loan payments	-	4,152	4,152
Transfers out	(121,860)	-	(121,860)
Total other financing sources (uses)	(121,860)	4,152	(117,708)
Net change in fund balance	39,299	43,030	82,329
FUND BALANCE, BEGINNING - BUDGETARY BASIS	295,742	405,422	701,164
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 335,041</u>	<u>\$ 448,452</u>	<u>783,493</u>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(14,720)
Interfund loan			21,359
Loan receivable			2,768
Capital assets, net			964,564
OPEB asset			4,705
Deferred outflows related to pensions			117,771
Deferred outflows related to OPEB			1,225
Leases payable			(6,150)
Net pension liability			(338,313)
OPEB liability			(12,404)
Deferred inflows related to pension			(36,682)
Deferred inflows related to OPEB			(6,104)
NET POSITION			<u>\$ 1,481,512</u>

CITY OF INDEPENDENCE, OREGON
STORM DRAIN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Charges for services	702,380	702,380	669,448	(32,932)
Interest revenue	1,500	1,500	9,863	8,363
Miscellaneous revenue	-	-	380	380
Total revenues	903,880	903,880	679,691	(224,189)
EXPENDITURES:				
Personnel service	369,723	369,723	355,585	14,138
Materials and service	207,470	207,470	122,570	84,900
Capital outlay	244,650	244,650	40,377	204,273
Contingency	192,157	192,157	-	192,157
Total expenditures	1,014,000	1,014,000	518,532	495,468
Revenues over (under) expenditures	(110,120)	(110,120)	161,159	271,279
OTHER FINANCING SOURCES (USES):				
Transfers out	(124,167)	(124,167)	(121,860)	2,307
Net change in fund balance	(234,287)	(234,287)	39,299	273,586
FUND BALANCE, BEGINNING - BUDGETARY BASIS	244,287	244,287	295,742	51,455
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 10,000	\$ 10,000	\$ 335,041	\$ 325,041

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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 4,000	\$ 4,000	\$ 21,255	17,255
Loan repayments	1,540	1,540	4,027	2,487
System development charges	9,890	9,890	32,747	22,857
Total revenues	15,430	15,430	58,029	42,599
EXPENDITURES:				
Materials and service	275,000	275,000	19,151	255,849
Contingency	128,312	128,312	-	128,312
Total expenditures	403,312	403,312	19,151	384,161
Revenues over (under) expenditures	(387,882)	(387,882)	38,878	426,760
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	3,900	3,900	4,152	252
Net change in fund balance	(383,982)	(383,982)	43,030	427,012
FUND BALANCE, BEGINNING - BUDGETARY BASIS	383,982	383,982	405,422	21,440
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 448,452	\$ 448,452

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, 2024, and have issued our report thereon dated March 31, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

- Reserved for future expenditure should not be included in the resolution making appropriations. In the 2023-24 budget, the City appropriated reserve for future expenditures in the Transportation, Fac/Veh/Equip/Repl Reserve, Parks Capital Reserve, Water, Sewer, and Stormwater Funds.
- 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 2024-25 budget for the Urban Renewal Projects Fund included appropriations for contingency but did not include personnel services, materials and services, or capital outlay.

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

- Repayment of interfund loans should be budgeted as a debt service requirement in the funds that received the loan. In the 2023-24 budget, the City budgeted repayment of interfund loans as transfers out. As such, the following funds exceeded appropriations for the year ended June 30, 2024:

<u>Fund</u>	<u>Budget Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Over Expenditure</u>
Transportation	Debt Service	\$ -	\$57,429	\$(57,429)
Urban Renewal Projects	Debt Service	-	968,871	(968,871)

- Expenditures in the following funds exceeded appropriations for the year ended June 30, 2024:

<u>Fund</u>	<u>Budget Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Over Expenditure</u>
General	Administration	\$489,340	\$546,925	\$(57,585)
General	Finance	168,017	185,282	(17,265)
General	Human Resources	96,590	106,284	(9,694)
General	Building Inspection	240,184	251,693	(11,509)
Transportation	Personnel Service	483,349	495,894	(12,545)
Grants Program	Capital Outlay	49,450	462,830	(413,380)
Information Services Equipment	Materials and Services	-	37,291	(37,291)
Tourism and Events	Materials and Services	296,465	331,257	(34,792)
Parks SDC	Capital Outlay	-	34,959	(34,959)
Facilities, Vehicles, and Equipment Replacement	Personnel Service	94,201	96,048	(1,847)
Water	Personnel Service	673,126	718,885	(45,759)
Water SDC	Materials and Service	20,000	20,050	(50)
Sewer	Personnel Service	654,923	693,944	(39,021)

OAR 162-10-0230 Internal Control

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

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

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

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

Restriction on Use

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

Aldrich CPAs + Advisors LLP

By:

A handwritten signature in black ink, appearing to read "Andrew Maffia".

Andrew Maffia, CPA, Partner
Salem, Oregon
March 31, 2025