

***CITY OF MILLERSBURG, OREGON
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023***

CITY OF MILLERSBURG, OREGON
CITY OFFICIALS
JUNE 30, 2023

| <u><i>Name</i></u> | <u><i>Position</i></u> | <u><i>Term Expires</i></u> |
|--------------------|------------------------|----------------------------|
| Scott Cowan | Mayor | December 31, 2026 |
| Mark Raum | Council President | December 31, 2024 |
| Mike Hickam | Council Member | December 31, 2026 |
| John Sullivan | Council Member | December 31, 2024 |
| Dave Harms | Council Member | December 31, 2024 |

The above individuals can be reached at the address below:

Appointed Officials

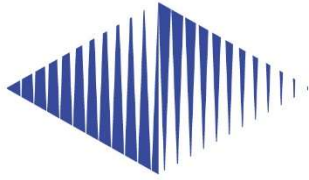
Kevin Kreitman
City Manager
4222 Old Salem Road NE
Albany, Oregon 97321

CITY OF MILLERSBURG, OREGON

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FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Millersburg
4222 Old Salem Rd NE
Albany, Oregon 97321

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Millersburg, Oregon (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Millersburg, as of June 30, 2023, and the respective changes in financial position—modified cash basis and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in the notes to the financial statements.

Basis for Opinions

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

Emphasis of Matter — Basis of Accounting

We draw attention to the notes to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in the notes to the financial statements. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

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

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

Reports on Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information and management's discussion and analysis are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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


Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Legal and Regulatory Requirements

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated September 19, 2023, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Ryan T. Pasquarella, A Shareholder
September 19, 2023

City of Millersburg, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2023

The management of the City of Millersburg, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Please read it in conjunction with the City's financial statements which follow this section.

Financial Highlights

| | June 30, | | change |
|-------------------------------------|---------------|---------------|-------------|
| | 2023 | 2022 | |
| Net Position | \$ 49,194,412 | \$ 48,320,378 | \$ 874,034 |
| Change in Net Position | 874,034 | 1,901,671 | (1,027,637) |
| Governmental Net Position | 28,397,096 | 27,836,106 | 560,990 |
| Proprietary Net Position | 20,797,316 | 20,484,272 | 313,044 |
| Change in Governmental Net Position | 560,990 | 698,972 | (137,982) |
| Change in Proprietary Net Position | 313,044 | 1,202,699 | (889,655) |

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

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

The Statement of Activities (Modified Cash Basis). The *statement of activities* presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or decrease net position in total.

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

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Proprietary funds. The City charges customers for the services it provides. These services are generally reported in enterprise funds.

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

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents supplemental information including the combining fund financial statements and individual fund budgetary comparisons.

Government-wide Financial Analysis

Statement of Net Position. The following table reflects a statement of net position of governmental and proprietary funds compared to the prior year. Detail of this summary is presented on page 9.

| | 2023 | | | 2022 | | |
|----------------------------------|----------------------------|-----------------------------|---------------|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Cash and cash equivalents | \$ 5,341,028 | \$ 6,759,736 | \$ 12,100,764 | \$ 5,465,426 | \$ 6,553,003 | \$ 12,018,429 |
| Capital assets, net | 23,061,068 | 17,517,423 | 40,578,491 | 22,375,680 | 18,172,919 | 40,548,599 |
| Total assets | 28,402,096 | 24,277,159 | 52,679,255 | 27,841,106 | 24,725,922 | 52,567,028 |
| Current liabilities | 5,000 | 2,990 | 7,990 | 5,000 | 3,033 | 8,033 |
| Long-term liabilities | - | 3,476,853 | 3,476,853 | - | 4,238,617 | 4,238,617 |
| Total liabilities | 5,000 | 3,479,843 | 3,484,843 | 5,000 | 4,241,650 | 4,246,650 |
| Net position: | | | | | | |
| Net investment in capital assets | 23,061,068 | 14,040,570 | 37,101,638 | 22,375,680 | 13,934,302 | 36,309,982 |
| Restricted | 2,794,056 | 1,248,562 | 4,042,618 | 2,723,576 | 1,062,661 | 3,786,237 |
| Unrestricted | 2,541,972 | 5,508,184 | 8,050,156 | 2,736,850 | 5,487,309 | 8,224,159 |
| Total Net Position | \$ 28,397,096 | \$ 20,797,316 | \$ 49,194,412 | \$ 27,836,106 | \$ 20,484,272 | \$ 48,320,378 |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$49,194,412 at June 30, 2023.

Net investment in capital assets represents the City's net book value (cost less accumulated depreciation) of its capital assets, less remaining debt which was incurred to acquire those capital assets.

Net position - restricted represents resources that are subject to external restrictions on their use, such as construction of capital assets.

Net position - unrestricted are available for general operations of the City.

Statement of Activities. The following table reflects a change in activities for governmental and proprietary funds compared to the prior year. Detail of this summary is presented on pages 10-11.

| | 2023 | | | 2022 | | |
|---------------------------------|----------------------------|---------------------------------|----------------------|----------------------------|---------------------------------|----------------------|
| | Governmental Activities | Business- type Activities | Total | Governmental Activities | Business- type Activities | Total |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 204,987 | \$ 2,492,746 | \$ 2,697,733 | \$ 301,439 | \$ 2,427,105 | \$ 2,728,544 |
| Operating grants | 252,509 | 36,663 | 289,172 | 242,406 | 36,838 | 279,244 |
| Capital grants | 309,191 | 198,369 | 507,560 | 174,227 | 166,557 | 340,784 |
| General Revenues | | | | | | |
| Property taxes | 2,295,027 | - | 2,295,027 | 2,198,019 | - | 2,198,019 |
| Franchise taxes | 959,841 | - | 959,841 | 888,117 | - | 888,117 |
| Intergovernmental | 416,278 | - | 416,278 | 390,186 | - | 390,186 |
| Investment earnings | 124,360 | 229,115 | 353,475 | 51,063 | 28,683 | 79,746 |
| Miscellaneous | 162,511 | - | 162,511 | 122,992 | 1,025,000 | 1,147,992 |
| <i>Total Revenues</i> | <u>4,724,704</u> | <u>2,956,893</u> | <u>7,681,597</u> | <u>4,368,449</u> | <u>3,684,183</u> | <u>8,052,632</u> |
| Expenses | | | | | | |
| General government | 2,067,461 | - | 2,067,461 | 1,506,765 | - | 1,506,765 |
| Parks and recreation | 156,146 | - | 156,146 | 74,844 | - | 74,844 |
| Emergency services | 1,698,288 | - | 1,698,288 | 1,644,439 | - | 1,644,439 |
| Building | 123,434 | - | 123,434 | 252,577 | - | 252,577 |
| Economic development | 120,475 | - | 120,475 | - | - | - |
| Highway and streets | 657,057 | - | 657,057 | 633,801 | - | 633,801 |
| Water | - | 828,672 | 828,672 | - | 926,315 | 926,315 |
| Sewer | - | 1,057,253 | 1,057,253 | - | 1,062,746 | 1,062,746 |
| Stormwater | - | 98,777 | 98,777 | - | 49,474 | 49,474 |
| <i>Total Expenses</i> | <u>4,822,861</u> | <u>1,984,702</u> | <u>6,807,563</u> | <u>4,112,426</u> | <u>2,038,535</u> | <u>6,150,961</u> |
| Transfers | 659,147 | (659,147) | - | 442,949 | (442,949) | - |
| Change in Net Position | 560,990 | 313,044 | 874,034 | 698,972 | 1,202,699 | 1,901,671 |
| Net Position, beginning of year | 27,836,106 | 20,484,272 | 48,320,378 | 27,137,134 | 19,281,573 | 46,418,707 |
| Net Position, end of year | <u>\$ 28,397,096</u> | <u>\$ 20,797,316</u> | <u>\$ 49,194,412</u> | <u>\$ 27,836,106</u> | <u>\$ 20,484,272</u> | <u>\$ 48,320,378</u> |

The City's net position increased \$874,034 during the current fiscal year. This increase is explained in the government and business-type activities as follows:

Governmental activities - The City's net position increased by \$560,990 from governmental activities mostly as a result of less expenditures than budgeted and limited use of budgeted contingency.

Business-type activities - The City's net position increased by \$313,044 from business-type activities due to an increase in charges for services revenue, less capital outlay than budgeted, and no use of budgeted contingency.

Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information by each major fund's funding for future basic services. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

The City’s governmental funds reported a combined ending fund balance of \$5,336,028 at June 30, 2023, a 2.3% decrease from the prior year.

General Fund. The General fund is the primary operating fund of the City. Fund balance was \$2,663,483 at June 30, 2023. The fund balance decreased by \$145,324 during the year mainly due to the construction of the emergency services building and transfers to the Economic Development fund. As a measure of the fund’s liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 56% of total General Fund expenditures.

Street Fund. The Street fund accounts for revenues and expenditures related to street maintenance and improvements. Fund balance was \$2,547,587 at June 30, 2023. The fund balance decreased this year by \$104,032 due to infrastructure-related capital outlay.

Proprietary funds. The City’s proprietary fund statements provide information related to the separate water, sewer, and stormwater operations.

The total proprietary fund net position increased \$313,044 in the current fiscal year. Significant items regarding proprietary funds are as follows:

Water Utility Fund. The Water Utility Fund reported an increase of \$368,269 in fund net position. This is due to an increase in charges for services and less than budgeted operating expenditures in the current year.

Sewer Utility Fund. The Sewer Utility Fund reported an increase of \$7,261 in fund net position.

Stormwater Fund. The Stormwater Fund reported a decrease of \$62,486 in fund net position. This use of fund net position was budgeted.

Capital Assets and Debt Administration

Capital Assets

The City’s capital assets for governmental and business-type activities are shown below. Capital assets include land, Construction in progress, buildings and improvements, furniture and equipment, and infrastructure. More detailed information on the City’s capital assets can be found in the notes to the financial statements.

| | Governmental activities | | Business-type activities | | Totals | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 7,251,163 | \$ 7,251,163 | \$ 188,953 | \$ 188,953 | \$ 7,440,116 | \$ 7,440,116 |
| Construction in progress | 487,693 | 5,507,793 | 173,740 | - | 661,433 | 5,507,793 |
| Buildings and improvements | 9,771,807 | 3,517,654 | - | - | 9,771,807 | 3,517,654 |
| Furniture and equipment | 237,706 | 229,048 | 11,651 | 11,651 | 249,357 | 240,699 |
| Infrastructure | 13,669,468 | 13,602,143 | 34,178,450 | 33,866,964 | 47,847,918 | 47,469,107 |
| Accumulated depreciation | (8,356,769) | (7,732,121) | (17,035,371) | (15,894,649) | (25,392,140) | (23,626,770) |
| Net capital assets | <u>\$ 23,061,068</u> | <u>\$ 22,375,680</u> | <u>\$ 17,517,423</u> | <u>\$ 18,172,919</u> | <u>\$ 40,578,491</u> | <u>\$ 40,548,599</u> |

Long-Term Debt

The long-term debt of the City is shown below. The City made scheduled payments on existing debt during the year. More detailed information on the City’s long-term debt can be found in the notes to the financial statements.

State statutes limit the amount of general obligation debt a government entity may issue up to 3 percent of its total assessed valuation. The City currently has no general obligation debt.

| | <u>Business-type activities</u> | |
|----------------------------|---------------------------------|---------------------|
| | <u>2023</u> | <u>2022</u> |
| SPWF water loan | \$ 818,000 | \$ 1,208,000 |
| City of Albany sewer plant | 2,233,853 | 2,555,617 |
| DEQ wetlands loan | 425,000 | 475,000 |
| | <u>\$ 3,476,853</u> | <u>\$ 4,238,617</u> |

General Fund Budgetary Highlights

There was one change to the adopted budget in the current year to create a new Economic Development fund for tracking the revenues and expenditures associated with industrial development.

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY 2024 budget:

- The City's tax rate is estimated to be 100% of the City's permanent levy rate of \$3.500.
- Assessed values, the basis of property tax revenues, will grow due to market conditions.
- Interest revenue will increase due to the overall economic decline occurring during 2022.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the City Manager at 4222 Old Salem Road NE, Albany, Oregon 97321.

BASIC FINANCIAL STATEMENTS

CITY OF MILLERSBURG, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2023

| | <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Totals</i> |
|-----------------------------------|---|--|----------------------|
| <i>ASSETS</i> | | | |
| Cash and cash equivalents | \$ 5,341,028 | \$ 6,759,736 | \$ 12,100,764 |
| Non-depreciable capital assets | 7,738,856 | 362,693 | 8,101,549 |
| Depreciable capital assets, net | 15,322,212 | 17,154,730 | 32,476,942 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Assets</i> | 28,402,096 | 24,277,159 | 52,679,255 |
| <i>LIABILITIES</i> | | | |
| Deposits payable | 5,000 | 2,990 | 7,990 |
| Long-term liabilities | | | |
| Portion due within one year | - | 780,420 | 780,420 |
| Portion due in more than one year | - | 2,696,433 | 2,696,433 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Liabilities</i> | 5,000 | 3,479,843 | 3,484,843 |
| <i>NET POSITION</i> | | | |
| Net investment in capital assets | 23,061,068 | 14,040,570 | 37,101,638 |
| Restricted for: | | | |
| Debt service | - | 210,474 | 210,474 |
| Streets | 2,547,587 | - | 2,547,587 |
| Community development | 124,958 | - | 124,958 |
| Capital acquisitions | 121,511 | 1,038,088 | 1,159,599 |
| Unrestricted | 2,541,972 | 5,508,184 | 8,050,156 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Net Position</i> | <u>\$ 28,397,096</u> | <u>\$ 20,797,316</u> | <u>\$ 49,194,412</u> |

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

CITY OF MILLERSBURG, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2023

| <i>FUNCTIONS/PROGRAMS</i> | <i>Expenses</i> | <i>Program Revenues</i> | | |
|---|---------------------|---|---|---|
| | | <i>Fees, Fines and Charges for Services</i> | <i>Operating Grants and Contributions</i> | <i>Capital Grants and Contributions</i> |
| Governmental activities: | | | | |
| General government | \$ 2,067,461 | \$ 125,889 | \$ 9,280 | \$ - |
| Parks and recreation | 156,146 | 7,670 | - | 79,494 |
| Emergency services | 1,698,288 | 4,844 | - | - |
| Building | 123,434 | 66,584 | - | - |
| Economic development | 120,475 | - | - | - |
| Highway and streets | 657,057 | - | 243,229 | 229,697 |
| <i>Total Governmental activities</i> | <i>4,822,861</i> | <i>204,987</i> | <i>252,509</i> | <i>309,191</i> |
| Business-type activities: | | | | |
| Water | 828,672 | 1,221,639 | - | 72,668 |
| Sewer | 1,057,253 | 1,271,107 | 36,663 | 110,753 |
| Stormwater | 98,777 | - | - | 14,948 |
| <i>Total Business-type activities</i> | <i>1,984,702</i> | <i>2,492,746</i> | <i>36,663</i> | <i>198,369</i> |
| <i>Total Activities</i> | <i>\$ 6,807,563</i> | <i>\$ 2,697,733</i> | <i>\$ 289,172</i> | <i>\$ 507,560</i> |
| General Revenues: | | | | |
| Property taxes | | | | |
| Franchise taxes | | | | |
| Intergovernmental | | | | |
| Investment earnings | | | | |
| Miscellaneous | | | | |
| <i>Total General Revenues</i> | | | | |
| Transfers | | | | |
| Change in Net Position | | | | |
| Net Position - beginning of year | | | | |
| Net Position - end of year | | | | |

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

***Net (Expenses) Revenues
and Changes in Net Position***

| <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Total</i> |
|---|--|---------------------|
| \$ (1,932,292) | \$ - | \$ (1,932,292) |
| (68,982) | - | (68,982) |
| (1,693,444) | - | (1,693,444) |
| (56,850) | - | (56,850) |
| (120,475) | - | (120,475) |
| (184,131) | - | (184,131) |
| (4,056,174) | - | (4,056,174) |
| - | 465,635 | 465,635 |
| - | 361,270 | 361,270 |
| - | (83,829) | (83,829) |
| - | 743,076 | 743,076 |
| (4,056,174) | 743,076 | (3,313,098) |
| 2,295,027 | - | 2,295,027 |
| 959,841 | - | 959,841 |
| 416,278 | - | 416,278 |
| 124,360 | 229,115 | 353,475 |
| 162,511 | - | 162,511 |
| 3,958,017 | 229,115 | 4,187,132 |
| 659,147 | (659,147) | - |
| 560,990 | 313,044 | 874,034 |
| 27,836,106 | 20,484,272 | 48,320,378 |
| \$ 28,397,096 | \$ 20,797,316 | \$ 49,194,412 |

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

CITY OF MILLERSBURG, OREGON
BALANCE SHEET (MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS
JUNE 30, 2023

| | <u>General</u> | <u>Special Revenue Street</u> | <u>Capital Projects Economic Development</u> | <u>Total</u> |
|---|---------------------|---------------------------------------|--|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,668,483 | \$ 2,547,587 | \$ 124,958 | \$ 5,341,028 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Deposits | \$ 5,000 | \$ - | \$ - | \$ 5,000 |
| Fund Balance | | | | |
| Restricted for: | | | | |
| Streets | - | 2,547,587 | - | 2,547,587 |
| Capital acquisitions | 121,511 | - | - | 121,511 |
| Committed to: | | | | |
| Community development | - | - | 124,958 | 124,958 |
| Unassigned | 2,541,972 | - | - | 2,541,972 |
| Total Fund Balance | <u>2,663,483</u> | <u>2,547,587</u> | <u>124,958</u> | <u>5,336,028</u> |
| Total Liabilities and Fund Balance | <u>\$ 2,668,483</u> | <u>\$ 2,547,587</u> | <u>\$ 124,958</u> | <u>\$ 5,341,028</u> |

**Reconciliation of the Balance Sheet (Modified Cash Basis)
to the Statement of Net Position (Modified Cash Basis)**

| | |
|---|----------------------|
| Fund Balances | \$ 5,336,028 |
| Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value: | |
| Capital assets, cost | 31,417,837 |
| Accumulated depreciation | (8,356,769) |
| Net Position | <u>\$ 28,397,096</u> |

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

CITY OF MILLERSBURG, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total</u> |
|---|---------------------|----------------------------|---------------------------------|---------------------|
| | | <u>Street</u> | <u>Economic Development</u> | |
| REVENUES | | | | |
| Taxes and assessments | \$ 2,312,535 | \$ - | \$ - | \$ 2,312,535 |
| Intergovernmental | 114,796 | 243,229 | - | 358,025 |
| Licenses and permits | 1,241,088 | 135,697 | - | 1,376,785 |
| Charges for services | 7,670 | - | - | 7,670 |
| Miscellaneous | 467,888 | 200,801 | - | 668,689 |
| <i>Total Revenues</i> | 4,143,977 | 579,727 | - | 4,723,704 |
| EXPENDITURES | | | | |
| Current | | | | |
| Administration | 1,990,112 | - | - | 1,990,112 |
| Parks and recreation | 106,272 | - | - | 106,272 |
| Emergency services | 1,698,288 | - | - | 1,698,288 |
| Building | 123,434 | - | - | 123,434 |
| Celebration | 41,985 | - | - | 41,985 |
| Highway and streets | - | 147,675 | - | 147,675 |
| Capital acquisitions | 774,014 | 423,427 | 203,042 | 1,400,483 |
| <i>Total Expenditures</i> | 4,734,105 | 571,102 | 203,042 | 5,508,249 |
| REVENUES OVER (UNDER) EXPENDITURES | (590,128) | 8,625 | (203,042) | (784,545) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 622,880 | - | 328,000 | 950,880 |
| Transfers out | (179,076) | (112,657) | - | (291,733) |
| Proceeds from sales of assets | 1,000 | - | - | 1,000 |
| <i>Total Other Financing Sources (Uses)</i> | 444,804 | (112,657) | 328,000 | 660,147 |
| NET CHANGE IN FUND BALANCE | (145,324) | (104,032) | 124,958 | (124,398) |
| FUND BALANCE, beginning of year | 2,808,807 | 2,651,619 | - | 5,460,426 |
| FUND BALANCE, end of year | <u>\$ 2,663,483</u> | <u>\$ 2,547,587</u> | <u>\$ 124,958</u> | <u>\$ 5,336,028</u> |

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
(Modified Cash Basis) to the Statement of Activities (Modified Cash Basis)**

| | |
|--|-------------------|
| <i>Net change in fund balance</i> | \$ (124,398) |
| Capital acquisitions are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital acquisitions over the estimated useful life as depreciation expense: | |
| Capital acquisitions (net of disposals) | 1,310,036 |
| Depreciation expense | (624,648) |
| <i>Change in net position of governmental activities</i> | <u>\$ 560,990</u> |

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

CITY OF MILLERSBURG, OREGON**STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) – PROPRIETARY FUNDS**

JUNE 30, 2023

| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Stormwater</u> | <u>Total</u> |
|-----------------------------------|----------------------|----------------------|-------------------|---------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 2,773,065 | \$ 3,866,367 | \$ 120,304 | \$ 6,759,736 |
| Capital assets | | | | |
| Non-depreciable capital assets | 253,127 | 109,566 | - | 362,693 |
| Depreciable capital assets, net | 5,529,892 | 11,607,042 | 17,796 | 17,154,730 |
| <i>Total Assets</i> | 8,556,084 | 15,582,975 | 138,100 | 24,277,159 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Deposits payable | 2,990 | - | - | 2,990 |
| Long-term liabilities | | | | |
| Portion due within one year | 403,000 | 377,420 | - | 780,420 |
| Portion due in more than one year | 415,000 | 2,281,433 | - | 2,696,433 |
| <i>Total Liabilities</i> | 820,990 | 2,658,853 | - | 3,479,843 |
| FUND NET POSITION | | | | |
| Net investment in capital assets | 4,965,019 | 9,057,755 | 17,796 | 14,040,570 |
| Restricted for: | | | | |
| Debt service | - | 210,474 | - | 210,474 |
| Capital acquisitions | 460,169 | 536,825 | 41,094 | 1,038,088 |
| Unrestricted | 2,309,906 | 3,119,068 | 79,210 | 5,508,184 |
| <i>Total Fund Net Position</i> | \$ 7,735,094 | \$ 12,924,122 | \$ 138,100 | \$ 20,797,316 |

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

CITY OF MILLERSBURG, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(MODIFIED CASH BASIS) – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Stormwater</u> | <u>Total</u> |
|--|----------------------|----------------------|-------------------|----------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,221,639 | \$ 1,271,107 | \$ - | \$ 2,492,746 |
| Miscellaneous | 119,857 | 105,318 | 3,940 | 229,115 |
| <i>Total Operating Revenues</i> | <u>1,341,496</u> | <u>1,376,425</u> | <u>3,940</u> | <u>2,721,861</u> |
| OPERATING EXPENSES | | | | |
| Materials and services | 319,415 | 339,298 | 97,603 | 756,316 |
| Depreciation | 480,068 | 659,480 | 1,174 | 1,140,722 |
| <i>Total Operating Expenses</i> | <u>799,483</u> | <u>998,778</u> | <u>98,777</u> | <u>1,897,038</u> |
| OPERATING INCOME | 542,013 | 377,647 | (94,837) | 824,823 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Intergovernmental | - | 36,663 | - | 36,663 |
| Debt payments | | | | |
| Interest | (29,188) | (58,475) | - | (87,663) |
| <i>Total Nonoperating Revenues (Expenses)</i> | <u>(29,188)</u> | <u>(21,813)</u> | <u>-</u> | <u>(51,001)</u> |
| NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS | 512,825 | 355,834 | (94,837) | 773,822 |
| CONTRIBUTIONS AND TRANSFERS | | | | |
| Capital contributions | 72,668 | 110,753 | 14,948 | 198,369 |
| Transfers in | - | - | 109,076 | 109,076 |
| Transfers out | (217,224) | (459,326) | (91,673) | (768,223) |
| CHANGE IN FUND NET POSITION | 368,269 | 7,261 | (62,486) | 313,044 |
| FUND NET POSITION, beginning of year | <u>7,366,825</u> | <u>12,916,861</u> | <u>200,586</u> | <u>20,484,272</u> |
| FUND NET POSITION, end of year | <u>\$ 7,735,094</u> | <u>\$ 12,924,122</u> | <u>\$ 138,100</u> | <u>\$ 20,797,316</u> |

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

CITY OF MILLERSBURG, OREGON
STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS) – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Stormwater</u> | <u>Total</u> |
|--|----------------------|----------------------|-------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 1,221,596 | \$ 1,271,107 | \$ - | \$ 2,492,703 |
| Cash received from other sources | 119,857 | 105,318 | 3,940 | 229,115 |
| Cash paid to suppliers and others | (319,415) | (339,298) | (97,603) | (756,316) |
| <i>Net Cash Provided by (Used for)</i> | | | | |
| <i>Operating Activities</i> | 1,022,038 | 1,037,127 | (93,663) | 1,965,502 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in | - | - | 109,076 | 109,076 |
| Intergovernmental | - | 36,663 | - | 36,663 |
| Transfers out | (217,224) | (459,326) | (91,673) | (768,223) |
| <i>Net Cash Provided by (Used for)</i> | | | | |
| <i>Non-Capital Financing Activities</i> | (217,224) | (422,663) | 17,403 | (622,484) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchase of capital assets | (190,684) | (294,543) | - | (485,227) |
| Principal paid on debt | (390,000) | (371,764) | - | (761,764) |
| Interest paid on debt | (29,188) | (58,475) | - | (87,663) |
| Capital contributions | 72,668 | 110,753 | 14,948 | 198,369 |
| <i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i> | (537,204) | (614,029) | 14,948 | (1,136,285) |
| <i>Increase in Cash and Cash Equivalents</i> | 267,610 | 435 | (61,312) | 206,733 |
| CASH AND CASH EQUIVALENTS, Beginning of year | 2,505,455 | 3,865,932 | 181,616 | 6,553,003 |
| CASH AND CASH EQUIVALENTS, End of year | \$ 2,773,065 | \$ 3,866,367 | \$ 120,304 | \$ 6,759,736 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 542,013 | \$ 377,647 | \$ (94,837) | \$ 824,823 |
| Adjustments | | | | |
| Depreciation | 480,068 | 659,480 | 1,174 | 1,140,722 |
| Increase (decrease) in deposits | (43) | - | - | (43) |
| <i>Net Cash Provided by (Used for) Operating Activities</i> | \$ 1,022,038 | \$ 1,037,127 | \$ (93,663) | \$ 1,965,502 |

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Millersburg, Oregon was incorporated in 1974 under the provisions of the Oregon Statutes. The City offers a beautiful eleven-acre park with a large shelter for year-round use. It boasts of a volleyball court, a jogging path, a tennis court, and an outdoor basketball court. Two baseball fields, playground equipment, and horseshoe pits round out the park amenities. With a population of 3,142 and growing, Millersburg gives you that country feeling with big city facilities nearby. The City utilizes the Council-Manager form of government. Under the Council-Manager form of government, the City Council provides the policy direction to the City Manager who is responsible for administering City operations such as budget preparation and enforcement, expenditure approval, and hiring of City personnel. The five-member City Council are elected by a vote of the general public. The Mayor is elected by a vote of the City Council.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

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

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Position (Modified Cash Basis) presents all the recorded assets and liabilities of the City. Net position, representing assets less liabilities, is shown in two components: restricted for special purposes, amounts which must be spent in accordance with legal restrictions; and unrestricted, the amount available for ongoing City activities.

The Statement of Activities (Modified Cash Basis) demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental (general and special revenue) and proprietary-type (enterprise) funds. Major individual governmental funds, and major individual proprietary funds are reported as separate columns in the fund financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The City reports the following major governmental funds:

General Fund

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

Special Revenue Fund

Street Fund – The Street Fund accounts for state highway use tax revenues. Expenditures are for street lighting and repairs, as allowed by Oregon statutes.

Capital Projects Fund

Economic Development Fund – The Economic Development Fund accounts for the revenues and expenditures associated with industrial development.

The City reports the following major proprietary funds:

Enterprise Funds

Water Utility Fund – The Water Utility Fund accounts for the activities of the City’s water utilities. The primary source of revenue is user charges. Expenditures are primarily for the operation of the water system and acquisition and construction of capital assets.

Sewer Utility Fund - The Sewer Utility Fund accounts for the activities of the City’s sewer utilities. The primary source of revenue is user charges. Expenditures are primarily for the operation of the utility and acquisition of capital assets.

Stormwater Fund - The Stormwater Fund accounts for the activities of the City’s stormwater utilities. The primary source of revenue is user charges. Expenditures are primarily for the operation of the stormwater utility and acquisition of capital assets.

Fund Balance

In governmental funds, the City’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's City Administrator uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

When expenditures are paid for purposes in which both net position - restricted and net position - unrestricted are available, the City deems net position - restricted to be spent first.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus, or the economic resources measurement focus as applied to the modified cash basis of accounting, is used as appropriate:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Capital assets owned by the City net of their depreciable value.
4. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.
5. Long-term liabilities held by the City for capital projects and improvements.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, capital assets such as property and equipment, and long-term liabilities such as debt are only reported in the proprietary funds and government-wide financial statements.

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Enterprise funds distinguish between operating revenues and expenses and nonoperating items. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, and materials and supplies. All revenues not considered operating are reported as nonoperating revenues.

Cash and Cash Equivalents

The City maintains cash and cash equivalents in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. The City considers cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

Property Taxes

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

Capital Assets

Capital assets (items costing more than \$5,000 and lasting more than one year) are reported in the applicable governmental or business-type financial statements. In the fund statements, capital assets are charged as expenditures as purchased. Capital assets are recorded at cost or estimated historical cost where records are available. Donated assets are not recorded, unless determined to be significant. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Depreciation is computed over the estimated useful lives of the capital assets. Depreciation is calculated on the straight-line basis. The estimated useful lives of the various categories of assets are as follows:

| | |
|----------------------------|---------------|
| Buildings and improvements | 50 years |
| Water and sewer systems | 25 - 80 years |
| Infrastructure | 40 years |
| Furniture and equipment | 5 - 20 years |

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts.

Long-Term Debt

Long-term debt is presented in the proprietary fund financial statements and government-wide financial statements. Payments of principal and interest are recorded as expenditures / expenses when paid.

Accrued Compensated Absences

Accumulated unpaid vacation and comp time pay is not accrued. Earned but unpaid sick pay is recorded as an expenditure when paid.

Budgets and Budgetary Accounting

The City adopts the budget on a program basis; therefore, expenditures of a fund may not legally exceed that fund’s appropriation for a program. The City Council may amend the budget to expend unforeseen revenues by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues, and expenditures / expenses as of and for the year ended June 30, 2023. Actual results may differ from such estimates.

CASH AND CASH EQUIVALENTS

| | |
|----------------------------------|---------------|
| Cash | |
| Deposits with Xpress pay | \$ 3,839 |
| Cash in checking accounts | 184,649 |
| Investments | |
| Local Government Investment Pool | 11,912,276 |
| | <hr/> |
| | \$ 12,100,764 |
| | <hr/> <hr/> |

CASH AND CASH EQUIVALENTS (Continued)

Deposits

The book balance of the City's bank deposits was \$184,649 and the bank balance was \$210,653 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2023, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2023, all of the City's bank balances were covered by the FDIC.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

Custodial Risk – Local Government Investment Pool

For the LGIP, this is the risk that, in the event of a failure of the 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's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

CITY OF MILLERSBURG, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

CASH AND CASH EQUIVALENTS (Continued)

Custodial Risk – Local Government Investment Pool (Continued)

The 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. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by 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.

CAPITAL ASSETS

The summary of capital assets for governmental activities for the year ended June 30, 2023 is as follows:

| | <i>Balances</i> <i>July 1,</i> <i>2022</i> | <i>Additions</i> | <i>Transfers/ Retirements</i> | <i>Balances</i> <i>June 30,</i> <i>2023</i> |
|-------------------------------------|---|-------------------------|--|--|
| Nondepreciable capital assets | | | | |
| Land | \$ 7,251,163 | \$ - | \$ - | \$ 7,251,163 |
| Construction in progress | 5,507,793 | 1,134,929 | (6,155,029) | 487,693 |
| Total nondepreciable capital assets | 12,758,956 | 1,134,929 | (6,155,029) | 7,738,856 |
| Depreciable capital assets | | | | |
| Buildings | 3,517,654 | 99,124 | 6,155,029 | 9,771,807 |
| Furniture and equipment | 229,048 | 8,658 | - | 237,706 |
| Infrastructure | 13,602,143 | 67,325 | - | 13,669,468 |
| Total depreciable capital assets | 17,348,845 | 175,107 | 6,155,029 | 23,678,981 |
| Less accumulated depreciation | | | | |
| Buildings | (1,244,647) | (109,107) | - | (1,353,754) |
| Furniture and equipment | (172,479) | (6,158) | - | (178,637) |
| Infrastructure | (6,314,995) | (509,383) | - | (6,824,378) |
| Total accumulated depreciation | (7,732,121) | (624,648) | - | (8,356,769) |
| Net depreciable capital assets | 9,616,724 | (449,541) | 6,155,029 | 15,322,212 |
| Net capital assets | \$ 22,375,680 | \$ 685,388 | \$ - | \$ 23,061,068 |

CITY OF MILLERSBURG, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

CAPITAL ASSETS (Continued)

Depreciation expense was allocated as follows:

| | |
|---------------------|--------------------------|
| General government | \$ 481,121 |
| Highway and streets | 143,527 |
| | <u>624,648</u> |
| | <u><u>\$ 624,648</u></u> |

The summary of capital assets for the business-type activities for the year ended June 30, 2023 is as follows:

| | <i>Balances July 1, 2022</i> | <i>Additions</i> | <i>Transfers/ Retirements</i> | <i>Balances June 30, 2023</i> |
|-------------------------------------|--------------------------------------|---------------------|-----------------------------------|---------------------------------------|
| Nondepreciable capital assets | | | | |
| Land | \$ 188,953 | \$ - | \$ - | \$ 188,953 |
| Construction in progress | - | 173,740 | | 173,740 |
| Total nondepreciable capital assets | 188,953 | 173,740 | - | 362,693 |
| Depreciable capital assets | | | | |
| Furniture and equipment | 11,651 | - | - | 11,651 |
| Infrastructure | 33,866,964 | 311,486 | - | 34,178,450 |
| Total depreciable capital assets | 33,878,615 | 311,486 | - | 34,190,101 |
| Less accumulated depreciation | | | | |
| Furniture and equipment | (7,085) | (442) | - | (7,527) |
| Infrastructure | (15,887,564) | (1,140,280) | - | (17,027,844) |
| Total accumulated depreciation | (15,894,649) | (1,140,722) | - | (17,035,371) |
| Net depreciable capital assets | 17,983,966 | (829,236) | - | 17,154,730 |
| Net capital assets | <u>\$ 18,172,919</u> | <u>\$ (655,496)</u> | <u>\$ -</u> | <u>\$ 17,517,423</u> |

Depreciation expense was allocated as follows:

| | |
|---------------|----------------------------|
| Water utility | \$ 480,068 |
| Sewer utility | 659,480 |
| Stormwater | 1,174 |
| | <u>1,140,722</u> |
| | <u><u>\$ 1,140,722</u></u> |

CITY OF MILLERSBURG, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year:

| | <i>Outstanding July 1, 2022</i> | <i>Issued</i> | <i>Matured/ Redeemed During Year</i> | <i>Outstanding June 30, 2023</i> | <i>Due Within One Year</i> |
|-------------------------------------|---|---------------|--|--|--------------------------------|
| <i>Business-type activities:</i> | | | | | |
| Notes/loans from direct borrowings | | | | | |
| Loan Payable - OECDD 2018 Refinance | \$ 1,208,000 | \$ - | \$ (390,000) | \$ 818,000 | \$ 403,000 |
| Loan Payable - City of Albany | 2,555,617 | - | (321,764) | 2,233,853 | 327,420 |
| Loan Payable - DEQ CWSRF | 475,000 | - | (50,000) | 425,000 | 50,000 |
| | <u>\$ 4,238,617</u> | <u>\$ -</u> | <u>\$ (761,764)</u> | <u>\$ 3,476,853</u> | <u>\$ 780,420</u> |

Loan Payable – OECDD 2018 Refinance

The 2018 Special Public Works Fund Loan through the Oregon Economic and Community Development Department was signed on July 28, 2018, with interest at 2.90% due annually on December 1 through the year 2024. The proceeds were used for water system improvements.

The note is secured by the full faith and credit of the City. In the event of default, the loan becomes immediately due and payable.

\$ 818,000

Loan Payable – City of Albany

The City of Millersburg signed two loan agreements with the City of Albany as part of an intergovernmental agreement to finance the construction costs for wastewater treatment facilities. Both loans were signed on August 17, 2007, with payments and interest due semiannually on April 1 and October 1 through 2029. In addition to interest, the City must pay an administrative loan fee equal to 0.50% of the outstanding balance.

The note is secured by the full faith and credit of the City. In the event of default, the loan becomes immediately due and payable.

\$ 2,233,853

Loan Payable – DEQ CWSRF

The City of Millersburg signed a loan agreement with the Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Fund (CWSRF) to finance Phase 1 of the wastewater wetlands project. The project was completed in July 2011 and the final loan amount was determined to be \$4,000,000. Due to the City’s compliance with the requirements of the CWSRF loan agreement, \$3,000,000 principal forgiveness outlined in Article 1 of the loan agreement took place, leaving the City with \$1,000,000 to be repaid to DEQ. The City of Millersburg’s ownership percentage constitutes 10% of the total project cost. Payment and fees are due semiannually on February 1 and August 1 through 2031. The City met the requirement of the loan to maintain a loan reserve account in which the amount is equal to half of the average annual debt service.

The note is secured by the full faith and credit of the City. In the event of default, the loan becomes immediately due and payable.

\$ 425,000

LONG-TERM LIABILITIES (Continued)

Annual debt service requirements to maturity for direct borrowings are as follows:

| <i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
|--|---------------------|-------------------|---------------------|
| 2024 | \$ 780,420 | \$ 55,545 | \$ 835,965 |
| 2025 | 798,175 | 37,929 | 836,104 |
| 2026 | 389,031 | 26,055 | 415,086 |
| 2027 | 394,990 | 20,096 | 415,086 |
| 2028 | 401,053 | 14,033 | 415,086 |
| 2029-2032 | 713,184 | 9,445 | 722,629 |
| | <u>\$ 3,476,853</u> | <u>\$ 163,103</u> | <u>\$ 3,639,956</u> |

PENSION PLAN

Plan Description - City employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee’s hiring date and employment class (general service). All City employees are eligible to participate after six months of covered employment.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67%. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years, and are eligible to retire at age 55. Tier One benefits are reduced if retirement occurs prior to age 58 with less than 30 years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58.

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member’s account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

CITY OF MILLERSBURG, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50%. Employees are fully vested after completing 600 hours of service in each of five calendar years and are eligible to retire at age 58 with 30 years of service, or at age 65 otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2023 were 23.59% for Tier One/Tier Two employees and 21.31% for OPSRP general service employees. The City's total contributions to PERS were \$142,435 for fiscal year ended June 30, 2023.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2023 were based on the December 31, 2019, actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2023, the City reported a net pension liability of \$604,529 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on a December 31, 2020 actuarial valuation, rolled forward to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.00395% as of the June 30, 2022 measurement date, compared to 0.00383% as of June 30, 2021.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2020 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.40%, projected salary increases of 3.40%, investment rate of return

CITY OF MILLERSBURG, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

of 6.90%, and mortality rates based on the Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks. These assumptions were based on the results of the 2020 actuarial experience study.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

The discount rate used to measure the total pension liability was 6.90%, same as the prior year. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using discount rates of 5.90%, 6.90%, and 7.90%.

| | <u>1% Decrease</u> <u>(5.90%)</u> | <u>Discount Rate</u> <u>(6.90%)</u> | <u>1% Increase</u> <u>(7.90%)</u> |
|--|--------------------------------------|--|--------------------------------------|
| Proportionate share of the net pension liability | \$ 1,072,079 | \$ 604,529 | \$ 213,210 |

Pension Plan Fiduciary Net Position – Detailed information about PERS’ net position is available in its separately issued financial report.

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$28,849 for the year ended June 30, 2023. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

As required by ORS 243.303(2), all retirees are allowed to continue coverage (at the retirees’ expense) under the group health insurance plan, until age 65 as an other post-employment benefit. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy. The implicit subsidy is not considered material to the City and the related liability has not been included in these financial statements.

CITY OF MILLERSBURG, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

INTERFUND TRANSFERS

Budgetary interfund transfers for the year ended June 30, 2023, consisted of the following:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------|---------------------|----------------------|
| General | \$ 622,880 | \$ 179,076 |
| Street | - | 112,657 |
| Economic Development | 328,000 | - |
| Sewer Utility | - | 459,326 |
| Water Utility | - | 217,224 |
| Stormwater | 109,076 | 91,673 |
| | <u>\$ 1,059,956</u> | <u>\$ 1,059,956</u> |

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

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability, and employee bonds. Most policies carry a small deductible amount. There were no open claims at the time of this report. No insurance settlements have exceeded coverage in the last three years.

At times, the City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City’s financial position.

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Oregon law prohibits expenditures in excess of Council approved appropriations. Expenditures in excess of appropriations in individual funds for the year ended June 30, 2023 occurred as follows:

| <u>Fund/Appropriation Category</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------------|---------------|---------------|-----------------|
| <i>General</i> | | | |
| Administration | 1,842,610 | 1,998,770 | (156,160) |

SUPPLEMENTAL INFORMATION

CITY OF MILLERSBURG, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Taxes and assessments | \$ 2,265,232 | \$ 2,265,232 | \$ 2,312,535 | \$ 47,303 |
| Intergovernmental | 113,922 | 113,922 | 114,796 | 874 |
| Licenses and permits | 1,362,340 | 1,362,340 | 1,241,088 | (121,252) |
| Charges for services | 1,000 | 1,000 | 7,670 | 6,670 |
| Miscellaneous | 395,809 | 395,809 | 467,888 | 72,079 |
| <i>Total Revenues</i> | 4,138,303 | 4,138,303 | 4,143,977 | 5,674 |
| EXPENDITURES | | | | |
| Administration | 1,684,610 | 1,842,610 | 1,998,770 | (156,160) |
| Parks and recreation | 307,000 | 337,500 | 205,367 | 132,133 |
| Emergency services | 2,466,800 | 2,466,800 | 2,364,549 | 102,251 |
| Building | 289,400 | 289,400 | 123,434 | 165,966 |
| Celebration | 50,718 | 50,718 | 41,985 | 8,733 |
| Contingency | 630,000 | 402,000 | - | 402,000 |
| <i>Total Expenditures</i> | 5,428,528 | 5,389,028 | 4,734,105 | 654,923 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,290,225) | (1,250,725) | (590,128) | 660,597 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 622,880 | 622,880 | 622,880 | - |
| Transfers out | (109,076) | (179,076) | (179,076) | - |
| Proceeds from sale of assets | - | - | 1,000 | 1,000 |
| <i>Total Other Financing Sources (Uses)</i> | 513,804 | 443,804 | 444,804 | 1,000 |
| NET CHANGE IN FUND BALANCE | (776,421) | (806,921) | (145,324) | 661,597 |
| FUND BALANCE, beginning of year | 2,818,539 | 2,818,539 | 2,808,807 | (9,732) |
| FUND BALANCE, end of year | \$ 2,042,118 | \$ 2,011,618 | \$ 2,663,483 | \$ 651,865 |

CITY OF MILLERSBURG, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – STREET FUND
YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 131,943 | \$ 131,943 | \$ 135,697 | \$ 3,754 |
| Intergovernmental | 236,358 | 236,358 | 243,229 | 6,871 |
| Miscellaneous | 225,724 | 225,724 | 200,801 | (24,923) |
| <i>Total Revenues</i> | 594,025 | 594,025 | 579,727 | (14,298) |
| EXPENDITURES | | | | |
| Highways and streets | 199,000 | 252,750 | 147,675 | 105,075 |
| Capital outlay | 395,300 | 938,300 | 423,427 | 514,873 |
| Contingency | 50,000 | 50,000 | - | 50,000 |
| <i>Total Expenditures</i> | 644,300 | 1,241,050 | 571,102 | 669,948 |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | (50,275) | (647,025) | 8,625 | 655,650 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (112,657) | (112,657) | (112,657) | - |
| <i>Total Other Financing Sources (Uses)</i> | (112,657) | (112,657) | (112,657) | - |
| NET CHANGE IN FUND BALANCE | (162,932) | (759,682) | (104,032) | 655,650 |
| FUND BALANCE, beginning of year | 2,529,314 | 2,529,314 | 2,651,619 | 122,305 |
| FUND BALANCE, end of year | \$ 2,366,382 | \$ 1,769,632 | \$ 2,547,587 | \$ 777,955 |

CITY OF MILLERSBURG, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| Capital outlay | - | 328,000 | 203,042 | 124,958 |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | - | (328,000) | (203,042) | 124,958 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 328,000 | 328,000 | - |
| NET CHANGE IN FUND BALANCE | - | - | 124,958 | 124,958 |
| FUND BALANCE, beginning of year | - | - | - | - |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 124,958 | \$ 124,958 |

CITY OF MILLERSBURG, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – WATER UTILITY FUND
YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Charges for services | \$ 1,020,000 | \$ 1,020,000 | \$ 1,221,639 | \$ 201,639 |
| Licenses and permits | 64,700 | 64,700 | 72,668 | 7,968 |
| Miscellaneous | 38,969 | 38,969 | 119,857 | 80,888 |
| <i>Total Revenues</i> | 1,123,669 | 1,123,669 | 1,414,164 | 290,495 |
| EXPENDITURES | | | | |
| Water operations | 565,000 | 565,000 | 319,415 | 245,585 |
| Debt service | | | | |
| Principal | 390,000 | 390,000 | 390,000 | - |
| Interest | 29,377 | 29,377 | 29,188 | 189 |
| Capital outlay | 411,000 | 411,000 | 190,684 | 220,316 |
| Contingency | 100,000 | 100,000 | - | 100,000 |
| <i>Total Expenditures</i> | 1,495,377 | 1,495,377 | 929,287 | 566,090 |
| REVENUES OVER (UNDER) EXPENDITURES | (371,708) | (371,708) | 484,877 | 856,585 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (217,224) | (217,224) | (217,224) | - |
| NET CHANGE IN FUND BALANCE | (588,932) | (588,932) | 267,653 | 856,585 |
| FUND BALANCE, beginning of year | 2,347,541 | 2,347,541 | 2,502,422 | 154,881 |
| FUND BALANCE, end of year | \$ 1,758,609 | \$ 1,758,609 | 2,770,075 | \$ 1,011,466 |
| Reconciliation of Fund Balance to Fund Net Position | | | | |
| Capital assets, net | | | 5,783,019 | |
| Long-term debt | | | (818,000) | |
| <i>Ending Fund Net Position</i> | | | \$ 7,735,094 | |

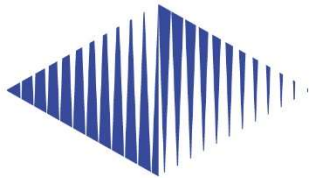
CITY OF MILLERSBURG, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – SEWER UTILITY FUND
YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Charges for services | \$ 900,000 | \$ 900,000 | \$ 1,271,107 | \$ 371,107 |
| Intergovernmental | 36,663 | 36,663 | 36,663 | - |
| Licenses and permits | 94,980 | 94,980 | 110,753 | 15,773 |
| Miscellaneous | 34,212 | 34,213 | 105,318 | 71,105 |
| <i>Total Revenues</i> | 1,065,855 | 1,065,856 | 1,523,841 | 457,985 |
| EXPENDITURES | | | | |
| Sewer operations | 551,000 | 610,000 | 339,298 | 270,702 |
| Debt service | | | | |
| Principal | 371,764 | 371,764 | 371,764 | - |
| Interest | 58,475 | 58,475 | 58,475 | - |
| Capital outlay | 707,500 | 707,500 | 294,543 | 412,957 |
| Contingency | 100,000 | 100,000 | - | 100,000 |
| <i>Total Expenditures</i> | 1,788,739 | 1,847,739 | 1,064,080 | 783,659 |
| REVENUES OVER (UNDER) EXPENDITURES | (722,884) | (781,883) | 459,761 | 1,241,644 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (201,325) | (459,326) | (459,326) | - |
| NET CHANGE IN FUND BALANCE | (924,209) | (1,241,209) | 435 | 1,241,644 |
| FUND BALANCE, beginning of year | 924,209 | 1,241,209 | 3,865,932 | 2,624,723 |
| FUND BALANCE, end of year | \$ - | \$ - | 3,866,367 | \$ 3,866,367 |
| Reconciliation of Fund Balance to Fund Net Position | | | | |
| Capital assets, net | | | 11,716,608 | |
| Long-term debt | | | (2,658,853) | |
| <i>Ending Fund Net Position</i> | | | \$ 12,924,122 | |

CITY OF MILLERSBURG, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – STORMWATER FUND
YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 18,200 | \$ 18,200 | \$ 14,948 | \$ (3,252) |
| Miscellaneous | 1,281 | 1,281 | 3,940 | 2,659 |
| <i>Total Revenues</i> | 19,481 | 19,481 | 18,888 | (593) |
| EXPENDITURES | | | | |
| Stormwater operations | 158,000 | 158,000 | 97,603 | 60,397 |
| Contingency | 20,000 | 20,000 | - | 20,000 |
| <i>Total Expenditures</i> | 178,000 | 178,000 | 97,603 | 80,397 |
| REVENUES OVER (UNDER) EXPENDITURES | (158,519) | (158,519) | (78,715) | 79,804 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 109,076 | 109,076 | 109,076 | - |
| Transfers out | (91,673) | (91,673) | (91,673) | - |
| <i>Total Other Financing Sources (Uses)</i> | 17,403 | 17,403 | 17,403 | - |
| NET CHANGE IN FUND BALANCE | (141,116) | (141,116) | (61,312) | 79,804 |
| FUND BALANCE, beginning of year | 182,036 | 182,036 | 181,616 | (420) |
| FUND BALANCE, end of year | \$ 40,920 | \$ 40,920 | 120,304 | \$ 79,384 |
| Reconciliation of Fund Balance to Fund Net Position | | | | |
| Capital assets, net | | | 17,796 | |
| <i>Ending Fund Net Position</i> | | | \$ 138,100 | |

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Members of the City Council
City of Millersburg
4222 Old Salem Rd NE
Albany, OR 97321

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Millersburg, Oregon (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated September 19, 2023.

Compliance and Other Matters

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

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

- Expenditures in excess of appropriations as indicated in the notes to the financial statements.
- Transfers out from the general fund were appropriated as part of administration instead of a separate category within the general fund.


Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Restriction on Use

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

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, A Shareholder
September 19, 2023