



CITY OF IRRIGON

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2022

CITY OF IRRIGON

JUNE 30, 2022

MAYOR AND CITY COUNCIL

| <u>NAME AND ADDRESS</u> | <u>POSITION</u> | <u>TERM EXPIRES</u> |
|--|------------------------|---|
| Margaret Anderson Post Office Box 428 Irrigon, Oregon 97844 | Mayor | December 31, 2022 |
| Michelle Patton Post Office Box 116 Irrigon, Oregon 97844 | Mayor Pro Tem | December 31, 2022 |
| Daren Strong Post Office Box 556 Irrigon, Oregon 97844 | Council Member | December 31, 2024 |
| Roberta Hewitt 290 NE Ninth Street Irrigon, Oregon 97844 | Council Member | December 31, 2024 (Deceased June 2022) |
| Melvin Lambert Post Office Box 702 Irrigon, Oregon 97844 | Council Member | December 31, 2022 |
| Marlina Avila Serratos 325 NE Sixth Street Irrigon, Oregon 97844 | Council Member | December 31, 2024 |
| Wesley "Alan" Carnahan 265 NE Sixth Street Irrigon, Oregon 97844 | Council Member | December 31, 2024 |

APPOINTED OFFICIALS

| <u>NAME AND ADDRESS</u> | <u>POSITION</u> |
|--------------------------------|------------------------|
| Aaron Palmquist | City Manager |

MAILING ADDRESS

City of Irrigon
500 NE Main Avenue
Post Office Box 428
Irrigon, Oregon 97844-7286
Phone (541) 922-3047 • Fax (541) 922-9322
Website: ci.irrigon.or.us

CITY OF IRRIGON

JUNE 30, 2022

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CITY OF IRRIGON

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Irrigon
Irrigon, Oregon 97844

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Irrigon, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my 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 and each major fund of the City, as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 of Irrigon, Oregon'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

My 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 my 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Irrigon, Oregon'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Irrigon, Oregon's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 information, pension liability information, and other post-employment benefit liability information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the management's discussion and analysis, pension liability information, and other post-employment benefit liability information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the management's discussion and analysis, pension liability information, and other post-employment benefit liability information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

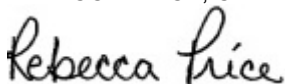
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Irrigon, Oregon's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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 in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have also issued my report dated November 5, 2022, on my consideration of the City's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

REBECCA PRICE, CPA



Gilroy, California
November 5, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

Our discussion and analysis of City of Irrigon's financial performance provides an overview of the city's financial activities for the fiscal year ending June 30, 2022. Please read it in conjunction with the city's financial statements, which begin on page 10.

Financial Highlights

- Net position from governmental activities increased \$1,964,437 or approximately 26%
- Net position from business-type activities increased \$959,005 or approximately 9%

Basis of Accounting

The government-wide and proprietary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Using This Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements start on page 9 and are designed to provide readers with a broad overview of the city's finances in a manner similar to a private-sector business. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. The statement of net position presents financial information on all the city's assets, liabilities, and deferred inflows/outflows of resources 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 presents information showing how the city's net position has changed in the fiscal year. All changes are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

The city, like other states and governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide information about the city's individual funds. A fund is a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances that are separate for the purpose of carrying on specific activities or attaining certain objectives.

The City of Irrigon uses two types of funds - governmental funds and proprietary funds. Governmental funds account for the general operations of a government. Proprietary funds account for the business-type operations of a government such as the water and sewer funds.

The City as a Whole

The city's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows by \$20,653,818 at the end of the 2022 fiscal year. This is an increase of \$2,923,440 or approximately 16% from the previous fiscal year's amount of \$17,730,379 as demonstrated in the table below comparing net position between fiscal year 2022 and fiscal year 2021.

Statement of Net Position

| Assets | Governmental Activities | | Business-Type Activities | | Total Activities | |
|--|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2021-2022 | 2020-2021 | 2021-2022 | 2020-2021 | 2020-2021 | 2019-2020 |
| Unrestricted Cash and Cash Equivalents | \$ 3,851,197 | \$ 3,301,598 | \$ 2,057,862 | \$ 1,567,183 | \$ 5,909,059 | \$ 4,868,781 |
| Account Receivables | 253,630 | 72,927 | 119,668 | 146,094 | 373,298 | 219,021 |
| Grant Receivable | 194,058 | 95,734 | - | - | 194,058 | 95,734 |
| Property Tax Receivables | 6,838 | 7,194 | 6,457 | 7,323 | 13,295 | 14,517 |
| Prepaid Expense | - | 13,622 | - | 22,667 | - | 36,289 |
| Total Current Assets | 4,305,723 | 3,491,075 | 2,183,987 | 1,743,267 | 6,489,710 | 5,234,342 |
| Non Current Assets | | | | | | |
| Restricted Cash and Cash Equivalents | - | - | 150,100 | 161,162 | 150,100 | 161,162 |
| Leases Receivable | 480,545 | 499,054 | - | - | 480,545 | 499,054 |
| Capital Assets | | | | | | |
| Land | 149,230 | 121,485 | 34,639 | 68,241 | 183,869 | 189,726 |
| Construction in Progress | 430,670 | 807,818 | 63,336 | - | 494,006 | 807,818 |
| Infrastructure | 4,329,932 | 2,972,882 | - | - | 4,329,932 | 2,972,882 |
| Water System | - | - | 4,156,296 | 3,968,872 | 4,156,296 | 3,968,872 |
| Sewer System | - | - | 12,842,446 | 13,092,098 | 12,842,446 | 13,092,098 |
| Buildings | 539,008 | 538,817 | 525,635 | 534,733 | 1,064,643 | 1,073,550 |
| Equipment | 94,599 | 105,763 | 209,299 | 183,197 | 303,898 | 288,960 |
| Total Capital Assets | 5,543,439 | 4,546,765 | 17,831,651 | 17,847,141 | 23,375,090 | 22,393,906 |
| Total Assets | 10,329,707 | 8,536,894 | 20,165,738 | 19,751,570 | 30,495,445 | 28,288,464 |
| Pension Deferred Outflow | 128,696 | 118,714 | 291,520 | 248,057 | 420,216 | 366,771 |
| OPEB Deferred Outflow | 1,565 | 1,481 | 3,544 | 3,095 | 5,109 | 4,576 |
| Deferred Outflows of Resources | 130,261 | 120,195 | 295,064 | 251,152 | 425,325 | 371,347 |
| Liabilities | | | | | | |
| Current Liabilities: | | | | | | |
| Account Payables | 99,277 | 158,259 | 62,401 | 185,262 | 161,678 | 343,521 |
| Payroll Payable | 5,207 | 8,251 | 10,210 | 10,573 | 15,417 | 18,824 |
| Unearned Revenue | - | - | 11,252 | 7,995 | 11,252 | 7,995 |
| Customer Deposits | - | - | 68,847 | 64,797 | 68,847 | 64,797 |
| Accrued Compensated Absences | 97,912 | 157,521 | - | - | 97,912 | 157,521 |
| Accrued Interest Payable | - | - | 72,462 | 38,671 | 72,462 | 38,671 |
| Premium on Bonds, Current | - | - | 39,041 | 42,377 | 39,041 | 42,377 |
| Loans Payable within one year | - | - | 283,551 | 269,753 | 283,551 | 269,753 |
| Total Current Liabilities | 202,396 | 324,031 | 547,764 | 619,428 | 750,160 | 943,459 |
| Long-term Liabilities: | | | | | | |
| Loans Payable after one year | - | - | 7,653,089 | 8,080,440 | 7,653,089 | 8,080,440 |
| Premium on Bonds, Non-Current | - | - | 207,181 | 246,223 | 207,181 | 246,223 |
| Pension Liability | 195,598 | 343,260 | 443,065 | 717,249 | 638,663 | 1,060,509 |
| OPEB Liability | 3,554 | 9,209 | 8,051 | 19,242 | 11,605 | 28,451 |
| Total Liabilities | 401,548 | 676,500 | 8,859,150 | 9,682,582 | 9,260,698 | 10,359,082 |
| Lease Deferred Inflow of Resources | 456,832 | 483,635 | - | - | 456,832 | 483,635 |
| Pension Deferred Inflow | 159,178 | 21,308 | 360,570 | 44,522 | 519,748 | 65,830 |
| OPEB Deferred Inflow | 9,087 | 6,760 | 20,585 | 14,125 | 29,672 | 20,885 |
| Deferred Inflows of Resources | 625,097 | 511,703 | 381,155 | 58,647 | 1,006,252 | 570,350 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 5,543,439 | 4,546,765 | 9,648,789 | 9,208,348 | 15,192,228 | 13,755,113 |
| Restricted for Debt Service | - | - | 82,153 | 99,065 | 82,153 | 99,065 |
| Streets and Public Works | - | - | - | - | - | - |
| Unrestricted | 3,889,884 | 2,922,121 | 1,489,555 | 954,080 | 5,379,439 | 3,876,201 |
| Total Net Position | \$ 9,433,323 | \$ 7,468,886 | \$ 11,220,497 | \$ 10,261,493 | \$ 20,653,820 | \$ 17,730,379 |

The city's total assets increased \$2,206,981, deferred outflows of resources increased \$53,978, liabilities decreased \$1,098,384, and deferred inflows of resources increased \$435,902. Revenues totaled \$5,832,049 and total expenses were \$2,908,607 resulting in the \$2,779,712 increase in net position. The total employer pension liability decreased \$260,050 from \$1,060,510 in 2021 to \$800,459 in 2022.

Current assets increased \$1,255,368, largely due to the receipt of grant funding and the disposal of unused land. Current assets are assets that are expected to either be converted to cash or used to pay current liabilities within 12 months. Capital assets are depreciated over their estimated useful lives using the straight-line method. The total amount of the capital asset depreciation for the fiscal year was \$573,059.

Governmental Activities

Net position of the city's governmental activities increased \$1,964,437, approximately 26%. The following statement of activities for governmental activities will give a better understanding of how this came to be. The report below is for reference and comparison between the current period and the previous period.

Statement of Activities Summary Governmental Activities for the years ended June 30, 2022 and 2021

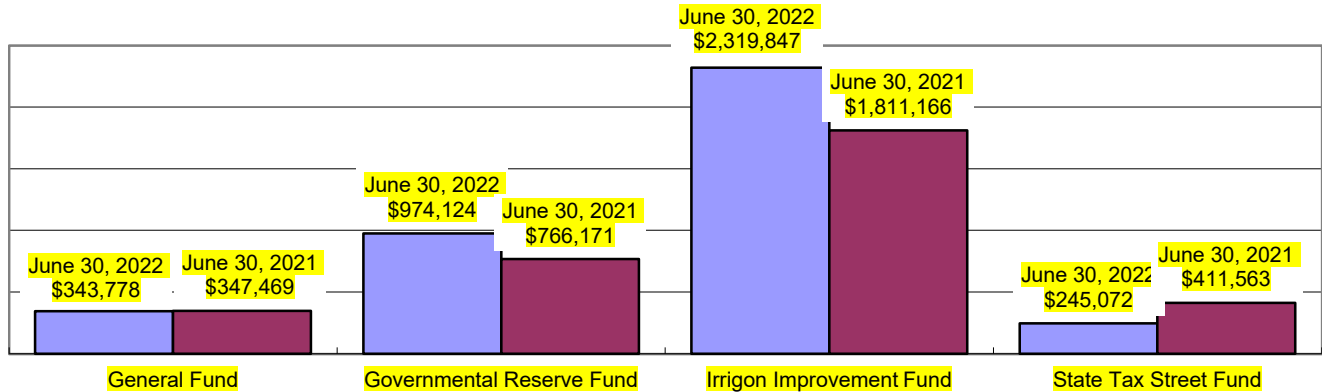
| Revenues | 2021-2022 | 2020-2021 | Difference |
|--|---------------------|---------------------|-------------------|
| Property Taxes | \$ 230,225 | \$ 230,444 | \$ (219) |
| General Service Fees | 345,334 | 325,270 | 20,064 |
| Franchise Fees | 87,287 | 83,925 | 3,362 |
| State Revenue Sharing | 227,101 | 213,426 | 13,675 |
| Miscellaneous | 20,552 | 28,524 | (7,972) |
| Grants | 2,359,751 | 1,844,688 | 515,063 |
| Lease Revenue | 27,679 | 28,302 | (623) |
| Interest on Investments | 27,159 | 25,897 | 1,262 |
| Gain on Disposal of Assets | 261,231 | - | 261,231 |
| Total Revenues | <u>3,586,319</u> | <u>2,780,476</u> | <u>805,843</u> |
| Expenses | | | |
| General Government | 947,412 | 1,038,170 | (90,758) |
| Street Services | 296,223 | 312,595 | (16,372) |
| Total Expenditures | <u>1,243,635</u> | <u>1,350,765</u> | <u>(107,130)</u> |
| Increase (Decrease) in net assets before transfers | <u>2,342,684</u> | <u>1,429,711</u> | <u>912,973</u> |
| Transfers | <u>(378,247)</u> | <u>544</u> | <u>(378,791)</u> |
| Net Change in Net Position | <u>\$ 1,964,437</u> | <u>\$ 1,430,255</u> | <u>\$ 534,182</u> |

The city's revenue in governmental Activities was \$3,586,319 with expenditures of \$1,243,635 and transfers out of \$378,247 that resulted in the increase of net position of \$1,964,437. The city received \$515,063 more in grant resources than the year before. The grants received were \$1,152,790 from the Columbia River Enterprise Zone II (CREZII) for community enhancement and infrastructure projects, and \$497,452 from the State of Oregon for a multimodal safety project along Division Street; Coronavirus State and Local Fiscal Recovery Funds of \$144,958; and \$45,213 from the State of Oregon for Pedestrian Safety Improvements. The transfer from governmental activities funds to business-like funds consisted mostly of infrastructure projects that were paid for with funding from Columbia River Enterprise Zone II and then later transferring that capital asset value to corresponding funds.

Overall expenditures for the city's governmental activities decreased approximately 8% from the previous fiscal year.

The Governmental Funds Balance Comparison Graph presented below is based on the fund financial statements on pages 12 thru 15.

Governmental Funds Balances Comparisons



This graph compares the fund balances as of June 30, 2022, to the fund balances as of June 30, 2021.

The General fund balance remained about the same as the previous year. The Governmental Reserve Fund increased \$207,953, approximately 27% largely due to a disbursement from Morrow County of a gift received from Amazon and selling of capital assets. The Irrigon Improvement Fund balance increased \$508,681, approximately 28% from the previous year due to additional grant money from the Columbia River Enterprise Zone II. The State Tax Street Fund balance decreased \$166,492, approximately 40% largely due capital outlay expenditures funded by grants on a reimbursement basis and the grant proceeds not received soon enough to be considered available to pay those expenditures.

Business-Type Activities

Net Position for business-type activities increased \$959,004 approximately 9%. The statements of activities for the business-type activities will give a better understanding of how this came to be. The table below is for reference and comparison between the current period and the previous period.

Statement of Activities Summary Business Type Activities for the years ended June 30, 2022 and 2021

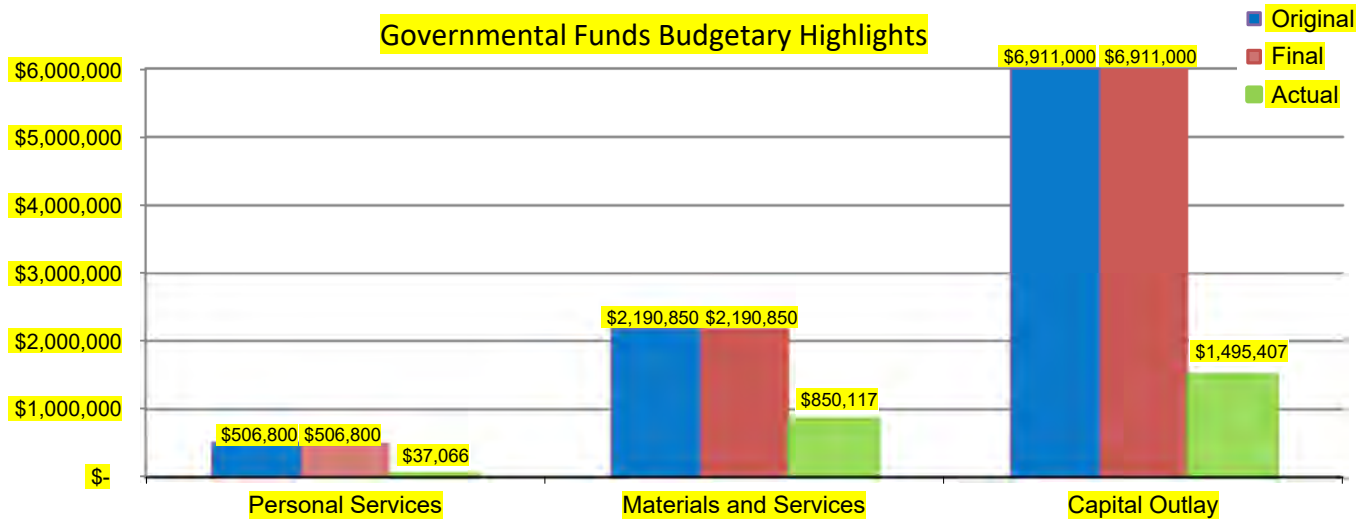
| | 2021-2022 | 2020-2021 | Difference |
|--|------------------|------------------|------------------|
| Revenues | | | |
| Charges for Services | \$ 1,442,018 | \$ 1,425,385 | \$ 16,633 |
| Grant | 72,776 | 809,114 | (736,338) |
| Property Taxes | 201,852 | 207,571 | (5,719) |
| Miscellaneous | 3,327 | 18,986 | (15,659) |
| Interest on Investments | 9,620 | 9,498 | 122 |
| Special item - Principal Forgiveness | 506,062 | - | 506,062 |
| Total Revenue | <u>2,235,655</u> | <u>2,470,554</u> | <u>(234,899)</u> |
| Expenses | | | |
| Water | 574,737 | 618,462 | (43,725) |
| Sewer | 1,090,235 | 1,157,022 | (66,787) |
| Total Expenses | <u>1,664,972</u> | <u>1,775,484</u> | <u>(110,512)</u> |
| Increase (decrease) in net assets before transfers and gain on disposal of real property | 570,683 | 695,070 | (124,387) |
| Gain on Disposal of Assets | 10,075 | - | 10,075 |
| Transfers (out) | 378,247 | (544) | 378,791 |
| Change in Net Position | <u>959,005</u> | <u>694,526</u> | <u>264,479</u> |

The proprietary activity revenue for the fiscal year was \$2,235,655; expenses were \$1,664,972; gain of the disposal of assets were \$10,075; and net transfers in from governmental activities were \$378,247 resulting in net position increasing \$959,005. The city received \$234,899 less in revenues in the proprietary funds from the prior year. This decrease stems from less in grant funds received.

The expenses from the proprietary activities totaled \$1,664,972 a decrease of approximately 6% from the prior year. Water expenses decreased approximately 7%, and sewer expenses decreased 6%. The capital asset depreciation expense was \$467,624 or approximately 27% of total expenses.

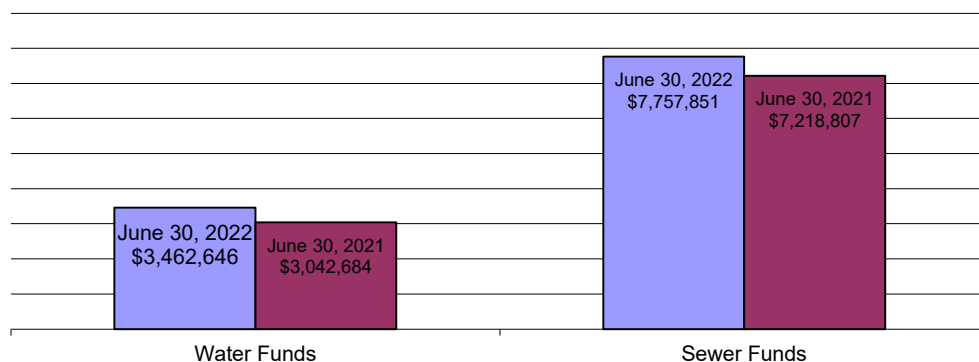
The Proprietary Funds Balance Comparison Graph presented above compares the fund balances as of June 30, 2022, to the fund balances as of June 30, 2021, for the water funds and the sewer funds. The water fund balance increased \$419,962 from the previous year's total water fund balance. The sewer fund balance increased \$539,044 from the previous year.

Budgetary Highlights

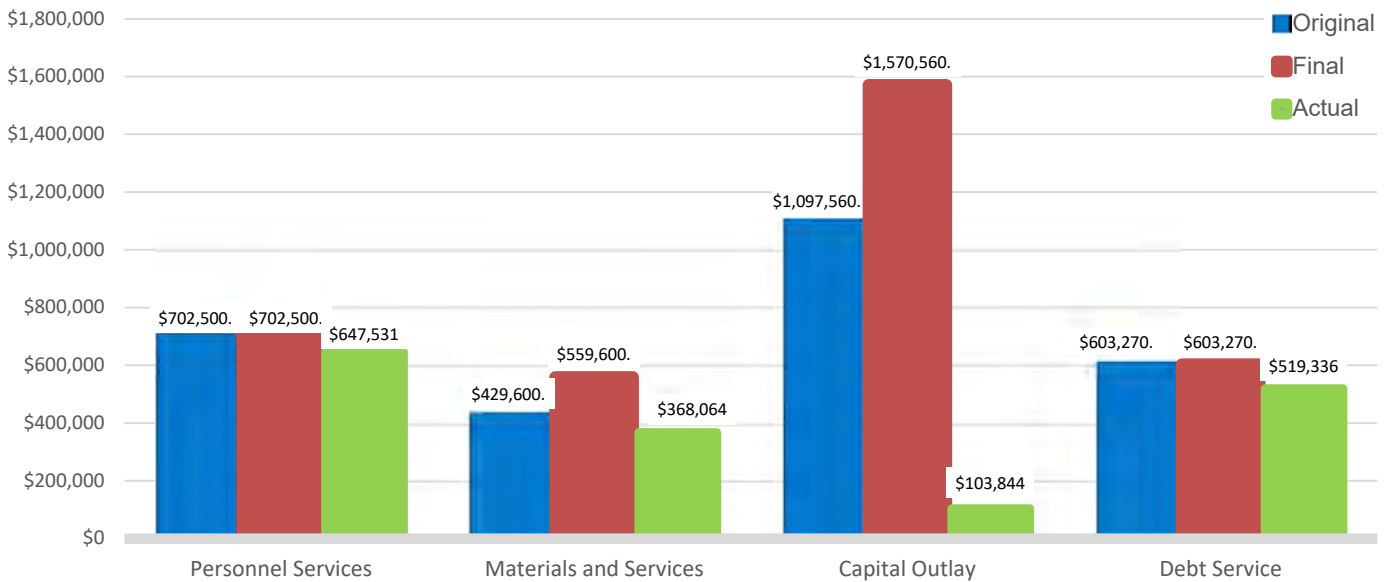


The total governmental funds expenditures for the fiscal year were below the appropriations approved by the city council. Overall personnel service expenditures were \$136,174 below budgeted amount allowing for the pay out of all accrued employee leave; materials and services were \$1,345,333 below budget amount; and Capital Outlay was \$5,410,994 below budgeted amount. The city has several projects in planning and design stages, and money is being set aside for these. These projects are in the budget and account for the difference between budgeted and actual.

Proprietary Fund Balances Comparison



Proprietary Funds Budgetary Highlights



The proprietary funds total expenditures for the fiscal year were below the total appropriations approved by the city council. Total proprietary funds personnel services expenditures were \$54,969 below the approved budget amount, materials and services were \$191,536 below the budget amount, capital outlay was \$1,466,716 below the budgeted amount and debt service was \$83,934 below the budgeted amount

Debt Covenants

The Sewer Fund is required by the State of Oregon acting by and through its Department of Environmental Quality to establish a loan reserve equal to one half of the average annual debt service to be used solely for making payments of principal and interest if no other funds are available. The loan reserve requirement was \$82,153 at the end of the year. This was the total restricted net position in the Sewer Fund.

At year end the Water Fund reported restricted cash of \$68,847 for customer deposits.

Significant Capital Asset and Long-term Debt Activity

The city has been converting from septage effluent system to conventional gravity sewer, a section of the city at a time, as funding becomes available. The city has been approved for a loan in the amount of \$3,035,506 with \$500,000 eligible for principal forgiveness to fund further conversions.

Economic Factors and Next Year's Budget and Rates

Total Budget Authority for the 2022-2023 fiscal year is \$14,612,804. This is an increase of \$1,173,774 from the budget authority of \$13,439,060 in the 2021-2022 budget year. The city has been approved for Congressionally Directed Spending of \$1,000,000 to build the business opportunity incubator on land already purchased by the city prior, with the Port of Morrow and Morrow Development Corp contributing \$250,000. The city has also applied for a Safe Routes to School Grant of \$255,000 for pedestrian improvement along SE First Street and SE Wyoming Avenue. A public safety program with a total appropriation of \$439,200 has been added to the budget for this year as well.

The City's permanent governmental tax rate is \$3.6782 per \$1,000 assessed value. The permanent tax rate is expected to raise an estimated \$255,000, allowing for uncollectible tax payments and discounts for early payment. The voters have approved general obligation bonds for both water and sewer, which allows the city to levy taxes to make the annual payments on the bond. The annual payments total \$240,147.50. The city has continued with a tax on property to cover necessary payments on the bonded debt of approximately 2.9709 per \$1,000 of assessed value. This is estimated to generate \$200,000, with the remainder being paid with service fees charged to users outside city limits.

Requests for Information

This financial report is to provide a general overview of the city's finances and to show the city's accountability for the money it receives to all those with an interest in the government's finances. Questions regarding this report or requests for additional financial information should be directed to the following address: City of Irrigon PO Box 428 Irrigon, OR 97844.

BASIC FINANCIAL STATEMENTS

CITY OF IRRIGON, OREGON
STATEMENT OF NET POSITION

June 30, 2022

| | Governmental Activities | Business-type Activities | Totals |
|--|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,851,197 | \$ 2,058,399 | \$ 5,909,596 |
| Accounts receivable | 253,630 | 119,668 | 373,298 |
| Property taxes receivable | 6,838 | 6,457 | 13,295 |
| Grants receivable | 194,058 | - | 194,058 |
| Leases receivable | 480,545 | - | 480,545 |
| Restricted cash | - | 149,563 | 149,563 |
| Capital assets, net of accumulated depreciation | <u>5,543,439</u> | <u>17,831,652</u> | <u>23,375,091</u> |
| Total assets | <u>10,329,707</u> | <u>20,165,739</u> | <u>30,495,446</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | 128,696 | 291,520 | 420,216 |
| Deferred outflows of resources related to OPEB | <u>1,565</u> | <u>3,544</u> | <u>5,109</u> |
| Total deferred outflows of resources | <u>130,261</u> | <u>295,064</u> | <u>425,325</u> |
| LIABILITIES | | | |
| Accounts payable | 99,277 | 62,401 | 161,678 |
| Payroll related liabilities | 5,207 | 10,209 | 15,416 |
| Deposits payable | - | 68,847 | 68,847 |
| Interest payable | - | 72,462 | 72,462 |
| Unearned revenue | - | 11,252 | 11,252 |
| Pension liability | 195,598 | 443,065 | 638,663 |
| OPEB liability | 3,554 | 8,051 | 11,605 |
| Compensated absences | 97,912 | - | 97,912 |
| Bonds, Notes & Lease payable: | | | |
| Due within one year | - | 322,593 | 322,593 |
| Due in more than one year | - | 7,860,271 | 7,860,271 |
| Total liabilities | <u>401,548</u> | <u>8,859,151</u> | <u>9,260,699</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to leases | 456,832 | - | 456,832 |
| Deferred inflows of resources related to pensions | 159,178 | 360,570 | 519,748 |
| Deferred inflows of resources related to OPEB | <u>9,087</u> | <u>20,585</u> | <u>29,672</u> |
| Total deferred inflows of resources | <u>625,097</u> | <u>381,155</u> | <u>1,006,252</u> |
| NET POSITION | | | |
| Net investment in capital assets | 5,543,439 | 9,648,788 | 15,192,227 |
| Restricted | - | 81,616 | 81,616 |
| Unrestricted | <u>3,889,884</u> | <u>1,490,093</u> | <u>5,379,977</u> |
| Total net position | <u>\$ 9,433,323</u> | <u>\$ 11,220,497</u> | <u>\$ 20,653,820</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities: | | | | | | | |
| General government | \$ 950,329 | \$ 295,140 | \$ 1,562,217 | \$ 154,869 | \$ 1,061,897 | \$ - | \$ 1,061,897 |
| Highways and streets | 293,306 | 50,193 | 162,743 | 642,666 | 562,296 | - | 562,296 |
| Total governmental activities | <u>1,243,635</u> | <u>345,333</u> | <u>1,724,960</u> | <u>797,535</u> | <u>1,624,193</u> | <u>-</u> | <u>1,624,193</u> |
| Business-type Activities: | | | | | | | |
| Water | 574,737 | 571,786 | 25,813 | - | - | 22,862 | 22,862 |
| Sewer | 1,090,235 | 870,232 | 42,530 | 4,433 | - | (173,040) | (173,040) |
| Total business-type activities | <u>1,664,972</u> | <u>1,442,018</u> | <u>68,343</u> | <u>4,433</u> | <u>-</u> | <u>(150,178)</u> | <u>(150,178)</u> |
| Total | <u>\$ 2,908,607</u> | <u>\$ 1,787,351</u> | <u>\$ 1,793,303</u> | <u>\$ 801,968</u> | <u>1,624,193</u> | <u>(150,178)</u> | <u>1,474,015</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 230,225 | - | 230,225 |
| Property taxes, levied for debt service | | | | | - | 201,852 | 201,852 |
| Franchise taxes | | | | | 87,287 | - | 87,287 |
| Public service taxes | | | | | 64,358 | - | 64,358 |
| Lease revenues | | | | | 27,679 | - | 27,679 |
| Investment income | | | | | 27,159 | 9,620 | 36,779 |
| Miscellaneous revenue | | | | | 20,552 | 3,327 | 23,879 |
| Special item - Gain on the sale of land | | | | | 261,231 | 10,075 | 271,306 |
| Special item - Debt principal forgiveness | | | | | - | 506,062 | 506,062 |
| Transfers | | | | | (378,247) | 378,247 | - |
| Total general revenues and transfers | | | | | <u>340,244</u> | <u>1,109,183</u> | <u>1,449,427</u> |
| Change in net position | | | | | 1,964,437 | 959,005 | 2,923,442 |
| Net position - beginning, as previously stated | | | | | 7,471,593 | 10,261,492 | 17,733,085 |
| Prior period adjustment | | | | | (2,707) | - | (2,707) |
| Net position - beginning, as restated | | | | | <u>7,468,886</u> | <u>10,261,492</u> | <u>17,730,378</u> |
| Net position - ending | | | | | <u>\$ 9,433,323</u> | <u>\$ 11,220,497</u> | <u>\$ 20,653,820</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

| | Irrigon | | | | |
|--|-------------------|---------------------|---------------------|--------------------|---------------------|
| | General | Governmental | Improvements | State | |
| | Fund | Reserve Fund | Fund | Street Fund | Totals |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 335,907 | \$ 954,631 | \$ 2,337,797 | \$ 222,862 | \$ 3,851,197 |
| Accounts receivable | 68,465 | 162,701 | - | 4,214 | 235,380 |
| Property taxes receivable | 6,838 | - | - | - | 6,838 |
| Municipal court receivable | 18,250 | - | - | - | 18,250 |
| Grants receivable | - | - | - | 194,058 | 194,058 |
| Leases receivable | 480,545 | - | - | - | 480,545 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 910,005</u> | <u>\$ 1,117,332</u> | <u>\$ 2,337,797</u> | <u>\$ 421,134</u> | <u>\$ 4,786,268</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 62,323 | \$ - | \$ 17,950 | \$ 19,004 | \$ 99,277 |
| Payroll related liabilities | 2,615 | 507 | - | 2,085 | 5,207 |
| Total liabilities | <u>64,938</u> | <u>507</u> | <u>17,950</u> | <u>21,089</u> | <u>104,484</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable lease revenue | 456,832 | - | - | - | 456,832 |
| Unavailable property tax revenue | 6,333 | - | - | - | 6,333 |
| Unavailable revenues | 38,124 | 142,701 | - | 154,973 | 335,798 |
| Total deferred inflows of resources | <u>501,289</u> | <u>142,701</u> | <u>-</u> | <u>154,973</u> | <u>798,963</u> |
| Fund balances: | | | | | |
| Restricted | - | 56,607 | - | - | 56,607 |
| Committed | - | 219,220 | 2,319,847 | - | 2,539,067 |
| Assigned | - | 698,297 | - | 245,072 | 943,369 |
| Unassigned: | 343,778 | - | - | - | 343,778 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>343,778</u> | <u>974,124</u> | <u>2,319,847</u> | <u>245,072</u> | <u>3,882,821</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 910,005</u> | <u>\$ 1,117,332</u> | <u>\$ 2,337,797</u> | <u>\$ 421,134</u> | <u>\$ 4,786,268</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2022

| | |
|---|----------------------------|
| Total fund balances - governmental funds | \$ 3,882,821 |
| Amounts reported for governmental activities in the statement of net position are difference because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 5,543,439 |
| Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current | 6,333 |
| Some of the City's revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds. | 335,798 |
| Net pension liability is not a financial requirement and therefore is not reported in the governmental funds. | (195,598) |
| Other Post Employment Benefits (OPEB) liability used in governmental activities are not financial resources and therefore are not reported in the funds. | (3,554) |
| The City's proportionate share of net differences between employer contributions and proportionate share of contributions related to pensions and OPEB that will be amortized over the next 5 years. | 130,261 |
| The City's proportionate share of net differences between projected and actual earning on investments related to pensions and OPEB that will be amortized over the next 5 years. | (168,265) |
| Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds | <u>(97,912)</u> |
| Net position of governmental activities | <u><u>\$ 9,433,323</u></u> |

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2022

| | General Fund | Governmental Reserve Fund | Irrigon Improvements Fund | State Street Fund | Totals |
|---|-------------------------|--------------------------------------|--|------------------------------|---------------------|
| REVENUES | | | | | |
| Property taxes | \$ 229,865 | \$ - | \$ - | \$ - | \$ 229,865 |
| Licenses and fees | 85,071 | 6,000 | 950 | 50,193 | 142,214 |
| Intergovernmental | 264,358 | 64,468 | 1,152,791 | 805,409 | 2,287,026 |
| Charges for services | 185,213 | - | - | - | 185,213 |
| Miscellaneous: | | | | | |
| Franchise fees | 67,312 | - | - | - | 67,312 |
| Lease revenues | 37,158 | - | - | - | 37,158 |
| Interest on investments | 1,794 | 4,177 | 9,663 | 1,170 | 16,804 |
| Other income | 18,563 | - | 1,000 | 1,865 | 21,428 |
| Total revenues | <u>889,334</u> | <u>74,645</u> | <u>1,164,404</u> | <u>858,637</u> | <u>2,987,020</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 515,226 | 81,649 | 412,497 | - | 1,009,372 |
| Streets and public works | - | - | - | 211,370 | 211,370 |
| Capital Outlay | 346,551 | - | 243,226 | 905,631 | 1,495,408 |
| Total expenditures | <u>861,777</u> | <u>81,649</u> | <u>655,723</u> | <u>1,117,001</u> | <u>2,716,150</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>27,557</u> | <u>(7,004)</u> | <u>508,681</u> | <u>(258,364)</u> | <u>270,870</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from sale of assets | - | 129,330 | - | - | 129,330 |
| Capital contributions | 144,958 | - | - | - | 144,958 |
| Transfers in | - | 85,627 | - | 93,500 | 179,127 |
| Transfers out | (173,500) | - | - | (1,627) | (175,127) |
| Total other financing sources (uses) | <u>(28,542)</u> | <u>214,957</u> | <u>-</u> | <u>91,873</u> | <u>278,288</u> |
| Net change in fund balances | (985) | 207,953 | 508,681 | (166,491) | 549,158 |
| Fund balance - beginning, as restated | <u>344,763</u> | <u>766,171</u> | <u>1,811,166</u> | <u>411,563</u> | <u>3,333,663</u> |
| Fund balance - ending | <u>\$ 343,778</u> | <u>\$ 974,124</u> | <u>\$ 2,319,847</u> | <u>\$ 245,072</u> | <u>\$ 3,882,821</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

June 30, 2022

| | |
|---|----------------------------|
| Total net change in fund balances - governmental funds | \$ 549,158 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds 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 outlays exceeded depreciation in the current period. | 1,389,726 |
| In the statement of activities, only the gain on the sale of the land is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the land sold. | (10,805) |
| Capital assets were purchased in the governmental funds and transferred to the proprietary funds. The transfer is recorded on the Statement of Activities as a transfer but an expenditure in the governmental funds. | (382,247) |
| Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are unavailable in the governmental funds. Unavailable property tax revenues increased (decreased) by this amount. | 360 |
| Because some revenue will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are unearned in the governmental funds. Unearned revenues increased (decreased) by this amount. | 335,450 |
| Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. | 19,774 |
| Governmental funds report Other Post Employment Benefit (OPEB) contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense. | 3,412 |
| In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used. Accrued compensated absences (increased) decreased by this amount in the current year. | <u>59,609</u> |
| Changes in net position of governmental activities | <u><u>\$ 1,964,437</u></u> |

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON
STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Totals</u> |
|---|---------------------|---------------------|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 961,189 | \$ 1,097,210 | \$ 2,058,399 |
| Accounts receivable | 47,301 | 72,367 | 119,668 |
| Property taxes receivable | 2,653 | 3,804 | 6,457 |
| Grants receivable | - | - | - |
| Prepaid expense | - | - | - |
| Due from other funds | 18,719 | - | 18,719 |
| Total current assets | <u>1,029,862</u> | <u>1,173,381</u> | <u>2,203,243</u> |
| Noncurrent assets: | | | |
| Capital assets, net of accumulated depreciation | 4,547,640 | 13,284,012 | 17,831,652 |
| Restricted cash | 67,947 | 81,616 | 149,563 |
| Advances to other funds | - | - | - |
| Total noncurrent assets | <u>4,615,587</u> | <u>13,365,628</u> | <u>17,981,215</u> |
| Total assets | <u>5,645,449</u> | <u>14,539,009</u> | <u>20,184,458</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension deferred outflows of resources | 136,943 | 154,577 | 291,520 |
| OPEB deferred outflows of resources | 1,665 | 1,879 | 3,544 |
| Total deferred outflows of resources | <u>138,608</u> | <u>156,456</u> | <u>295,064</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 33,571 | 28,830 | 62,401 |
| Accrued payroll | 4,922 | 5,287 | 10,209 |
| Customer deposits | 68,847 | - | 68,847 |
| Unavailable revenue | 11,252 | - | 11,252 |
| Due to other funds | - | 18,719 | 18,719 |
| Accrued interest payable | 1,958 | 70,504 | 72,462 |
| Bond premium, net | 15,821 | 23,220 | 39,041 |
| Bonds, notes and leases payable | 96,185 | 187,367 | 283,552 |
| Total current liabilities | <u>232,556</u> | <u>333,927</u> | <u>566,483</u> |
| Noncurrent liabilities: | | | |
| Advances from other funds | - | - | - |
| Bond premium, net | 81,821 | 125,361 | 207,182 |
| Bonds, notes and leases payable | 1,616,070 | 6,037,019 | 7,653,089 |
| Net pension liability | 208,132 | 234,933 | 443,065 |
| Net OPEB liability | 3,782 | 4,269 | 8,051 |
| Total noncurrent liabilities | <u>1,909,805</u> | <u>6,401,582</u> | <u>8,311,387</u> |
| Total liabilities | <u>2,142,361</u> | <u>6,735,509</u> | <u>8,877,870</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension deferred inflows of resources | 169,380 | 191,190 | 360,570 |
| OPEB deferred inflows of resources | 9,670 | 10,915 | 20,585 |
| Total deferred inflows of resources | <u>179,050</u> | <u>202,105</u> | <u>381,155</u> |
| NET POSITION | | | |
| Net investment in capital assets | 2,737,743 | 6,911,045 | 9,648,788 |
| Restricted for debt service | - | 81,616 | 81,616 |
| Unrestricted | 724,903 | 765,190 | 1,490,093 |
| Total net position | <u>\$ 3,462,646</u> | <u>\$ 7,757,851</u> | <u>\$ 11,220,497</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2022

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Totals</u> |
|---|---------------------|---------------------|----------------------|
| Operating revenues: | | | |
| Charges for services | \$ 571,786 | \$ 870,232 | \$ 1,442,018 |
| Other operating income | 1,713 | 1,614 | 3,327 |
| Total operating revenues | <u>573,499</u> | <u>871,846</u> | <u>1,445,345</u> |
| Operating expenses: | | | |
| Personal services | 311,126 | 329,623 | 640,749 |
| Utilities | 19,156 | 17,525 | 36,681 |
| Engineering & testing | 4,523 | 26,395 | 30,918 |
| Supplies & repairs | 42,231 | 187,325 | 229,556 |
| Administrative | 30,042 | 40,867 | 70,909 |
| Depreciation | 120,011 | 347,614 | 467,625 |
| Total operating expenses | <u>527,089</u> | <u>949,349</u> | <u>1,476,438</u> |
| Operating income (loss) | <u>46,410</u> | <u>(77,503)</u> | <u>(31,093)</u> |
| Nonoperating revenues (expenses): | | | |
| Property taxes | 85,170 | 116,682 | 201,852 |
| Grant revenue | 25,813 | 42,530 | 68,343 |
| Investment income | 4,658 | 4,962 | 9,620 |
| Interest expense | (47,648) | (140,886) | (188,534) |
| Total nonoperating revenues (expenses) | <u>67,993</u> | <u>23,288</u> | <u>91,281</u> |
| Income (loss) before transfers | 114,403 | (54,215) | 60,188 |
| Capital contributions | 295,609 | 91,071 | 386,680 |
| Gain on sale of assets | 9,950 | 125 | 10,075 |
| Extraordinary item - Insurance proceeds | - | - | - |
| Extraordinary item - Debt principal forgiveness | - | 506,062 | 506,062 |
| Transfers in | - | 54,230 | 54,230 |
| Transfers out | - | (58,230) | (58,230) |
| Change in net position | 419,962 | 539,043 | 959,005 |
| Total net position - beginning | <u>3,042,684</u> | <u>7,218,808</u> | <u>10,261,492</u> |
| Total net position - ending | <u>\$ 3,462,646</u> | <u>\$ 7,757,851</u> | <u>\$ 11,220,497</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF IRRIGON, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Totals</u> |
|--|---------------------|---------------------|---------------------|
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ 595,610 | \$ 880,142 | \$ 1,475,752 |
| Other miscellaneous receipts | 1,713 | 1,614 | 3,327 |
| Payments to suppliers | (89,415) | (378,846) | (468,261) |
| Payments to employees | (308,876) | (339,016) | (647,892) |
| Net cash provided (used) by operating activities | <u>199,032</u> | <u>163,894</u> | <u>362,926</u> |
| Cash flows from noncapital financing activities: | | | |
| Property tax revenue | 85,456 | 117,263 | 202,719 |
| Transfers from (to) other funds | - | (4,000) | (4,000) |
| Net cash provided by noncapital financing activities | <u>85,456</u> | <u>113,263</u> | <u>198,719</u> |
| Cash flows from capital and related financing activities: | | | |
| Interfund loans | 18,672 | (18,672) | - |
| Proceeds from grantors | 25,813 | 46,963 | 72,776 |
| Acquisition of capital assets | (40,512) | (63,334) | (103,846) |
| Proceeds from sale of capital assets | 43,552 | 480 | 44,032 |
| Proceeds from capital debt | - | 356,201 | 356,201 |
| Principal paid on capital debt | (111,480) | (194,587) | (306,067) |
| Interest paid on capital debt | (47,708) | (107,037) | (154,745) |
| Net cash provided by capital and related financing activities | <u>(111,662)</u> | <u>20,014</u> | <u>(91,648)</u> |
| Cash flows from investing activities: | | | |
| Interest income | 4,658 | 4,962 | 9,620 |
| Net increase (decrease) in cash and cash equivalents | 177,484 | 302,133 | 479,617 |
| Cash and cash equivalents - beginning | 851,652 | 876,693 | 1,728,345 |
| Cash and cash equivalents - ending | <u>\$ 1,029,136</u> | <u>\$ 1,178,826</u> | <u>\$ 2,207,962</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ 46,410 | \$ (77,503) | \$ (31,093) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 120,011 | 347,614 | 467,625 |
| Decrease in accounts receivable | 16,517 | 9,910 | 26,427 |
| Decrease in prepaid expenses | 8,796 | 13,871 | 22,667 |
| Decrease in accounts payable | (2,259) | (120,605) | (122,864) |
| Increase (decrease) in accrued payroll | 6 | (370) | (364) |
| Increase (decrease) in unearned revenue | 3,257 | - | 3,257 |
| Increase (decrease) in customer deposits | 4,050 | - | 4,050 |
| Decrease in pension liability | (121,643) | (152,541) | (274,184) |
| Decrease in OPEB liability | (5,065) | (6,126) | (11,191) |
| Increase in deferred outflows | (23,134) | (20,778) | (43,912) |
| Increase in deferred inflows | 152,086 | 170,422 | 322,508 |
| Net cash provided (used) by operating activities | <u>\$ 199,032</u> | <u>\$ 163,894</u> | <u>\$ 362,926</u> |

Noncash capital activities:

The Water Fund received capital assets from the Governmental Activities. The net book value at the time of transfer was \$295,609.

The Sewer Fund received capital assets from the Governmental Activities. The net book value at the time of transfer was \$86,638.

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accompanying financial statements present the activities of the City of Irrigon, Oregon. The City of Irrigon, Morrow County, Oregon (the City), was incorporated as a municipal corporation in 1957. The government of the City is vested in a Common Council and a Mayor. The Council members are elected at large for terms of four years. The Mayor is elected by the Council to serve a term of two years. The City Manager is appointed by majority of Council. The City Manager oversees the hiring, supervising and removal of all other employees per city charter. The City is legally and financially independent of other state and local government units, has the power to levy taxes, is responsible for its debts, and is entitled to any surpluses.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements: The Statement of Net Position and Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-accounting of internal activities. These statements distinguish between governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associates with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Governmental Reserve Fund – This fund accounts for the payment of accrued leave, building maintenance and upkeep, bicycle/footpath improvements, capital equipment expenditures and capital improvements to infrastructure for the park system.

Irrigon Improvements Fund - This fund accounts for resources received from outside sources used for community improvements.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

State Tax Street Fund - This fund accounts for Oregon highway monies, special grants, and other monies required to be spent on streets.

The City reports two major proprietary funds. These funds are used to account for the acquisition, operation, and maintenance of water and sewer systems. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following major proprietary funds:

Water Fund

- Water Operation & Development Fund (budgetary basis financial statements only)
- Water Reserve Fund (budgetary basis financial statements only)
- Water Debt Service Fund (budgetary basis financial statements only)
- Water Bond Debt Service Fund (budgetary basis financial statements only)

Sewer Fund

- Sewer Operation & Development Fund (budgetary basis financial statements only)
- Sewer Reserve Fund (budgetary basis financial statements only)
- Sewer Debt Service Fund (budgetary basis financial statements only)
- Sewer Bond Debt Service Fund (budgetary basis financial statements only)

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net resources available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. FINANCIAL POSITION

Deposits and investments

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2022, based on market prices. The individual fund's portion of the pool's fair value is presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

Cash and Cash Equivalents

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items, which arises under the accrual and modified accrual basis of accounting that qualify for reporting in this category. The governmental funds reports unavailable property tax revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide statements of the City also report both deferred outflows and inflows related to the pension and other post employment benefits.

Property Tax Calendar

Property taxes attach as an enforceable lien on July 1, when they are levied, and until they are paid. Taxes are due in one-third increments on November 15, February 15, and May 15. Unpaid taxes are considered delinquent after November 15.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and, therefore, no allowance of uncollectible taxes is provided.

Property tax revenues are accounted for on the accrual basis of accounting in the government-wide statements and are recognized when earned.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Major capital asset additions are financed primarily from bond proceeds. The normal cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used for assets that have initial useful lives extending beyond a single reporting period.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 80-100 |
| Machinery and Equipment | 20-30 |
| Water and Sewer Systems | 40-50 |
| Infrastructure | 30-40 |

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

D. NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

In the governmental funds the difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. The constraints are defined as follows:

Nonspendable, such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority),

Assigned fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

E. NEW ACCOUNTING PRONOUNCEMENT

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has chosen early adoption of GASB Statement No. 87 in the year ended June 30, 2021. Additional information can be found in Note 3.B – Receivables.

F. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Depreciation Expense, Accumulated Depreciation, Property Taxes Receivable, Allowance for Uncollectible Accounts, and Unearned Revenue accounts have been subject to estimation.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY COMPLIANCE

The City budgets all funds which are subject to budget requirements of state law. The City Council legally adopts the budget by resolution before July 1. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control (total personal services, materials and services, capital outlay, and other expenditures) is established by resolution for all funds. The City budgets sub funds of the water and sewer fund that are combined in the supplemental information and presented as a single fund in the fund financial statements.

The detail budget document is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget that differs by 10 percent or more of any one of the individual funds contained in the original budget for that fiscal year requires hearings before the public, publications in newspapers, and

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont'd)

approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are then charged against ensuing year’s appropriations.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no expenditures that exceeded the budgeted appropriation for the fiscal year ended June 30, 2022.

DEFICIT FUND BALANCES

No funds had a deficit fund balance as of June 30, 2022.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2022 consisted of the following:

| | |
|---|---------------------|
| Deposit in Financial Institution | \$ 1,647,692 |
| Petty Cash | 200 |
| Deposit in Local Government Investment Pool | 4,411,267 |
| Total | <u>\$ 6,059,159</u> |

Deposits

Deposits with financial institutions are comprised of bank demand deposits. Total bank balances, as shown on the bank’s records at year-end were \$1,676,941. Federal Deposit Insurance Corporation (FDIC) insurance covers up to \$250,000 for all demand deposits owned by a public unit.

Custodial credit risk – deposits. This is the risk that in the event of bank failure, the City’s deposits may not be returned to it. The City does not have a formal policy for custodial credit risk, but follows the requirements of ORS 295. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Where interest-bearing balances exceed the Federal Deposit Insurance amount of \$250,000, the balances are covered by collateral held in a multiple financial institution collateral pool (ORS 295.015) administered by the Oregon Office of the State Treasurer in the Public Funds Collateralization Program (PFCP).

Investments

The City has delegated investment responsibilities to the City Manager, who is primarily responsible for implementing the investment policy. The City currently does not have any written investment policies implemented.

Credit risk: State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers’ acceptances, certain commercial papers and the State Treasurer’s investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

Custodial Credit Risk: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City does not have a policy that limits the amount of investments that can be held by counterparties.

The Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State’s short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. The LGIP’s credit quality is unrated.

Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by the securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. The fair value of the City’s position in the LGIP is the same as the value of the pool shares.

Concentration risk: The City does not have a formal policy that places a limit on the amount that they may be invested in any one investment. The City has concentrations in the following investments: Local Government Investment Pool. These investments are 100% of the City’s total investments.

Interest rate risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposures to fair value losses arising from increasing interest rates.

B. RECEIVABLES

Accounts receivable, grants receivable and other receivables from government agencies are generally expected to be collectible and, therefore an allowance for uncollectible is not considered necessary or recorded. The City uses the direct write-off method and expenses uncollectible accounts when they are deemed uncollectible.

All accounts receivable are expected to be collected within one year.

Lease Receivables

| | Original Amount | Lease Receivable | | | Balance June 30, 2022 |
|-------------------|--------------------|-------------------------|-----------|-----------|--------------------------|
| | | Balance July 1, 2021 | Additions | Payments | |
| Qwest Lease | \$ 238,419 | \$ 146,443 | \$ - | \$ 15,453 | \$ 130,990 |
| US Cellular Lease | 358,078 | 352,611 | - | 3,056 | 349,555 |
| | \$ 596,497 | \$ 499,054 | \$ - | \$ 18,509 | \$ 480,545 |

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

| | Deferred Inflow of Resources | | | | |
|-------------------|------------------------------|-------------|------------------|-------------------|------------------|
| | Balance | | Lease | Balance | Interest |
| | July 1, 2021 | Additions | revenue | June 30, 2022 | Revenue |
| | | | recognized | | |
| Qwest Lease | \$ 147,440 | \$ - | \$ 14,868 | \$ 132,572 | \$ 1,347 |
| US Cellular Lease | 336,195 | - | 11,936 | 324,259 | 9,016 |
| | <u>\$ 483,635</u> | <u>\$ -</u> | <u>\$ 26,804</u> | <u>\$ 456,832</u> | <u>\$ 10,363</u> |

Qwest Lease

The City entered into a ground lease agreement to lease a 50' by 50' tract on NE Eighth Street to Qwest Corporation dba Century Link. The lease is for a term of 10 years with an option to renew for 5 years which is reasonably certain to be exercised. Annual payments of \$16,800 were due starting June 1, 2016. The payments will increase to \$17,220 after the 10th year. The assumed interest rate to be charged is 0.92%.

US Cellular Lease

The City entered into a ground lease agreement to lease a 50' by 50' tract on Columbia Lane to US Cellular dba Oregon RSA #2. The lease is for a term of 5 years with an option to renew for an addition 5 terms of 5 years each which is reasonably certain to be exercised. Monthly payments of \$950 were due starting September 3, 2019. The payments will increase annually by 3%. The assumed interest rate to be charged is 2.565%.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

C. CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 121,485 | \$ 38,150 | \$ (10,405) | \$ 149,230 |
| Construction in progress | 807,818 | 100,035 | (477,182) | 430,670 |
| Total capital assets not being depreciated | <u>929,303</u> | <u>138,185</u> | <u>(487,587)</u> | <u>579,901</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 632,148 | 10,286 | - | 642,434 |
| Equipment | 262,528 | 7,616 | (7,375) | 262,769 |
| Infrastructure | 3,468,384 | 1,434,256 | - | 4,902,640 |
| Total capital assets being depreciated | <u>4,363,060</u> | <u>1,452,157</u> | <u>(7,375)</u> | <u>5,807,843</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (93,331) | (10,095) | - | (103,426) |
| Equipment | (156,765) | (18,133) | 6,728 | (168,169) |
| Infrastructure | (495,503) | (77,206) | - | (572,709) |
| Total accumulated depreciation | <u>(745,598)</u> | <u>(105,434)</u> | <u>6,728</u> | <u>(844,304)</u> |
| Total capital assets being depreciated, net | <u>3,617,463</u> | <u>1,346,724</u> | <u>(647)</u> | <u>4,963,539</u> |
| Governmental activities capital assets, net | <u>\$ 4,546,765</u> | <u>\$ 1,484,909</u> | <u>\$ (488,234)</u> | <u>\$ 5,543,440</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|-------------------|
| General government | \$ 21,968 |
| Highways and streets | 83,466 |
| Total depreciation expense | <u>\$ 105,434</u> |

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|--------------------|---------------------------|
| Business-type activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 68,241 | \$ - | \$ (33,602) | \$ 34,639 |
| Construction in progress | - | 63,334 | - | 63,334 |
| Total capital assets not being depreciated | <u>68,241</u> | <u>63,334</u> | <u>(33,602)</u> | <u>97,973</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 664,912 | - | - | 664,912 |
| Equipment | 352,451 | 40,510 | (18,364) | 374,597 |
| Infrastructure | 22,286,942 | 382,247 | - | 22,669,189 |
| Total capital assets being depreciated | <u>23,304,305</u> | <u>422,757</u> | <u>(18,364)</u> | <u>23,708,698</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (130,179) | (9,098) | - | (139,277) |
| Equipment | (169,254) | (13,796) | 17,753 | (165,297) |
| Infrastructure | (5,225,971) | (444,477) | - | (5,670,448) |
| Total accumulated depreciation | <u>(5,525,404)</u> | <u>(467,371)</u> | <u>17,753</u> | <u>(5,975,023)</u> |
| Total capital assets being depreciated, net | <u>17,778,901</u> | <u>(44,615)</u> | <u>(611)</u> | <u>17,733,676</u> |
| Business-type activities capital assets, net | <u>\$ 17,847,142</u> | <u>\$ 18,720</u> | <u>\$ (34,213)</u> | <u>\$ 17,831,649</u> |

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. \$188,534 of interest was incurred, all of which was charged to expense during the fiscal year ended June 30, 2022.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

D. LONG-TERM OBLIGATIONS

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2022, are as follows:

| | Balance 7/1/21 | Additions | Repayments | Balance 6/30/22 | Due within one year |
|--------------------------------------|-------------------|------------|--------------|--------------------|------------------------|
| Governmental Activities | | | | | |
| Compensated absences | \$ 157,521 | \$ 63,720 | \$ (123,329) | \$ 97,912 | \$ 97,912 |
| Business-type activities: | | | | | |
| Septic Conversion Loan | 627,669 | - | (22,967) | 604,702 | 23,429 |
| State Sewer Loan | 392,334 | - | (16,786) | 375,548 | 17,287 |
| Area 1 and 2 STEG Conversion | 2,062,692 | - | - | 2,062,692 | - |
| Treatment Plant Compliance Project | 702,496 | 356,201 | (500,000) | 558,697 | 7,835 |
| General Obligation Refunding, 2016A | 3,345,000 | - | (120,000) | 3,225,000 | 125,000 |
| Unamortized Premium GO Bond 2016A | 202,556 | - | (24,943) | 177,612 | 23,139 |
| Full Faith & Credit Refunding, 2016B | 1,220,000 | - | (110,000) | 1,110,000 | 110,000 |
| Unamortized Premium GO Bond 2016B | 86,045 | - | (17,434) | 68,611 | 15,902 |
| Total business-type activities | 8,638,792 | 356,201 | (812,130) | 8,182,862 | 322,591 |
| Totals all activities | \$ 8,796,313 | \$ 419,921 | \$ (935,459) | \$ 8,280,775 | \$ 420,504 |

Debt Service Requirements

Debt service requirements on long-term debt from Direct Borrowings and Direct Placements at year end are as follows:

Business-Type Activities:

Septic Conversion Loan

During the fiscal year ended June 30, 2011, the City entered into a loan agreement with the Department of Environmental Quality in the amount of \$1,810,000 for a new lift station and collector sewers. The loan has a 2.00% interest rate and is secured by the City's net operating revenue. As of June 30, 2013, all \$1,810,000 of loan proceeds had been drawn and \$1,000,000 was forgiven as a grant resulting in a balance of \$810,000. Semi annual payments of \$17,703 principal and interest are payable at June 1 and December 1.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|-------------------|-------------------|
| 2023 | \$ 23,429 | \$ 11,977 | \$ 35,406 |
| 2024 | 23,899 | 11,507 | 35,406 |
| 2025 | 24,380 | 11,026 | 35,406 |
| 2026 | 24,870 | 10,536 | 35,406 |
| 2027 | 25,370 | 10,036 | 35,406 |
| 2028-2032 | 134,705 | 42,325 | 177,030 |
| 2033-2037 | 148,798 | 28,232 | 177,030 |
| 2038-2042 | 164,366 | 12,664 | 177,030 |
| 2043 | 34,885 | 521 | 35,406 |
| | <u>\$ 604,702</u> | <u>\$ 138,824</u> | <u>\$ 743,526</u> |

State Sewer Loan

During the fiscal year ended June 30, 2013, the City entered into a loan agreement with the Oregon Infrastructure Finance Authority for the matching on a new lift station and collector sewers. The loan of \$496,993 has a 2.98% interest rate and is secured by the City's net operating revenue of the sewer system.

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|-------------------|-------------------|
| 2023 | \$ 17,287 | \$ 11,191 | \$ 28,478 |
| 2024 | 17,802 | 10,676 | 28,478 |
| 2025 | 18,332 | 10,146 | 28,478 |
| 2026 | 18,879 | 9,599 | 28,478 |
| 2027 | 19,441 | 9,037 | 28,478 |
| 2028-2032 | 106,249 | 36,141 | 142,390 |
| 2033-2037 | 123,052 | 19,338 | 142,390 |
| 2038-2039 | 54,507 | 2,448 | 56,956 |
| | <u>\$ 375,549</u> | <u>\$ 108,577</u> | <u>\$ 484,125</u> |

Area 1 and 2 STEG Conversion

During the fiscal year ended June 30, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality to address conversions from Septic Tank Effluent Gravity systems to the city's regular collections system for homes located in Area 1 and Area 2 of the City. The approved loan amount is \$2,515,506 and has an interest rate of 1.46% and an annual fee of 0.5% for 20 years. The loan will be secured by the City's net operating revenue of the sewer system. As of June 30, 2022, \$2,062,692 has been disbursed from the loan. Within 30 days of project completion, a final payment schedule will be completed. An interest only payment will be required within 6 months after completion and regular payments will commence. The loan is forgivable up to 50 percent or \$500,000 whichever is less and will be determined at project completion.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

Treatment Plan Compliance Project

During the fiscal year ended June 30, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality to implement the methanol system at the wastewater treatment plan. The loan was finalized in the amount of \$1,058,697 and \$500,000 of that amount was forgiven as a grant resulting in a balance of \$558,697. The loan has an interest rate of 1.27% and an annual fee of 0.5% for 30 years. The loan will be secured by the City's net operating revenue of the sewer system. An initial interest only payment of \$11,192 is required on November 1, 2022 and semi-annual payments of \$11,383 principal and interest are payable at May 1 and November 1 thereafter.

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|-------------------|-------------------|
| 2023 | \$ 7,835 | \$ 14,740 | \$ 22,575 |
| 2024 | 15,820 | 6,946 | 22,766 |
| 2025 | 16,021 | 6,745 | 22,766 |
| 2026 | 16,226 | 6,540 | 22,766 |
| 2027 | 16,432 | 6,334 | 22,766 |
| 2028-2032 | 85,356 | 28,474 | 113,830 |
| 2033-2037 | 90,936 | 22,894 | 113,830 |
| 2038-2042 | 96,877 | 16,953 | 113,830 |
| 2043-2047 | 103,206 | 10,624 | 113,830 |
| 2047-2052 | 109,988 | 3,878 | 113,866 |
| | <u>\$ 558,697</u> | <u>\$ 124,128</u> | <u>\$ 682,825</u> |

Debt service requirements on other long-term debt at year end are as follows:

Full Faith & Credit Refunding, 2016B

During the fiscal year ended June 30, 2017, the City issued \$1,620,000 in Full Faith & Credit Refunding at a \$186,380 premium for the refunding of Sewer Revenue Bond 2005, Sewer Revenue Bond 2010, and State OR Drinking Water 2009. Those bonds are due in semi-annual installments for interest payments and annual installments for principal payments. Final bond maturity is scheduled for 2032. The annual requirements to amortize bond debt outstanding as of June 30, 2022 is as follows:

| Year Ending June 30, | Principal | Interest | Total | Premium |
|-------------------------|---------------------|-------------------|---------------------|------------------|
| 2023 | \$ 110,000 | \$ 25,748 | \$ 135,748 | \$ 15,902 |
| 2024 | 115,000 | 23,746 | 138,746 | 13,954 |
| 2025 | 120,000 | 21,427 | 141,427 | 11,573 |
| 2026 | 125,000 | 18,777 | 143,777 | 9,323 |
| 2027 | 130,000 | 27,516 | 157,516 | 7,165 |
| 2028-2032 | 510,000 | 28,107 | 538,107 | 10,694 |
| | <u>\$ 1,110,000</u> | <u>\$ 145,321</u> | <u>\$ 1,255,321</u> | <u>\$ 68,610</u> |

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

General Obligation Refunding, 2016A

During the fiscal year ended June 30, 2017, the City issued \$3,995,000 in General Obligation bonds at a \$340,737 premium for the refunding of General Obligation Sewer No. 1-2005, General Obligation Sewer No. 2-2005, and General Obligation Water Bond – 2009. Those bonds are due in semi-annual installments for interest payments and annual installments for principal payments. Final bond maturity is scheduled for 2041. The annual requirements to amortize bond debt outstanding as of June 30, 2021 is as follows:

| Year Ending June 30, | Principal | Interest | Total | Premium |
|-------------------------|--------------------|--------------------|--------------------|-------------------|
| 2023 | \$ 125,000 | \$ 91,271 | \$ 216,271 | \$ 23,139 |
| 2024 | 130,000 | 89,100 | 219,100 | 20,835 |
| 2025 | 135,000 | 86,677 | 221,677 | 19,410 |
| 2026 | 135,000 | 84,058 | 219,058 | 18,755 |
| 2027 | 140,000 | 81,199 | 221,199 | 17,488 |
| 2028-2032 | 790,000 | 346,938 | 1,136,938 | 59,601 |
| 2033-2037 | 970,000 | 211,500 | 1,181,500 | 19,438 |
| 2038-2041 | 800,000 | 45,793 | 845,793 | (1,053) |
| | <u>\$3,225,000</u> | <u>\$1,036,536</u> | <u>\$4,261,536</u> | <u>\$ 177,612</u> |

Interest expense on long-term debt has been charged as a direct activity expense on the Statement of Activities as follows:

| | |
|---------------------------|-----------|
| Business-Type Activities: | |
| Water | \$ 47,648 |
| Sewer | 140,886 |

Debt Covenants

The Sewer Fund is required by the State of Oregon acting by and through its Department of Environmental Quality to establish a loan reserve equal to one half of the average annual debt service to be used solely for making payments of principal and interest if no other funds are available. The loan reserve requirement was \$82,153 at the end of the year. This was the total restricted Net Position in the Sewer Fund. At year end the Water Fund reported restricted as of \$62,097 as detailed below, which meets the current requirement.

| | |
|--------------------------|----------------------|
| | Customer Deposits |
| Beginning Restriction | \$ 62,097 |
| Current Year Restriction | 5,850 |
| Line Replacements | - |
| Ending Restriction | <u>\$ 67,947</u> |

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

E. GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority to ensure compliance with conditions of the grant. Any liability for reimbursement which may arise as the result of a grantor audit is not believed to be material.

F. INTERFUND TRANSFERS

Transfers for the year ended June 30, 2022, consisted of the following:

| Transfer in | Transfer out | | | Totals |
|---------------------------|--------------|-------------------|------------|------------|
| | General Fund | State Street Fund | Sewer Fund | |
| State Street Fund | \$ 93,500 | \$ - | \$ - | \$ 93,500 |
| Governmental Reserve Fund | 80,000 | 1,627 | 4,000 | 85,627 |
| Totals | \$ 173,500 | \$ 1,627 | \$ 4,000 | \$ 179,127 |

Transfers are used to (1) move from proprietary enterprise funds to reserve funds for future expenditures, (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) move from proprietary reserve funds to general fund to reimburse for administrative fees.

G. INTERFUND BALANCES

The composition of interfund balances as of June 30, 2022 are as follows:

This interfund transaction is due to Resolution 16-04 loaning \$130,000 from the Water Reserve Fund to the Sewer Operation and Development Fund for a Facility Plan. The loan will be paid back to the Water Reserve Fund from the Sewer Debt Service Fund. The current portion is \$18,719. This loan, made May 1, 2016 is for 7 years at 1.5% per annum with biannual payments of \$9,373. The current interfund balance includes \$8 of accrued interest.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

H. FUND BALANCE CLASSIFICATION

Fund balances by classification for the year ended June 30, 2022 were as follows:

| | <u>General Fund</u> | <u>Irrigon Improvements Fund</u> | <u>State Street Tax Fund</u> | <u>Governmental Reserve Fund</u> | <u>Total Governmental Funds</u> |
|----------------------------------|-------------------------|--|----------------------------------|--------------------------------------|---|
| <u>Fund balances:</u> | | | | | |
| Restricted for: | | | | | |
| Bike/Foot Paths | \$ - | \$ - | \$ - | \$ 22,028 | \$ 22,028 |
| SDC Capital Improvements | - | - | - | 34,579 | 34,579 |
| Committed for: | | | | | |
| Accrued Leave | - | - | - | 83,085 | 83,085 |
| Building Maintenance | - | - | - | 49,431 | 49,431 |
| Equipment Replacement | - | - | - | 85,924 | 85,924 |
| Improvements | - | 2,319,847 | - | - | 2,319,847 |
| Public Use/Open Space Mitigation | - | - | - | 780 | 780 |
| Assigned for: | | | | | |
| Construction | - | - | - | 698,297 | 698,297 |
| Street | - | - | 245,072 | - | 245,072 |
| Unassigned | 343,778 | - | - | - | 343,778 |
| Total fund balances | <u>\$ 343,779</u> | <u>\$ 2,319,847</u> | <u>\$ 245,072</u> | <u>\$ 974,124</u> | <u>\$ 3,826,214</u> |

I. PRIOR PERIOD ADJUSTMENT

The beginning balance of the governmental activities on the Statement of Activities has been decreased by \$2,707 to account to prior year expenses charged by the Oregon Public Employees Retirement System.

NOTE 4 – OTHER INFORMATION

A. PENSION PLAN

GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description.

Employees of the City are provided with pensions through Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employee defined benefit 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 Oregon Revised Statute (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 an independently audited Comprehensive Annual Financial Report which can be obtained at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

If the link is expired, please contact Oregon PERS by writing to the Fiscal Services Division, Public Employees Retirement System, 11410 SW 68th Parkway, PO BOX 23700, Tigard, Oregon, 97281.

Benefits Provided

Tier One/Tier Two Retirement Benefit (ORS Chapter 238)

1. *Pension Benefits* – The OPERS 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 (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 will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 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.

2. *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:

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

3. *Disability Benefits* – A member with 10 or more years of creditable service who become 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 when determining the monthly benefit.

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

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

OPSRP Pension Program (OPSRP DB)

1. *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:

- 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 salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

A member 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.

2. *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.
3. *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.
4. *Benefit Changes after Retirement* – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

1. *Pension Benefits* – The Individual Account Program (IAP) is a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

3. *Recordkeeping* – OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. *Employer Contributions* – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2022 were \$109,342, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 22.95 percent for Tier One/Tier Two members, 19.48 percent for OPSRP Pension Program members, and 6 percent for OPSRP Individual Account Program.
2. *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.

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

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

At June 30, 2022, the City reported a liability of \$638,662 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the City's proportion was 0.0053 percent, which was increased from its proportion of 0.0049 percent measured as of June 30, 2020.

For the year ended June 30, 2022, the City's recognized pension income of \$21,374. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 59,783 | \$ - |
| Changes in assumptions | 159,877 | 1,681 |
| Net difference between projected and actual earnings on investments | - | 472,797 |
| Changes in proportionate share | 84,156 | 36,372 |
| Differences between employer contributions and employers proportionate share of system contributions | 1,367 | 8,898 |
| Total (prior to post-MD contributions) | 305,183 | 519,748 |
| City contributions subsequent to the measurement date | 115,033 | - |
| Net Deferred Outflow/(Inflow) of Resources | <u>\$ 420,216</u> | <u>\$ 519,748</u> |

The City's contributions subsequent to the measurement date of \$115,033 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended June 30:</u> | |
|--------------------------------|---------------------|
| 2022 | \$ (41,078) |
| 2023 | (40,995) |
| 2024 | (59,444) |
| 2025 | (96,344) |
| 2026 | 23,296 |
| Thereafter | - |
| Total | <u>\$ (214,565)</u> |

Actuarial Assumptions

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

| | |
|-----------------------------------|-------------------------------|
| Valuation Date | December 31, 2019 |
| Measurement Date | June 30, 2021 |
| Experience Study Report | 2018, published July 24, 2019 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation Rate | 2.40 percent |
| Long-term Expected Rate of Return | 6.90 percent |
| Discount Rate | 6.90 percent |

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

| | |
|-----------------------------------|---|
| Projected Salary Increases | 3.40 percent overall payroll growth |
| 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 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> |

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

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

Depletion Date Projection

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

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.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|--------------------------------|----------------------------------|--------------------------------|
| City's proportionate share of the net pension liability | \$ 1,254,181 | \$ 638,663 | \$ 123,698 |

Pension plan fiduciary net position

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

Payables to the pension plan

The City reports payables in the amount of \$9,793 payable to the pension plan.

Changes in Plan Provisions During the Measurement Period

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

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

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

Changes in Plan Provisions Subsequent to Measurement Date

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

B. POST EMPLOYMENT BENEFIT PLAN OTHER THAN PERS

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

Financial Statement Presentation

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

| | Implicit Rate Subsidy Plan | PERS RHIA Plan | Total OPEB on Financial |
|---|---------------------------------------|---------------------------|------------------------------------|
| Deferred Outflows of Resources | | | |
| Contributions after the Measurement Date | \$ 2,709 | \$ 139 | \$ 2,848 |
| Difference between expected and actual results | - | - | - |
| Changes in assumptions | 708 | 505 | 1,213 |
| Change in Proportionate Share | - | 1,049 | 1,049 |
| Total deferred outflows of resources | 3,417 | 1,693 | 5,110 |
| Total OPEB Asset (Liability) | (37,257) | 25,652 | (11,605) |
| Deferred Inflows of Resources | | | |
| Difference between expected and actual results | (4,309) | (714) | (5,023) |
| Change in proportionate share | - | (5,838) | (5,838) |
| Change in assumptions | (12,333) | (382) | (12,715) |
| Difference in Earnings | - | (6,096) | (6,096) |
| Total deferred inflows of resources | (16,642) | (13,030) | (29,672) |
| OPEB Expense (Income) | (1,891) | (6,702) | (8,593) |
| (Included in program expenses on Statement of Activities) | | | |

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

Implicit Rate Subsidy

Plan Description

The City's defined benefit postemployment healthcare plan is administered by CityCounty Insurance Services (CIS).

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 by writing to the CIS Main Office, 1212 Court Street NE, Salem, OR 97301.

Benefits Provided

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

| | | |
|--|---|--|
| Inactive employees or beneficiaries receiving benefits | 0 | |
| Active employees | 9 | |
| | 9 | |
| | 9 | |

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

The City's total OPEB liability of \$37,257 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The City's portion of the net OPEB liability was based on the City's contributions to the CIS healthcare program during the measurement period relative to contributions from all participating employers.

For the fiscal year ended June 30, 2022, the City recognized OPEB expense from this plan of \$817. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual results | \$ - | \$ 4,309 |
| Changes of assumptions | 708 | 12,333 |
| Contributions after the measurement date | 2,709 | - |
| | \$ 3,417 | \$ 16,642 |

Deferred outflows of resources related to OPEB of \$2,709 resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

| Year ended June 30, | | |
|------------------------|----|-----------------|
| 2023 | \$ | (3,174) |
| 2024 | | (3,174) |
| 2025 | | (3,174) |
| 2026 | | (3,174) |
| 2027 | | (2,852) |
| Thereafter | | (386) |
| | \$ | <u>(15,934)</u> |

Actuarial Assumptions and Other Inputs

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

| | |
|---|---|
| Valuation date | July 1, 2020 |
| Measurement date | June 30, 2021 |
| Actuarial cost method | Entry age normal |
| Inflation | 2.50 percent |
| Salary increases | 3.50 percent |
| Discount rate | 2.16 percent (change from 2.21 percent in previous measurement period) |
| Withdrawal, retirement, and mortality rates | December 31, 2019 Oregon PERS valuation |
| Election and Lapse Rate | 40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage |

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

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance as of June 30, 2021 | \$ 33,985 |
| Changes for the year: | |
| Service cost | 3,179 |
| Interest on total OPEB liability | 812 |
| Effect of changes to benefit terms | - |
| Effect of economic/demographic gains or losses | - |
| Effect of assumptions changes or inputs | 90 |
| Benefit payments | <u>(809)</u> |
| Balance as of June 30, 2021 | <u>\$ 37,257</u> |

CITY OF IRRIGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

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

Sensitivity of the Total OPEB Liability

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

Discount Rate:

| | 1% Decrease (1.16%) | Current Discount Rate (2.16%) | 1% Increase (3.16%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net OPEB liability | \$ 38,984 | \$ 37,257 | \$ 35,472 |

Healthcare Cost Trend:

| | 1% Decrease (4.25%) decreasing to 3.00% | Current Healthcare Trend Rate (5.25%) decreasing to 4.00% | 1% Increase (6.25%) decreasing to 5.00% |
|--|--|---|--|
| City's proportionate share of the net OPEB liability | \$ 33,184 | \$ 37,257 | \$ 42,036 |

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 of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. PERS issues a publicly available financial report that includes 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.

Funding Policy

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

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently 0.05 percent of annual covered payroll OPERS payroll and 0.00 percent for OPSRP payroll under a contractual requirement in effect until June 30, 2023. Consistent with GASB Statement 75, the Oregon PERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The City's contributions to RHIA for the year ended June 30, 2022 are included in the PERS annual pension amount.

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

The City's total OPEB asset of \$25,652 was measured as of June 30, 2021 and was determined by an actuarial valuation as of December 31, 2019, rolled forward to June 30, 2021. The City's portion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2021, the City's proportionate share was 0.00746991 percent.

For the year ended June 30, 2022, the City recognized OPEB income of \$6,702. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual results | \$ - | \$ 714 |
| Changes of assumptions | 505 | 382 |
| Net difference between projected and actual earnings on Plan investments | - | 6,096 |
| Changes in proportionate share and differences between City contributions and proportionate share of contributions | 1,049 | 5,838 |
| Contributions subsequent to the measurement date | 139 | - |
| | \$ 1,693 | \$ 13,030 |

C. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, agencies cannot be determined at this time although management expects such amounts, if any, to be immaterial.

Management believes that there are no liabilities that could result from pending suits, judgments or claims where the amount in excess of insurance coverage would be material to the financial statements.

CITY OF IRRIGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Cont'd)

D. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates in the City/County Insurance Services (CCIS) formed in 1981 by the League of Oregon Cities and the Association of Oregon Cities. CCIS is a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 Cities in the state of Oregon. CCIS is self-sustaining through member contributions and reinsures through commercial companies for excess of certain claims amounts. The City has a claim upon cash balances held on its behalf by CCIS but the amount cannot be determined. Claims liabilities of the City within CCIS also cannot be determined. The City has not significantly reduced insurance coverage or had any losses in excess of coverage in the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

GENERAL FUND - 010

For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|-------------------------|------------------|------------------------|-----------------------------|
| | Original | Final | Budgetary Basis | Budgeted Amounts |
| REVENUES | | | | |
| Property taxes | \$ 227,600 | \$ 227,600 | \$ 229,865 | \$ 2,265 |
| Franchise fees | 84,400 | 84,400 | 67,312 | (17,088) |
| Licenses and fees | 106,000 | 106,000 | 85,071 | (20,929) |
| Intergovernmental | 1,349,300 | 1,349,300 | 409,316 | (939,984) |
| Charges for services | 209,000 | 209,000 | 185,213 | (23,787) |
| Lease revenue | 28,900 | 28,900 | 37,158 | 8,258 |
| Investment income | 2,000 | 2,000 | 1,794 | (206) |
| Miscellaneous revenue | 28,500 | 28,500 | 18,563 | (9,937) |
| Total revenues | 2,035,700 | 2,035,700 | 1,034,292 | (1,001,408) |
| EXPENDITURES | | | | |
| Administration: | | | | |
| Personal services | 135,600 | 135,600 | 132,704 | 2,896 |
| Materials and services | 749,550 | 749,550 | 338,481 | 411,069 |
| Capital outlay | 1,068,000 | 1,068,000 | 346,551 | 721,449 |
| Municipal Court: | | | | |
| Personal services | 28,400 | 28,400 | - | 28,400 |
| Materials and services | 31,000 | 31,000 | 3,672 | 27,328 |
| Parks: | | | | |
| Personal services | 29,800 | 29,800 | 29,449 | 351 |
| Materials and services | 11,000 | 11,000 | 10,920 | 80 |
| Contingency | 108,850 | 108,850 | - | 108,850 |
| Total expenditures | 2,162,200 | 2,162,200 | 861,777 | 1,300,423 |
| Excess of revenues over (under) expenditures | (126,500) | (126,500) | 172,515 | 299,015 |
| OTHER FINANCING SOURCES | | | | |
| Transfers out | (173,500) | (173,500) | (173,500) | - |
| Net change in fund balances | (300,000) | (300,000) | (985) | 299,015 |
| Fund balance - beginning | 300,000 | 300,000 | 344,763 | 44,763 |
| Fund balance - ending | \$ - | \$ - | \$ 343,778 | \$ 343,778 |

See Independent Auditor's Report

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

GOVERNMENTAL RESERVE FUND - 011

For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|-------------------------|----------------|------------------------|-----------------------------|
| | Original | Final | Budgetary Basis | Budgeted Amounts |
| REVENUES | | | | |
| Intergovernmental | \$ 90,000 | \$ 90,000 | \$ 64,468 | \$ (25,532) |
| Licenses and fees | 2,500 | 2,500 | 6,000 | 3,500 |
| Investment income | 4,900 | 4,900 | 4,177 | (723) |
| Proceeds from sale of land | - | - | 129,330 | 129,330 |
| Total revenues | <u>97,400</u> | <u>97,400</u> | <u>203,975</u> | <u>106,575</u> |
| EXPENDITURES | | | | |
| Personal services | 165,300 | 165,300 | 79,097 | 86,203 |
| Materials & services | 63,000 | 63,000 | 2,552 | 60,448 |
| Capital outlay | 703,800 | 703,800 | - | 703,800 |
| Total expenditures | <u>932,100</u> | <u>932,100</u> | <u>81,649</u> | <u>850,451</u> |
| Excess of revenues over (under) expenditures | (834,700) | (834,700) | 122,326 | 957,026 |
| OTHER FINANCING SOURCES | | | | |
| Transfers | <u>85,700</u> | <u>85,700</u> | <u>85,627</u> | <u>(73)</u> |
| Net change in fund balances | (749,000) | (749,000) | 207,953 | 956,953 |
| Fund balance - beginning | <u>749,000</u> | <u>749,000</u> | <u>766,171</u> | <u>17,171</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 974,124</u> | <u>\$ 974,124</u> |

See Independent Auditor's Report

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

IRRIGON IMPROVEMENTS FUND - 012

For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with |
|-----------------------------|-------------------------|------------------|------------------------|-----------------------------|
| | Original | Final | Budgetary Basis | Budgeted Amounts |
| REVENUES | | | | |
| Intergovernmental | \$ 1,018,200 | \$ 1,018,200 | \$ 1,152,791 | \$ 134,591 |
| Licenses and fees | 2,000 | 2,000 | 950 | (1,050) |
| Investment income | 11,000 | 11,000 | 9,663 | (1,337) |
| Total revenues | <u>1,031,200</u> | <u>1,031,200</u> | <u>1,164,404</u> | <u>133,204</u> |
| EXPENDITURES | | | | |
| Materials and services | 1,251,400 | 1,251,400 | 412,497 | 838,903 |
| Capital outlay | <u>1,680,600</u> | <u>1,680,600</u> | <u>243,226</u> | <u>1,437,374</u> |
| Total expenditures | <u>2,932,000</u> | <u>2,932,000</u> | <u>655,723</u> | <u>2,276,277</u> |
| Net change in fund balances | (1,900,800) | (1,900,800) | 508,681 | 2,409,481 |
| Fund balance - beginning | <u>1,900,800</u> | <u>1,900,800</u> | <u>1,811,166</u> | <u>(89,634)</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,319,847</u> | <u>\$ 2,319,847</u> |

See Independent Auditor's Report

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

STATE STREET FUND - 020

For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|---|-------------------------|------------------|------------------------|-----------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Budgetary Basis</u> | <u>Budgeted Amounts</u> |
| REVENUES | | | | |
| Intergovernmental | \$ 3,355,600 | \$ 3,355,600 | \$ 805,409 | \$ (2,550,191) |
| Licenses and fees | 50,000 | 50,000 | 50,193 | 193 |
| Investment income | 1,500 | 1,500 | 1,170 | (330) |
| Miscellaneous revenue | 2,300 | 2,300 | 1,865 | (435) |
| Total revenues | <u>3,409,400</u> | <u>3,409,400</u> | <u>858,637</u> | <u>(2,550,763)</u> |
| EXPENDITURES | | | | |
| Personal services | 147,700 | 147,700 | 129,376 | 18,324 |
| Materials and services | 84,900 | 84,900 | 81,994 | 2,906 |
| Capital outlay | 3,458,600 | 3,458,600 | 905,631 | 2,552,969 |
| Contingency | - | - | - | - |
| Total expenditures | <u>3,691,200</u> | <u>3,691,200</u> | <u>1,117,001</u> | <u>2,574,199</u> |
| Excess of revenues over (under) expenditures | <u>(281,800)</u> | <u>(281,800)</u> | <u>(258,364)</u> | <u>23,436</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 93,500 | 93,500 | 93,500 | - |
| Transfers out | (1,700) | (1,700) | (1,627) | 73 |
| Total other financing sources (uses) | <u>91,800</u> | <u>91,800</u> | <u>91,873</u> | <u>73</u> |
| Net change in fund balances | (190,000) | (190,000) | (166,491) | 23,509 |
| Fund balance - beginning | <u>260,000</u> | <u>260,000</u> | <u>411,563</u> | <u>151,563</u> |
| Fund balance - ending | <u>\$ 70,000</u> | <u>\$ 70,000</u> | <u>\$ 245,072</u> | <u>\$ 175,072</u> |

See Independent Auditor's Report

CITY OF IRRIGON, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last Nine Fiscal Years¹

| Measurement Date June 30, | (a) City's proportion of the net pension liability (asset) | (b) City's proportionate share of the net pension liability (asset) | (c) City's covered payroll | (b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|------------------------------|---|---|-------------------------------|--|---|
| 2021 | 0.00533710% | \$ 638,663 | \$ 566,440 | 113% | 87.6% |
| 2020 | 0.00485950% | 1,060,509 | 543,568 | 195% | 75.8% |
| 2019 | 0.00519560% | 898,715 | 494,933 | 182% | 80.2% |
| 2018 | 0.00484757% | 734,343 | 467,911 | 157% | 82.1% |
| 2017 | 0.00502766% | 677,730 | 462,165 | 147% | 83.1% |
| 2016 | 0.00540893% | 812,006 | 437,860 | 185% | 80.5% |
| 2015 | 0.00538263% | 309,042 | 416,470 | 74% | 91.9% |
| 2014 | 0.00533428% | (120,913) | 432,576 | -28% | 103.6% |
| 2013 | 0.00533428% | 272,216 | 401,163 | 68% | 92.0% |

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

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

NOTES TO SCHEDULE

Changes in Benefit Terms:

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

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

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the "Effect of plan changes" during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

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.

See Independent Auditor's Report

CITY OF IRRIGON, OREGON
SCHEDULE OF CONTRIBUTIONS
For the Last Nine 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 |
|---------------------|--|---|---|-------------------------------|--|
| 2022 | \$ 115,032 | \$ 115,032 | \$ - | \$ 568,785 | 20% |
| 2021 | 115,076 | 115,076 | - | 566,440 | 20% |
| 2020 | 110,434 | 110,434 | - | 543,568 | 20% |
| 2019 | 80,503 | 80,503 | - | 494,933 | 16% |
| 2018 | 72,307 | 72,307 | - | 467,911 | 15% |
| 2017 | 55,761 | 55,761 | - | 462,165 | 12% |
| 2016 | 52,072 | 52,072 | - | 437,860 | 12% |
| 2015 | 41,852 | 41,852 | - | 416,470 | 10% |
| 2014 | 46,279 | 46,279 | - | 432,576 | 11% |

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

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

See Independent Auditor's Report

OTHER SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF NET POSITION

WATER FUNDS

June 30, 2022

| | 60 Water Operation & Development Fund | 62 Water Reserve Fund | 68 Water Debt Service Fund | 69 Water Bond Debt Service Fund | Totals |
|---|---|--------------------------------|--|---|---------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 132,327 | \$ 689,318 | \$ 92,367 | \$ 47,177 | \$ 961,189 |
| Accounts receivable | 40,589 | - | 6,712 | - | 47,301 |
| Property taxes receivable | - | - | - | 2,653 | 2,653 |
| Due from other funds | - | 18,719 | - | - | 18,719 |
| Total current assets | <u>172,916</u> | <u>708,037</u> | <u>99,079</u> | <u>49,830</u> | <u>1,029,862</u> |
| Noncurrent assets: | | | | | |
| Capital assets, net of accumulated depreciation | 4,547,640 | - | - | - | 4,547,640 |
| Restricted cash | 67,947 | - | - | - | 67,947 |
| Total noncurrent assets | <u>4,615,587</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,615,587</u> |
| Total assets | <u>4,788,503</u> | <u>708,037</u> | <u>99,079</u> | <u>49,830</u> | <u>5,645,449</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension deferred outflows of resources | 136,943 | - | - | - | 136,943 |
| OPEB deferred outflows of resources | 1,665 | - | - | - | 1,665 |
| Total deferred outflows of resources | <u>138,608</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>138,608</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 19,696 | 13,875 | - | - | 33,571 |
| Accrued payroll | 4,922 | - | - | - | 4,922 |
| Unavailable revenue | 11,252 | - | - | - | 11,252 |
| Deposits payable | 68,847 | - | - | - | 68,847 |
| Accrued interest payable | - | - | 495 | 1,464 | 1,959 |
| Bond premium, net | - | - | 7,079 | 8,741 | 15,820 |
| Bonds, notes and leases payable | - | - | 48,972 | 47,213 | 96,185 |
| Total current liabilities | <u>104,717</u> | <u>13,875</u> | <u>56,546</u> | <u>57,418</u> | <u>232,556</u> |
| Noncurrent liabilities: | | | | | |
| Bond premium, net | - | - | 23,466 | 58,355 | 81,821 |
| Bonds, notes and leases payable | - | - | 445,200 | 1,170,870 | 1,616,070 |
| Pension liability | 208,132 | - | - | - | 208,132 |
| OPEB liability | 3,782 | - | - | - | 3,782 |
| Total noncurrent liabilities | <u>211,914</u> | <u>-</u> | <u>468,666</u> | <u>1,229,225</u> | <u>1,909,805</u> |
| Total liabilities | <u>316,631</u> | <u>13,875</u> | <u>525,212</u> | <u>1,286,643</u> | <u>2,142,361</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension deferred inflows of resources | 169,380 | - | - | - | 169,380 |
| OPEB deferred inflows of resources | 9,670 | - | - | - | 9,670 |
| Total deferred inflows of resources | <u>179,050</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>179,050</u> |
| NET POSITION | | | | | |
| Invested in capital assets, net of related debt | 4,547,640 | - | (524,717) | (1,285,179) | 2,737,744 |
| Unrestricted | (116,210) | 694,162 | 98,584 | 48,366 | 724,902 |
| Total net position | <u>\$ 4,431,430</u> | <u>\$ 694,162</u> | <u>\$ (426,133)</u> | <u>\$ (1,236,813)</u> | <u>\$ 3,462,646</u> |

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

WATER FUNDS

For the Year Ended June 30, 2022

| | 60 | 62 | 68 | 69 | |
|--|------------------------|-------------------|---------------------|-----------------------|---------------------|
| | Water | Water | Water | Water Bond | |
| | Operation & | Reserve | Debt | Debt | |
| | Development | Fund | Service | Service | |
| | Fund | Fund | Fund | Fund | Totals |
| Operating revenues: | | | | | |
| Charges for services | \$ 466,099 | \$ 25,300 | \$ 80,387 | \$ - | \$ 571,786 |
| Other operating income | 1,713 | - | - | - | 1,713 |
| Total operating revenues | <u>467,812</u> | <u>25,300</u> | <u>80,387</u> | <u>-</u> | <u>573,499</u> |
| Operating expenses: | | | | | |
| Personal services | 311,126 | - | - | - | 311,126 |
| Utilities | 19,156 | - | - | - | 19,156 |
| Engineering & Testing | 4,380 | 143 | - | - | 4,523 |
| Supplies & Repairs | 36,979 | 5,252 | - | - | 42,231 |
| Administrative | 30,042 | - | - | - | 30,042 |
| Depreciation | 120,011 | - | - | - | 120,011 |
| Total operating expenses | <u>521,694</u> | <u>5,395</u> | <u>-</u> | <u>-</u> | <u>527,089</u> |
| Operating income (loss) | <u>(53,882)</u> | <u>19,905</u> | <u>80,387</u> | <u>-</u> | <u>46,410</u> |
| Nonoperating revenues (expenses): | | | | | |
| Property taxes | - | - | - | 85,170 | 85,170 |
| Proceeds from grantors | - | - | - | 25,813 | 25,813 |
| Investment income | 949 | 3,118 | 409 | 182 | 4,658 |
| Interest expense | - | - | (12,219) | (35,429) | (47,648) |
| Total nonoperating revenues (expenses) | <u>949</u> | <u>3,118</u> | <u>(11,810)</u> | <u>75,736</u> | <u>67,993</u> |
| Income (loss) before transfers | <u>(52,933)</u> | <u>23,023</u> | <u>68,577</u> | <u>75,736</u> | <u>114,403</u> |
| Gain on the sale of capital assets | - | 9,950 | - | - | 9,950 |
| Capital contributions | 295,609 | - | - | - | 295,609 |
| Transfers in | - | 46,900 | - | 5,101 | 52,001 |
| Transfers out | (46,900) | - | (5,101) | - | (52,001) |
| Equity transfers in (out) | <u>6,908</u> | <u>(6,908)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net position | 202,684 | 72,965 | 63,476 | 80,837 | 419,962 |
| Total net position - beginning | <u>4,228,746</u> | <u>621,197</u> | <u>(489,609)</u> | <u>(1,317,650)</u> | <u>3,042,684</u> |
| Total net position - ending | <u>\$ 4,431,430</u> | <u>\$ 694,162</u> | <u>\$ (426,133)</u> | <u>\$ (1,236,813)</u> | <u>\$ 3,462,646</u> |

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF CASH FLOWS

WATER FUNDS

For the Year Ended June 30, 2022

| | 60 Water Operation & Development Fund | 62 Water Reserve Fund | 68 Water Debt Service Fund | 69 Water Bond Debt Service Fund | Totals |
|--|---|--------------------------------|--|---|---------------------|
| Cash Flows from Operating Activities: | | | | | |
| Receipts from customers | \$ 485,453 | \$ 25,300 | \$ 84,857 | \$ - | \$ 595,610 |
| Other miscellaneous receipts | 1,713 | - | - | - | 1,713 |
| Payments to suppliers | (83,674) | (5,741) | - | - | (89,415) |
| Payments to employees | (308,876) | - | - | - | (308,876) |
| Net cash provided (used) by operating activities | <u>94,616</u> | <u>19,559</u> | <u>84,857</u> | <u>-</u> | <u>199,032</u> |
| Cash Flows from Noncapital Financing Activities: | | | | | |
| Property taxes | - | - | - | 85,456 | 85,456 |
| Transfers in (out) | (46,900) | 46,900 | (5,101) | 5,101 | - |
| Net cash provided (used) by noncapital financing activities | <u>(46,900)</u> | <u>46,900</u> | <u>(5,101)</u> | <u>90,557</u> | <u>85,456</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Interfund loans | - | 18,672 | - | - | 18,672 |
| Grant revenue | - | - | - | 25,813 | 25,813 |
| Acquisition of capital assets | - | (40,512) | - | - | (40,512) |
| Proceeds from sale of capital assets | - | 43,552 | - | - | 43,552 |
| Payments on capital debt | - | - | (68,984) | (90,204) | (159,188) |
| Net cash provided (used) by capital and related financing activities | <u>-</u> | <u>21,713</u> | <u>(68,984)</u> | <u>(64,391)</u> | <u>(111,662)</u> |
| Cash Flows from Investing Activities: | | | | | |
| Interest and dividends | <u>949</u> | <u>3,118</u> | <u>409</u> | <u>182</u> | <u>4,658</u> |
| Net increase (decrease) in cash and investments | 48,665 | 91,290 | 11,181 | 26,348 | 177,484 |
| Beginning cash and investments | <u>151,609</u> | <u>598,028</u> | <u>81,186</u> | <u>20,829</u> | <u>851,652</u> |
| Ending cash and investments | <u>\$ 200,274</u> | <u>\$ 689,318</u> | <u>\$ 92,367</u> | <u>\$ 47,177</u> | <u>\$ 1,029,136</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ (53,882) | \$ 19,905 | \$ 80,387 | \$ - | \$ 46,410 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 120,011 | - | - | - | 120,011 |
| (Increase) decrease in accounts receivable | 12,047 | - | 4,470 | - | 16,517 |
| (Increase) decrease in prepaid expenses | 8,796 | - | - | - | 8,796 |
| Increase (decrease) in accounts payable | (1,913) | (346) | - | - | (2,259) |
| Increase (decrease) in accrued payroll | 6 | - | - | - | 6 |
| Increase (decrease) in unearned revenue | 3,257 | - | - | - | 3,257 |
| Increase (decrease) in customer deposits | 4,050 | - | - | - | 4,050 |
| Increase (decrease) in pension liability | (121,643) | - | - | - | (121,643) |
| Increase (decrease) in OPEB liability | (5,065) | - | - | - | (5,065) |
| (Increase) decrease in deferred outflows | (23,134) | - | - | - | (23,134) |
| Increase (decrease) in deferred inflows | 152,086 | - | - | - | 152,086 |
| Net cash provided (used) by operating activities | <u>\$ 94,616</u> | <u>\$ 19,559</u> | <u>\$ 84,857</u> | <u>\$ -</u> | <u>\$ 199,032</u> |

Noncash capital activities:

The Water Reserve Fund transferred capital assets with a net book value of \$6,908 to the Water Operation & Development Fund.

The Water Operation & Development Fund received capital assets with a net book value of \$295,609 from the Governmental Activities.

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

WATER OPERATIONS AND DEVELOPMENT FUND - 060

For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget |
|---|------------------|------------------|-----------------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 461,000 | \$ 461,000 | \$ 466,099 | \$ 5,099 |
| Investment income | 1,000 | 1,000 | 949 | (51) |
| Miscellaneous revenue | 2,500 | 2,500 | 1,713 | (787) |
| Total revenues | <u>464,500</u> | <u>464,500</u> | <u>468,761</u> | <u>4,261</u> |
| EXPENDITURES | | | | |
| Personal services | 335,500 | 335,500 | 308,884 | 26,616 |
| Materials and services | 130,100 | 130,100 | 90,557 | 39,543 |
| Total expenditures | <u>465,600</u> | <u>465,600</u> | <u>399,441</u> | <u>66,159</u> |
| Excess of revenues over (under) expenditures | (1,100) | (1,100) | 69,320 | 70,420 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(46,900)</u> | <u>(46,900)</u> | <u>(46,900)</u> | <u>-</u> |
| Change in fund balance | (48,000) | (48,000) | 22,420 | 70,420 |
| Total fund balance - beginning | <u>87,000</u> | <u>87,000</u> | <u>113,726</u> | <u>26,726</u> |
| Total fund balance - ending | <u>\$ 39,000</u> | <u>\$ 39,000</u> | <u>\$ 136,146</u> | <u>\$ 97,146</u> |

Reconciliation to GAAP:

| | |
|--------------------------|---------------------|
| Capital assets, net | 4,547,640 |
| Pension deferred outflow | 136,943 |
| Pension liability | (208,132) |
| Pension deferred inflow | (169,380) |
| OPEB deferred outflow | 1,665 |
| OPEB liability | (3,782) |
| OPEB deferred inflow | (9,670) |
| | <u>\$ 4,431,430</u> |

Detail of Fund Balance:

| | |
|----------------------|-------------------|
| Cash and investments | \$ 132,327 |
| Restricted cash | 67,947 |
| Accounts receivable | 40,589 |
| Customer deposits | (68,847) |
| Unearned revenue | (11,252) |
| Accounts payable | (19,696) |
| Accrued payroll | (4,922) |
| | <u>\$ 136,146</u> |

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

WATER RESERVE FUND - 062

For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|---|-------------------------|------------------|------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Budgetary Basis</u> | <u>Final Budget</u> |
| REVENUES | | | | |
| Charges for services | \$ 9,730 | \$ 9,730 | \$ 25,300 | \$ 15,570 |
| Investment income | 4,000 | 4,000 | 3,126 | (874) |
| Proceeds from sale of assets | - | - | 43,552 | 43,552 |
| Total revenues | <u>13,730</u> | <u>13,730</u> | <u>71,978</u> | <u>58,248</u> |
| EXPENSES | | | | |
| Materials and services | 70,700 | 70,700 | 5,395 | 65,305 |
| Capital Outlay | 612,430 | 612,430 | 40,510 | 571,920 |
| Total expenses | <u>683,130</u> | <u>683,130</u> | <u>45,905</u> | <u>637,225</u> |
| Excess of revenues over (under) expenditures | <u>(669,400)</u> | <u>(669,400)</u> | <u>26,073</u> | <u>695,473</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund loan repayment | 18,600 | 18,600 | 18,664 | 64 |
| Transfers in | 46,900 | 46,900 | 46,900 | - |
| Total other financing sources (uses) | <u>65,500</u> | <u>65,500</u> | <u>65,564</u> | <u>64</u> |
| Change in fund balance | (603,900) | (603,900) | 91,637 | 695,537 |
| Total fund balance - beginning | <u>603,900</u> | <u>603,900</u> | <u>583,806</u> | <u>(20,094)</u> |
| Total fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 675,443</u> | <u>\$ 675,443</u> |
| Reconciliation to GAAP: | | | | |
| Due from other funds | | | 18,719 | |
| | | | <u>\$ 694,162</u> | |
| Detail of Fund Balance: | | | | |
| Cash and investments | | | \$ 689,318 | |
| Accounts payable | | | <u>(13,875)</u> | |
| | | | <u>\$ 675,443</u> | |

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

WATER DEBT SERVICE FUND - 068

For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> <u>Budgetary Basis</u> | <u>Variance with</u> <u>Final Budget</u> |
|---|-------------------------|------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charges for services | \$ 76,500 | \$ 76,500 | \$ 80,387 | \$ 3,887 |
| Investment income | 300 | 300 | 409 | 109 |
| Total revenues | <u>76,800</u> | <u>76,800</u> | <u>80,796</u> | <u>3,996</u> |
| EXPENSES | | | | |
| Debt service | <u>69,500</u> | <u>69,500</u> | <u>68,953</u> | <u>547</u> |
| Excess of revenues over (under) expenditures | 7,300 | 7,300 | 11,843 | 4,543 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(5,200)</u> | <u>(5,200)</u> | <u>(5,101)</u> | <u>99</u> |
| Net change in fund balance | 2,100 | 2,100 | 6,742 | 4,642 |
| Total fund balance - beginning | <u>92,000</u> | <u>92,000</u> | <u>91,842</u> | <u>(158)</u> |
| Total fund balance - ending | <u>\$ 94,100</u> | <u>\$ 94,100</u> | <u>\$ 98,584</u> | <u>\$ 4,484</u> |

Adjustments to GAAP:

| | |
|-------------------|---------------------|
| Bonds payable | (494,172) |
| Bond premium, net | (30,545) |
| | <u>\$ (426,133)</u> |

Detail of Fund Balance:

| | |
|--------------------------|------------------|
| Cash and investments | \$ 92,367 |
| Accounts receivable | 6,712 |
| Accrued interest payable | (495) |
| | <u>\$ 98,584</u> |

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

WATER DEBT SERVICE FOR GENERAL OBLIGATION BONDS FUND - 069

For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|---|-------------------------|------------------|------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Budgetary Basis</u> | <u>Final Budget</u> |
| REVENUES | | | | |
| Property taxes | \$ 84,000 | \$ 84,000 | \$ 85,170 | \$ 1,170 |
| Grants | - | - | 25,813 | 25,813 |
| Investment income | 200 | 200 | 182 | (18) |
| Total revenues | <u>84,200</u> | <u>84,200</u> | <u>111,165</u> | <u>26,965</u> |
| EXPENSES | | | | |
| Debt service | <u>90,400</u> | <u>90,400</u> | <u>90,176</u> | <u>224</u> |
| Excess of revenues over (under) expenditures | (6,200) | (6,200) | 20,989 | 27,189 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>5,200</u> | <u>5,200</u> | <u>5,101</u> | <u>(99)</u> |
| Net change in fund balance | (1,000) | (1,000) | 26,090 | 27,090 |
| Total fund balance - beginning | <u>19,400</u> | <u>19,400</u> | <u>22,276</u> | <u>2,876</u> |
| Total fund balance - ending | <u>\$ 18,400</u> | <u>\$ 18,400</u> | <u>\$ 48,366</u> | <u>\$ 29,966</u> |
| Adjustments to GAAP: | | | | |
| Bonds payable | | | (1,218,083) | |
| Bond premium, net | | | <u>(67,096)</u> | |
| | | | <u>\$ (1,236,813)</u> | |
| Detail of Fund Balance: | | | | |
| Cash and investments | | | \$ 47,177 | |
| Taxes receivable | | | 2,653 | |
| Accrued interest payable | | | <u>(1,464)</u> | |
| | | | <u>\$ 48,366</u> | |

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF NET POSITION

SEWER FUNDS

June 30, 2022

| | 70 Sewer Operation & Development Fund | 72 Sewer Reserve Fund | 78 Sewer Debt Service Fund | 79 Sewer Bond Debt Service Fund | Totals |
|---|---|--------------------------------|--|---|---------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 219,428 | \$ 505,207 | \$ 185,798 | \$ 186,240 | \$ 1,096,673 |
| Accounts receivable | 48,346 | - | 24,021 | - | 72,367 |
| Property taxes receivable | - | - | - | 3,804 | 3,804 |
| Prepaid expenses | - | - | - | - | - |
| Total current assets | <u>267,774</u> | <u>505,207</u> | <u>209,819</u> | <u>190,044</u> | <u>1,172,844</u> |
| Noncurrent assets: | | | | | |
| Capital assets, net of accumulated depreciation | 13,284,012 | - | - | - | 13,284,012 |
| Restricted cash | - | - | 82,153 | - | 82,153 |
| Total noncurrent assets | <u>13,284,012</u> | <u>-</u> | <u>82,153</u> | <u>-</u> | <u>13,366,165</u> |
| Total assets | <u>13,551,786</u> | <u>505,207</u> | <u>291,972</u> | <u>190,044</u> | <u>14,539,009</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension deferred outflows of resources | 154,577 | - | - | - | 154,577 |
| OPEB deferred outflows of resources | 1,879 | - | - | - | 1,879 |
| Total deferred outflows of resources | <u>156,456</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>156,456</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 28,830 | - | - | - | 28,830 |
| Accrued payroll | 5,287 | - | - | - | 5,287 |
| Accrued interest payable | - | - | 68,092 | 2,412 | 70,504 |
| Due to other funds | - | - | 18,719 | - | 18,719 |
| Bond premium, net | - | - | 8,822 | 14,398 | 23,220 |
| Bonds, notes and leases payable | - | - | 109,579 | 77,788 | 187,367 |
| Total current liabilities | <u>34,117</u> | <u>-</u> | <u>205,212</u> | <u>94,598</u> | <u>333,927</u> |
| Noncurrent liabilities: | | | | | |
| Interfund loan payable | - | - | - | - | - |
| Bond premium, net | - | - | 29,242 | 96,119 | 125,361 |
| Bonds, notes and leases payable | - | - | 4,107,889 | 1,929,130 | 6,037,019 |
| Pension liability | 234,933 | - | - | - | 234,933 |
| OPEB liability | 4,269 | - | - | - | 4,269 |
| Total noncurrent liabilities | <u>239,202</u> | <u>-</u> | <u>4,137,131</u> | <u>2,025,249</u> | <u>6,401,582</u> |
| Total liabilities | <u>273,319</u> | <u>-</u> | <u>4,342,343</u> | <u>2,119,847</u> | <u>6,735,509</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension deferred inflows of resources | 191,190 | - | - | - | 191,190 |
| OPEB deferred inflows of resources | 10,915 | - | - | - | 10,915 |
| Total deferred inflows of resources | <u>202,105</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>202,105</u> |
| NET POSITION | | | | | |
| Invested in capital assets, net of related debt | 13,284,012 | - | (4,255,532) | (2,117,435) | 6,911,045 |
| Restricted for debt service | - | - | 82,153 | - | 82,153 |
| Unrestricted | <u>(51,194)</u> | <u>505,207</u> | <u>123,008</u> | <u>187,632</u> | <u>764,653</u> |
| Total net position | <u>\$ 13,232,818</u> | <u>\$ 505,207</u> | <u>\$ (4,050,371)</u> | <u>\$ (1,929,803)</u> | <u>\$ 7,757,851</u> |

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

SEWER FUNDS

For the Year Ended June 30, 2022

| | 70 Sewer Operation & Development Fund | 72 Sewer Reserve Fund | 78 Sewer Debt Service Fund | 79 Sewer Bond Debt Service Fund | Totals |
|---|---|--------------------------------|--|---|---------------------|
| Operating revenues: | | | | | |
| Charges for services | \$ 568,497 | \$ 34,138 | \$ 267,597 | \$ - | \$ 870,232 |
| Other operating income | 1,614 | - | - | - | 1,614 |
| Total operating revenues | <u>570,111</u> | <u>34,138</u> | <u>267,597</u> | <u>-</u> | <u>871,846</u> |
| Operating expenses: | | | | | |
| Personal services | 329,623 | - | - | - | 329,623 |
| Utilities | 17,525 | - | - | - | 17,525 |
| Engineering & Testing | 26,395 | - | - | - | 26,395 |
| Supplies & Repairs | 184,473 | 2,852 | - | - | 187,325 |
| Administrative | 40,867 | - | - | - | 40,867 |
| Depreciation | 347,614 | - | - | - | 347,614 |
| Total operating expenses | <u>946,497</u> | <u>2,852</u> | <u>-</u> | <u>-</u> | <u>949,349</u> |
| Operating income (loss) | <u>(376,386)</u> | <u>31,286</u> | <u>267,597</u> | <u>-</u> | <u>(77,503)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Property taxes | - | - | - | 116,682 | 116,682 |
| Grant revenue | - | - | - | 42,530 | 42,530 |
| Investment income | 793 | 2,248 | 1,092 | 829 | 4,962 |
| Interest expense | - | - | (82,508) | (58,378) | (140,886) |
| Total nonoperating revenues (expenses) | <u>793</u> | <u>2,248</u> | <u>(81,416)</u> | <u>101,663</u> | <u>23,288</u> |
| Income (loss) before transfers | (375,593) | 33,534 | 186,181 | 101,663 | (54,215) |
| Capital contributions | 91,071 | - | - | - | 91,071 |
| Special item - Gain on the sale of capital assets | - | 125 | - | - | 125 |
| Special item - Debt principal forgiveness | - | - | 506,062 | - | 506,062 |
| Transfers in | - | 39,000 | - | 15,230 | 54,230 |
| Transfers out | (43,000) | - | (15,230) | - | (58,230) |
| Equity transfers in (out) | <u>355,846</u> | <u>355</u> | <u>(356,201)</u> | <u>-</u> | <u>-</u> |
| Change in net position | 28,324 | 73,014 | 320,812 | 116,893 | 539,043 |
| Total net position - beginning | <u>13,204,494</u> | <u>432,193</u> | <u>(4,371,183)</u> | <u>(2,046,696)</u> | <u>7,218,808</u> |
| Total net position - ending | <u>\$ 13,232,818</u> | <u>\$ 505,207</u> | <u>\$ (4,050,371)</u> | <u>\$ (1,929,803)</u> | <u>\$ 7,757,851</u> |

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF CASH FLOWS

SEWER FUNDS

For the Year Ended June 30, 2022

| | 70 Sewer Operation & Development Fund | 72 Sewer Reserve Fund | 78 Sewer Debt Service Fund | 79 Sewer Bond Debt Service Fund | Totals |
|--|---|--------------------------------|--|---|---------------------|
| Cash Flows from Operating Activities: | | | | | |
| Receipts from customers | \$ 573,821 | \$ 34,138 | \$ 272,183 | \$ - | \$ 880,142 |
| Other miscellaneous receipts | 1,614 | - | - | - | 1,614 |
| Payments to suppliers | (375,994) | (2,852) | - | - | (378,846) |
| Payments to employees | (339,016) | - | - | - | (339,016) |
| Net cash provided (used) by operating activities | <u>(139,575)</u> | <u>31,286</u> | <u>272,183</u> | <u>-</u> | <u>163,894</u> |
| Cash Flows from Noncapital Financing Activities: | | | | | |
| Property taxes | - | - | - | 117,263 | 117,263 |
| Transfers in (out) | (43,000) | 39,000 | (15,230) | 15,230 | (4,000) |
| Net cash provided (used) by noncapital financing activities | <u>(43,000)</u> | <u>39,000</u> | <u>(15,230)</u> | <u>132,493</u> | <u>113,263</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Interfund loans | - | - | (18,672) | - | (18,672) |
| Receipts from grantors | 4,433 | - | - | 42,530 | 46,963 |
| Acquisition of capital assets | (63,334) | - | - | - | (63,334) |
| Proceeds from sale of capital assets | - | 480 | - | - | 480 |
| Proceeds from capital debt | 356,201 | - | - | - | 356,201 |
| Payments on capital debt | - | - | (153,005) | (148,619) | (301,624) |
| Net cash provided (used) by capital and related financing activities | <u>297,300</u> | <u>480</u> | <u>(171,677)</u> | <u>(106,089)</u> | <u>20,014</u> |
| Cash Flows from Investing Activities: | | | | | |
| Interest and dividends | <u>793</u> | <u>2,248</u> | <u>1,092</u> | <u>829</u> | <u>4,962</u> |
| Net increase (decrease) in cash and investments | 115,518 | 73,014 | 86,368 | 27,233 | 302,133 |
| Beginning cash and investments | <u>103,910</u> | <u>432,193</u> | <u>181,583</u> | <u>159,007</u> | <u>876,693</u> |
| Ending cash and investments | <u>\$ 219,428</u> | <u>\$ 505,207</u> | <u>\$ 267,951</u> | <u>\$ 186,240</u> | <u>\$ 1,178,826</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ (376,386) | \$ 31,286 | \$ 267,597 | \$ - | \$ (77,503) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 347,614 | - | - | - | 347,614 |
| (Increase) decrease in accounts receivable | 5,324 | - | 4,586 | - | 9,910 |
| (Increase) decrease in prepaid expenses | 13,871 | - | - | - | 13,871 |
| Increase (decrease) in accounts payable | (120,605) | - | - | - | (120,605) |
| Increase (decrease) in accrued payroll | (370) | - | - | - | (370) |
| Increase (decrease) in pension liability | (152,541) | - | - | - | (152,541) |
| Increase (decrease) in OPEB liability | (6,126) | - | - | - | (6,126) |
| (Increase) decrease in deferred outflows | (20,778) | - | - | - | (20,778) |
| Increase (decrease) in deferred inflows | 170,422 | - | - | - | 170,422 |
| Net cash provided (used) by operating activities | <u>\$ (139,575)</u> | <u>\$ 31,286</u> | <u>\$ 272,183</u> | <u>\$ -</u> | <u>\$ 163,894</u> |

Noncash capital and financing activities:

The Sewer Operation & Development Fund received capital assets with a net book value of \$86,638 from the Governmental Activities.

The Sewer Operation & Development Fund received loan funds which will be repaid from the Sewer Debt Service Fund. A noncash transfer has been made to transfer the liability between the funds in the amount of \$356,201.

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SEWER OPERATIONS AND DEVELOPMENT FUND - 070

For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|---------------------------------------|-------------------------|------------------|------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Budgetary Basis</u> | <u>Final Budget</u> |
| REVENUES | | | | |
| Intergovernmental revenue | \$ - | \$ - | \$ 4,433 | \$ 4,433 |
| Charges for services | 574,000 | 574,000 | 568,496 | (5,504) |
| Investment income | 2,000 | 2,000 | 793 | (1,207) |
| Miscellaneous revenue | 1,900 | 1,900 | 1,614 | (286) |
| Total revenues | <u>577,900</u> | <u>577,900</u> | <u>575,336</u> | <u>(2,564)</u> |
| EXPENDITURES | | | | |
| Personal services | 367,000 | 367,000 | 338,647 | 28,353 |
| Materials and services | 192,000 | 322,000 | 269,260 | 52,740 |
| Capital Outlay | 35,000 | 508,000 | 63,334 | 444,666 |
| Total expenditures | <u>594,000</u> | <u>1,197,000</u> | <u>671,241</u> | <u>525,759</u> |
| Income (loss) before transfers | <u>(16,100)</u> | <u>(619,100)</u> | <u>(95,905)</u> | <u>523,195</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan proceeds | - | 603,000 | 356,201 | (246,799) |
| Transfers out | (43,000) | (43,000) | (43,000) | - |
| Total other financing sources (uses) | <u>(43,000)</u> | <u>560,000</u> | <u>313,201</u> | <u>(246,799)</u> |
| Change in fund balance | (59,100) | (59,100) | 217,296 | 276,396 |
| Total fund balance - beginning | <u>116,800</u> | <u>116,800</u> | <u>16,361</u> | <u>(100,439)</u> |
| Total fund balance - ending | <u>\$ 57,700</u> | <u>\$ 57,700</u> | <u>\$ 233,657</u> | <u>\$ 175,957</u> |

Reconciliation to GAAP:

| | |
|--------------------------|----------------------|
| Capital assets, net | 13,284,012 |
| Pension liability | (234,933) |
| Pension deferred outflow | 154,577 |
| Pension deferred inflow | (191,190) |
| OPEB liability | (4,269) |
| OPEB deferred outflow | 1,879 |
| OPEB deferred inflow | (10,915) |
| | <u>\$ 13,232,818</u> |

Detail of Fund Balance:

| | |
|----------------------|-------------------|
| Cash and investments | \$ 219,428 |
| Accounts receivable | 48,346 |
| Grants receivable | - |
| Prepaid expenses | - |
| Accounts payable | (28,830) |
| Accrued payroll | (5,287) |
| | <u>\$ 233,657</u> |

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SEWER RESERVE FUND - 072

For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|----------------|------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Budgetary Basis</u> | <u>Final Budget</u> |
| REVENUES | | | | |
| Charges for services | \$ 13,130 | \$ 13,130 | \$ 34,138 | \$ 21,008 |
| Investment income | 2,800 | 2,800 | 2,248 | (552) |
| Proceeds from sale of capital assets | - | - | 480 | 480 |
| Total revenues | <u>15,930</u> | <u>15,930</u> | <u>36,866</u> | <u>20,936</u> |
| EXPENDITURES | | | | |
| Materials and services | 36,800 | 36,800 | 2,852 | 33,948 |
| Capital Outlay | <u>450,130</u> | <u>450,130</u> | - | <u>450,130</u> |
| Total expenditures | <u>486,930</u> | <u>486,930</u> | <u>2,852</u> | <u>484,078</u> |
| Excess of revenues over (under) expenditures | (471,000) | (471,000) | 34,014 | 505,014 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>39,000</u> | <u>39,000</u> | <u>39,000</u> | <u>-</u> |
| Change in fund balance | (432,000) | (432,000) | 73,014 | 505,014 |
| Total fund balance - beginning | <u>432,000</u> | <u>432,000</u> | <u>432,193</u> | <u>193</u> |
| Total fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 505,207</u> | <u>\$ 505,207</u> |
| Detail of Fund Balance: | | | | |
| Cash and investments | | | <u>\$ 505,207</u> | |

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SEWER DEBT SERVICE FUND - 078

For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> <u>Budgetary Basis</u> | <u>Variance with</u> <u>Final Budget</u> |
|---------------------------------------|-------------------------|------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charges for services | \$ 265,000 | \$ 265,000 | \$ 267,597 | \$ 2,597 |
| Investment income | 400 | 400 | 1,092 | 692 |
| Total revenues | <u>265,400</u> | <u>265,400</u> | <u>268,689</u> | <u>3,289</u> |
| EXPENSES | | | | |
| Debt service | <u>294,570</u> | <u>294,570</u> | <u>205,572</u> | <u>88,998</u> |
| Excess of revenues over (under) expe | (29,170) | (29,170) | 63,117 | 92,287 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(15,300)</u> | <u>(15,300)</u> | <u>(15,230)</u> | <u>70</u> |
| Net change in fund balance | (44,470) | (44,470) | 47,887 | 92,357 |
| Total fund balance - beginning | <u>139,100</u> | <u>139,100</u> | <u>175,993</u> | <u>36,893</u> |
| Total fund balance - ending | <u>\$ 94,630</u> | <u>\$ 94,630</u> | <u>\$ 223,880</u> | <u>\$ 129,250</u> |

Reconciliation to GAAP:

| | |
|-------------------------|-----------------------|
| Bonds and notes payable | (4,217,468) |
| Bond premium, net | (38,064) |
| Due to other funds | (18,719) |
| | <u>\$ (4,050,371)</u> |

Detail of Fund Balance:

| | |
|--------------------------|-------------------|
| Cash and investments | \$ 185,798 |
| Restricted cash | 82,153 |
| Accounts receivable | 24,021 |
| Accrued interest payable | (68,092) |
| | <u>\$ 223,880</u> |

CITY OF IRRIGON, OREGON

**SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SEWER DEBT SERVICE FOR GENERAL OBLIGATION BONDS FUND - 079

For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---------------------------------------|------------------|------------|-----------------|---------------|
| | Original | Final | Budgetary Basis | Final Budget |
| REVENUES | | | | |
| Property taxes | \$ 115,000 | \$ 115,000 | \$ 116,682 | \$ 1,682 |
| Investment income | 1,200 | 1,200 | 829 | (371) |
| Grants | - | - | 42,530 | 42,530 |
| Total revenues | 116,200 | 116,200 | 160,041 | 43,841 |
| EXPENDITURES | | | | |
| Debt service | 148,800 | 148,800 | 148,574 | 226 |
| Excess of revenues over (under) expe | (32,600) | (32,600) | 11,467 | 44,067 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 15,300 | 15,300 | 15,230 | (70) |
| Net change in fund balance | (17,300) | (17,300) | 26,697 | 43,997 |
| Total fund balance - beginning | 156,000 | 156,000 | 160,935 | 4,935 |
| Total fund balance - ending | \$ 138,700 | \$ 138,700 | \$ 187,632 | \$ 48,932 |
| Adjustments to GAAP: | | | | |
| Bonds and notes payable | | | (2,006,918) | |
| Bond premium, net | | | (110,517) | |
| | | | \$ (1,929,803) | |
| Detail of Fund Balance | | | | |
| Cash and investments | | | \$ 186,240 | |
| Taxes receivable | | | 3,804 | |
| Accrued interest payable | | | (2,412) | |
| | | | \$ 187,632 | |

CITY OF IRRIGON, OREGON

COMPARATIVE STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

| | <u>Water System</u> | | <u>Sewer System</u> | |
|---|---------------------|---------------------|---------------------|---------------------|
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 961,189 | \$ 789,555 | \$ 1,096,673 | \$ 777,628 |
| Accounts receivable | 47,301 | 63,818 | 72,367 | 82,276 |
| Property taxes receivable | 2,653 | 2,938 | 3,804 | 4,385 |
| Grants receivable | - | - | - | - |
| Prepaid expense | - | 8,796 | - | 13,871 |
| Due from other funds | 18,719 | 18,680 | - | - |
| Total current assets | <u>1,029,862</u> | <u>883,787</u> | <u>1,172,844</u> | <u>878,160</u> |
| Noncurrent assets: | | | | |
| Capital assets, net of accumulated depreciation | 4,547,640 | 4,365,133 | 13,284,012 | 13,482,008 |
| Restricted cash | 67,947 | 62,097 | 82,153 | 99,065 |
| Advances to other funds | - | 18,711 | - | - |
| Total noncurrent assets | <u>4,615,587</u> | <u>4,445,941</u> | <u>13,366,165</u> | <u>13,581,073</u> |
| Total assets | <u>5,645,449</u> | <u>5,329,728</u> | <u>14,539,009</u> | <u>14,459,233</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension deferred outflows of resources | 136,943 | 114,051 | 154,577 | 134,006 |
| OPEB deferred outflows of resources | 1,665 | 1,423 | 1,879 | 1,672 |
| Total deferred outflows of resources | <u>138,608</u> | <u>115,474</u> | <u>156,456</u> | <u>135,678</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 33,571 | 35,827 | 28,830 | 149,435 |
| Accrued payroll | 4,922 | 4,916 | 5,287 | 5,657 |
| Customer deposits | 68,847 | 64,797 | - | - |
| Unavailable revenue | 11,252 | 7,995 | - | - |
| Due to other funds | - | - | 18,719 | 18,680 |
| Accrued interest payable | 1,959 | 2,017 | 70,504 | 36,654 |
| Bond premium, net | 15,820 | 17,185 | 23,220 | 25,192 |
| Bonds, notes and leases payable | 96,185 | 94,296 | 187,367 | 175,457 |
| Total current liabilities | <u>232,556</u> | <u>227,033</u> | <u>333,927</u> | <u>411,075</u> |
| Noncurrent liabilities: | | | | |
| Advances from other funds | - | - | - | 18,711 |
| Bond premium, net | 81,821 | 97,642 | 125,361 | 148,581 |
| Bonds, notes and leases payable | 1,616,070 | 1,712,255 | 6,037,019 | 6,368,185 |
| Net pension liability | 208,132 | 329,775 | 234,933 | 387,474 |
| Net OPEB liability | 3,782 | 8,847 | 4,269 | 10,395 |
| Total noncurrent liabilities | <u>1,909,805</u> | <u>2,148,519</u> | <u>6,401,582</u> | <u>6,933,346</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension deferred inflows of resources | 169,380 | 20,470 | 191,190 | 24,052 |
| OPEB deferred inflows of resources | 9,670 | 6,494 | 10,915 | 7,631 |
| Total deferred inflows of resources | <u>179,050</u> | <u>26,964</u> | <u>202,105</u> | <u>31,683</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 2,737,744 | 2,443,755 | 6,911,045 | 6,764,593 |
| Restricted for debt service | - | - | 82,153 | 99,065 |
| Unrestricted | 724,902 | 598,931 | 764,653 | 355,149 |
| Total net position | <u>\$ 3,462,646</u> | <u>\$ 3,042,686</u> | <u>\$ 7,757,851</u> | <u>\$ 7,218,807</u> |

CITY OF IRRIGON, OREGON

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2022

| | Water System | | Sewer System | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating revenues: | | | | |
| Charges for services | \$ 571,786 | \$ 564,256 | \$ 870,232 | \$ 861,129 |
| Other operating income | 1,713 | 2,277 | 1,614 | 2,218 |
| Total operating revenues | <u>573,499</u> | <u>566,533</u> | <u>871,846</u> | <u>863,347</u> |
| Operating expenses: | | | | |
| Personal services | 311,126 | 340,247 | 329,623 | 363,576 |
| Utilities | 19,156 | 20,033 | 17,525 | 17,245 |
| Engineering & testing | 4,523 | 2,160 | 26,395 | 13,038 |
| Supplies & repairs | 42,231 | 56,297 | 187,325 | 354,360 |
| Administrative | 30,042 | 30,198 | 40,867 | 39,252 |
| Depreciation | 120,011 | 120,546 | 347,614 | 243,426 |
| Total operating expenses | <u>527,089</u> | <u>569,481</u> | <u>949,349</u> | <u>1,030,897</u> |
| Operating income (loss) | <u>46,410</u> | <u>(2,948)</u> | <u>(77,503)</u> | <u>(167,550)</u> |
| Nonoperating revenues (expenses): | | | | |
| Property taxes | 85,170 | 88,409 | 116,682 | 119,162 |
| Grant revenue | 25,813 | - | 42,530 | - |
| Investment income | 4,658 | 4,899 | 4,962 | 4,599 |
| Interest expense | (47,648) | (48,981) | (140,886) | (126,125) |
| Total nonoperating revenues (expenses) | <u>67,993</u> | <u>44,327</u> | <u>23,288</u> | <u>(2,364)</u> |
| Income (loss) before transfers | 114,403 | 41,379 | (54,215) | (169,914) |
| Capital contributions | 295,609 | - | 91,071 | 814,570 |
| Gain on sale of assets | 9,950 | - | 125 | - |
| Extraordinary item - Insurance proceeds | - | 14,491 | - | - |
| Extraordinary item - Debt principal forgiveness | - | - | 506,062 | - |
| Transfers in | - | 69,400 | - | 38,000 |
| Transfers out | - | (71,400) | (4,000) | (42,000) |
| Change in net position | 419,962 | 53,870 | 539,043 | 640,656 |
| Total net position - beginning | <u>3,042,684</u> | <u>2,988,816</u> | <u>7,218,808</u> | <u>6,578,151</u> |
| Total net position - ending | <u>\$ 3,462,646</u> | <u>\$ 3,042,686</u> | <u>\$ 7,757,851</u> | <u>\$ 7,218,807</u> |

COMPLIANCE SECTION



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**REPORT OF INDEPENDENT AUDITOR REQUIRED BY MINIMUM STANDARDS FOR
AUDITS OF OREGON MUNICIPAL CORPORATIONS**

Mayor and City Council
City of Irrigon
Irrigon, Oregon

I have audited the basic financial statements of City of Irrigon, Oregon, as of and for the year ended June 30, 2022, and have issued my report thereon dated November 5, 2022. I conducted my 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 of Irrigon's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I 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).**

Except as disclosed in note 2 of the financial statements, nothing came to my attention that caused me 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.

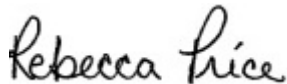
OAR 162-10-0230 Internal Control

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

To the Mayor and City Council of the
City of Irrigon
Page 2 of 2

The purpose of this report is solely to describe the scope of my testing of internal control and compliance with certain provisions of laws, regulations, contracts, grants, and the results of that testing based on provision of the Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320, and not to provide an opinion on the effectiveness of the City's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

REBECCA PRICE, CPA

A handwritten signature in cursive script that reads "Rebecca Price".

Gilroy, California
November 5, 2022