



**Willamina City Council
Regular Meeting
Tuesday, January 9, 2024 at 6:00 p.m.**

West Valley Fire Station
825 NE Main Street
Willamina, OR 97396

In-person attendance is allowed at the City Council meeting. The City also provides access via the Zoom platform. Zoom access information is available at the end of this Agenda.

AGENDA

CALL TO ORDER

ROLL CALL

FLAG SALUTE

AGENDA ADDITIONS, DELETIONS, AND CORRECTIONS

PUBLIC INPUT – BUSINESS FOR THE AUDIENCE

Public Input: Presentations not scheduled on the Agenda are limited to three (3) minutes. Longer presentations should be submitted to the City Recorder prior to the meeting.

CORRESPONDENCE – None

PRESENTATIONS –

1. Ryan Pollard of Polk County Homelessness Prevention Community Liaison & Commissioner Gordon- 5-year strategic plan.
2. Richard Winkel of Dougall Conradie LLC- Annual Audit Review (provided in Agenda packet)
3. Finance Manager, Scott Clark
Financial reports are now available in the City Council Financial Reports binder which will be present at each City Council meeting. Financial Reports will also be available via email upon request from Deputy City Recorder Krystal Stevens.

CONSENT AGENDA

("A listing of routine business items, which are adopted with one motion, without discussion. However, any Councilor may request that an item be pulled from the Consent Agenda for discussion and separate action. The item is then not considered after the Consent Agenda items have been voted upon.")

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1. Meeting Minutes from the December 12, 2023 City Council Regular Meeting.
2. Meeting Minutes from the December 22, 2023 City Council Special Meeting.

REGULAR AGENDA

1. Acceptance of Audit results
2. Polk County Sheriff's Office RFP
3. Appointment of Budget Officer
4. Master Fee Schedule
5. Mayor Contest Judging
6. City Manager evaluation

INFORMATIONAL REPORTS (Items that require no Council action)

1. Chamber Liaison – Mayor Skyberg
2. Yamhill County Transit Authority Board Member – Councilor Johnson- no report
The YCTA Board will meet in February. The next informational report from Councilor Johnson will be provided at the March 12, 2023 City Council Regular Meeting.
3. Library Board Liaison – Councilor Hernandez

MAYOR'S REPORT

INFORMATIONAL REPORTS FROM CITY OFFICERS

1. City Manager
 - a. Zoom Bombing (Deputy City Recorder Stevens)
 - b. Backflow Process Update
 - c. Work Sessions Calendar
 - d. Council roles and ex-parte communication, etc. (*this may be mentioned before the Public Comment Period.*)
 - e. Planning Commission Roles
 - f. Staff Meeting Update
2. Library Director – (excused absence, attending Library meetings)
3. Public Works Director
4. Planning Report (provided in Agenda packet)
5. Sheriff's Report (provided in Agenda packet) *NEW FORMAT*
6. Code Enforcement (provided in Agenda packet)

COUNCIL COMMENTS

ADJOURN

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Next Council Meeting

City Council Work Session January 30, 2024 at 6:00 p.m.
City Council Regular Meeting on February 13, 2024 at 6:00 p.m.

Information regarding the above meeting(s) and Zoom access information can be found on the City of Willamina website at <https://www.willamina.oregon.gov>

Persons with hearing, visual or manual impairments who wish to participate in the meeting should contact the City of Willamina at least 48 hours prior to the meeting date in order that appropriate communication assistance can be arranged. The City of Willamina Council meetings are accessible to the disabled. Please let us know if you need any special accommodations to attend this meeting.

Join Zoom Meeting

<https://us02web.zoom.us/j/84653646867?pwd=dW5OU29ZVmpEYTdScFpjOEppUzJjUT09>

Meeting ID: 846 5364 6867

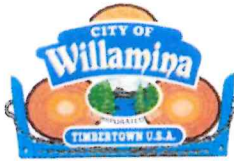
Passcode: 057567

Find your local number: <https://us02web.zoom.us/j/kenyWcJroq>

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Mayor Ila Skyberg

City Management:

Council Members:

Rita Baller, Council President
Craig Johnson
Barry Wilson
Vickie Hernandez
Karl Klym
Jennifer Pederson

City Manager: *Bridget Meneley*

Finance Manager: *Scott Clark*
Public Works Director: *Jeff Brown*
Library Director: *Sarah Frost*

December 27, 2023

This representation letter is provided in connection with your audit of the financial statements of City of Willamina, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 13, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 9) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:

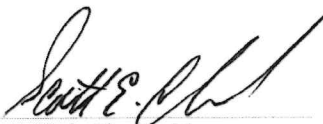
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
 - 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - 13) We have no knowledge of any fraud or suspected fraud that affects the City and involves
 - Management.
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
 - 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
 - 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
 - 16) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 - 17) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) There are no instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) There are no instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) There are no instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance, except for expenditures exceeding budget which have been made known to you.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

- 29) The financial statements properly classify all funds and activities in accordance with [GASB Statement No. 34](#).
- 30) All funds that meet the quantitative criteria in [GASBS Nos 34](#) and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 31) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 33) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 34) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 35) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 36) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 37) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 38) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 40) With respect to the combining and individual fund statements
 - a) We acknowledge our responsibility for presenting the combining and individual fund statements in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund statements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the combining and individual fund statements is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

City of Willamina



Scott Clark, Finance Manager

WILLAMINA, OREGON

Annual Financial Report

For the Year Ended June 30, 2023

CITY OF WILLAMINA
Officers and Members of the City Council
June 30, 2023

<u>MAYOR</u>	<u>Term Expires December 31,</u>
Ila Skyberg	2024
<u>CITY COUNCIL</u>	
Rita Baller, President	2024
Jennifer Pederson	2026
Vickie Hernandez	2026
Barry Wilson	2024
Craig Johnson	2024
Karl Klym	2026

CITY MANAGER
Bridget Meneley

REGISTERED ADDRESS
PO Box 629
Willamina, OR 97396

CITY OF WILLAMINA
For the year ended June 30, 2023

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Dougall Conradie LLC
Certified Public Accountants

Geoffrey Dougall, CPA
Heather Jackson, CPA
Lee Owen, CPA
Richard Winkel, CPA
Members of AICPA & OSCPA

Independent Auditor's Report

To the City Council
City of Willamina, Oregon

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willamina as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Willamina'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 of Willamina's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

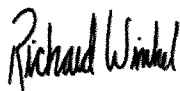
Supplementary Information

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

Reports on Other Legal and Regulatory Requirements
Other Reporting Required by Oregon Revised Statutes

In accordance with Oregon State Regulations, we have also issued our report dated December 27, 2023 on our consideration of the City of Willamina's internal control over financial reporting and on our procedures to address its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is required by Oregon State Regulations.

DOUGALL CONRADIE LLC
Portland, Oregon
December 27, 2023

By: 
Richard Winkel, Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF WILLAMINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

The management of the City of Willamina, Oregon, presents this narrative overview and analysis to facilitate both a short and 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 the financial statements are issued.

Financial Highlights

- The City's governmental activities assets exceed liabilities (net position) as of June 30, 2023 by \$2,402,826, an increase of \$524,892 from the prior year.
- The City's business-type activities assets exceed liabilities (net position) by \$4,735,739, an increase of \$447,081 from the prior year.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements and other supplementary information. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

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 all assets of the City (including infrastructure such as streets, traffic signals, street lights, buildings, bridges, etc.) as well as all liabilities (including general obligation long-term debt). Additionally, certain eliminations have occurred with regards to inter-fund activities.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows or outflows in a future fiscal period. Examples of such items include earned but uncollected property taxes (future inflow), and interest accrued (future outflow).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include the following:

- General government (City Council, Mayor's office, Human Resources, Finance)
- Public safety (Police protection service)
- Highways and streets
- Community Services
- Community Development

**CITY OF WILLAMINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

The business-type activities of the City include the following:

- Water
- Sewer

Fund financial statements – 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 uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - 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 expendable resources, as well as the balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintained three individual governmental funds. Information for the funds that are considered significant (major) is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. All three of the City's funds are considered to be major funds: General, Street, and System Development Charges Funds.

The City adopts annual appropriated budgets for all funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for all funds either in the basic financial statements (major governmental funds) or as supplementary information (all other funds).

Proprietary funds – Proprietary funds are used to account for activities where the emphasis is placed on net income determination. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements.

The City uses enterprise funds to account for its water and sewer utility activities.

The enterprise funds of the City are reported separately as proprietary fund financial statements in the basic financial statements.

The City presents five individual proprietary funds. Information is presented separately in the enterprise fund balance sheet and in the enterprise fund statement of revenue, expenditures and changes in fund balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report three major funds: Water, Wastewater, and Debt Service. Data from the other two enterprise funds are combined into a single aggregated presentation.

Notes to financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

**CITY OF WILLAMINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

Supplementary information – The combining statements and schedules referred to earlier follow the required supplementary information in this report.

Government-Wide Financial Analysis

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 \$6,166,592 as of June 30, 2023.

	Governmental Activities		Business-type Activities		Totals	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Assets:						
Cash and investments	\$ 1,242,231	\$ 1,135,616	\$2,371,017	\$2,175,824	\$ 3,613,248	\$ 3,311,440
Other current assets	28,116	25,719	174,741	421,439	202,857	447,158
Capital assets, net	1,328,403	950,980	3,948,307	3,564,933	5,276,710	4,515,913
Total assets	2,598,750	2,112,315	6,494,065	6,162,196	9,092,815	8,274,511
Deferred outflow of resources	32,388	22,975	-	-	32,388	22,975
Liabilities:						
Other current liabilities	147,000	140,255	610,269	562,352	757,269	702,607
Long-term obligations	81,312	117,101	1,148,057	1,311,186	1,229,369	1,428,287
Total liabilities	228,312	257,356	1,758,326	1,873,538	1,986,638	2,130,894
Net Position:						
Net investment in capital assets	1,247,091	833,879	2,637,121	2,092,767	3,884,212	2,926,646
Restricted	386,336	450,239	205,161	155,337	591,497	605,576
Unrestricted	769,399	593,816	1,893,457	2,040,554	2,662,856	2,634,370
Total net position	\$ 2,402,826	\$ 1,877,934	\$ 4,735,739	\$ 4,288,658	\$ 7,138,565	\$ 6,166,592

The largest portion of the City's net position reflect its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation and related debt) of \$3,884,212, representing 54% of total net position. The City uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$591,497 or approximately 8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totaling \$2,662,856 or approximately 37% represents the balance that may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF WILLAMINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

The change in net position for the year ended June 30, 2023 is as follows:

	Governmental Activities		Business-type Activities		Totals	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Revenues						
Program						
Charges for services	\$ 358,752	\$ 329,814	\$ 1,804,740	\$ 1,675,468	\$ 2,163,492	\$ 2,005,282
Operating grants and contributions	15,355	77,722	327,858	1,665,828	343,213	1,743,550
General						
Property taxes	494,131	471,241	-	-	494,131	471,241
Franchise fees	102,942	103,714	-	-	102,942	103,714
Intergovernmental	258,603	257,623	-	-	258,603	257,623
Interest	88,422	14,561	-	-	88,422	14,561
Miscellaneous	15,338	6,698	-	-	15,338	6,698
Total revenues	1,333,543	1,261,373	2,132,598	3,341,296	1,333,543	4,602,669
Expenses						
General government	209,582	343,014	-	-	209,582	343,014
Public safety	425,776	449,325	-	-	425,776	449,325
Highways and streets	129,089	131,328	-	-	129,089	131,328
Community services	255,457	330,237	-	-	255,457	330,237
Community development	52,682	50,238	-	-	52,682	50,238
Water	-	-	848,518	851,381	848,518	851,381
Wastewater	-	-	773,064	703,156	773,064	703,156
Total expenses	1,072,586	1,304,142	1,621,582	1,554,537	2,694,168	2,858,679
Change in net position before transfers	260,957	(42,769)	511,016	1,786,759	771,973	1,743,990
Transfers	63,935	53,629	(63,935)	(53,629)	-	-
Change in net position	324,892	10,860	447,081	1,733,130	771,973	1,743,990
Net position - beginning	1,877,934	1,867,074	4,288,658	2,555,528	6,166,592	4,422,602
Total net position	\$ 2,202,826	\$ 1,877,934	\$ 4,735,739	\$ 4,288,658	\$ 6,938,565	\$ 6,166,592

Revenues decreased by \$1,136,528 over the prior year mainly due to higher grant revenues for the design of a new water system in the prior year. Total expenses decreased by \$164,513 from the prior year.

**CITY OF WILLAMINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

Governmental Funds

The General Fund ended the year with a fund balance of \$788,310, an increase of \$182,847 from the prior year. Revenues in the General Fund for fiscal year ending June 30, 2023 were \$1,125,717 and expenses were \$1,006,805. Total governmental funds ended the year with a fund balance of \$1,174,646, an increase of \$118,944 over the prior year.

Enterprise Funds

The City operates two utility services, water and wastewater. These funds are operated like private enterprises and the accounting reflects this. Enterprise funds also include two System Development Charges Funds.

Budgetary Highlights

The General Fund revenues were under budgeted revenues by \$37,634 and actual expenditures in the General Fund were under budget by \$946,608.

Capital Assets

As of June 30, 2023, the City had the net capital assets of \$5,276,710. During the year the City added \$1,084,108 to the capital assets. The Water fund added \$589,799 during the year, mainly related to the design of a new water system, and the Street fund added \$323,963 for street improvement projects.

Additional information about the City's capital assets can be found in Note 5 to the basic financial statements.

Long-Term Obligations

At the end of the fiscal year, the City had total long-term obligations of \$1,392,498. Of this amount \$641,984 represented bonded indebtedness. The City's bonded debt is in the business-type activities and is classified as Revenue Bonds. The City also has a loan from the State of Oregon and two loans from Oregon Economic and Community Development Department (OECDD) which are also in the business-type activities which supplemented the revenue bonds for work in the water treatment plant and the wastewater project. The City also has a capital lease obligation for the purchase of a vehicle which is in the governmental activities. Additional information on the City's long-term obligations can be found in Note 6 to the basic financial statements.

Economic Factors and Next Year's Budget

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 City uses a conservative approach when preparing the budget each year.

Requests for information

The City's financial statements are designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about this report, please contact the City at (503) 876-2242 or by mail at 411 NE C Street, Willamina, Oregon 97396.

BASIC FINANCIAL STATEMENTS

CITY OF WILLAMINA

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 1,242,231	\$ 2,318,204	\$ 3,560,435
Restricted cash	-	52,813	52,813
Receivables	19,985	142,217	162,202
Grants receivable	-	-	-
Inventories	8,131	32,524	40,655
Capital assets:			
Land	125,174	548,724	673,898
Capital assets, net	1,203,229	3,399,583	4,602,812
 Total assets	 2,598,750	 6,494,065	 9,092,815
 DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	32,388	-	32,388
 LIABILITIES			
Accounts payable and accrued expenses	147,000	303,588	450,588
Accrued interest payable	-	35,477	35,477
Customer deposits payable	-	108,075	108,075
Long-term obligations:			
Due within one year	36,870	163,129	199,999
Due in more than one year	44,442	1,148,057	1,192,499
 Total liabilities	 228,312	 1,758,326	 1,986,638
 NET POSITION:			
Net investment in capital assets	1,247,091	2,637,121	3,884,212
Restricted for:			
Capital projects	315,653	205,161	520,814
Highways and streets	70,683	-	70,683
Unrestricted	769,399	1,893,457	2,662,856
 Total net position	 \$ 2,402,826	 \$ 4,735,739	 \$ 7,138,565

The accompanying notes are an integral part of these financial statements

CITY OF WILLAMINA

Statement of Activities

For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 209,582	\$ 78,962	\$ -	\$ -	\$ (130,620)		\$ (130,620)
Public safety	425,776	125,905	-	-	(299,871)		(299,871)
Highways and streets	129,089	33,136	-	200,000	104,047		104,047
Community services	255,457	66,572	15,355	-	(173,530)		(173,530)
Community development	52,682	54,177	-	-	1,495		1,495
Total governmental activities	1,072,586	358,752	15,355	200,000	(498,479)		(498,479)
Business-type activities:							
Water	848,518	938,219	-	327,858		417,559	417,559
Wastewater	773,064	866,521	-	-		93,457	93,457
Total business-type activities	1,621,582	1,804,740	-	327,858		511,016	511,016
Totals	\$ 2,694,168	\$ 2,163,492	\$ 15,355	\$ 527,858	(498,479)	511,016	12,537
General revenues:							
Property taxes, levied for general purposes					494,131	-	494,131
Franchise taxes					102,942	-	102,942
Intergovernmental					258,603	-	258,603
Unrestricted investment earnings					88,422	-	88,422
Miscellaneous					15,338	-	15,338
Transfers					63,935	(63,935)	-
Total general revenues and transfers					1,023,371	(63,935)	959,436
Change in net position					524,892	447,081	971,973
Net position - beginning					1,877,934	4,288,658	6,166,592
Net position - ending					\$ 2,402,826	\$ 4,735,739	\$ 7,138,565

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

CITY OF WILLAMINA

Balance Sheet - Governmental Funds

June 30, 2023

	General	Special Revenue Street	Other Governmental Funds	Total
ASSETS				
Cash and investments	\$ 855,775	\$ 70,803	\$ 315,653	\$ 1,242,231
Receivables	19,985	-	-	19,985
Inventories	8,131	-	-	8,131
Total assets	\$ 883,891	\$ 70,803	\$ 315,653	\$ 1,270,347
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 84,442	\$ 120	\$ -	\$ 84,562
 DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	11,139	-	-	11,139
 FUND BALANCES:				
Nonspendable	8,131	-	-	8,131
Restricted for grants and economic improvement	-	70,683	315,653	386,336
Unassigned	780,179	-	-	780,179
Total fund balances	788,310	70,683	315,653	1,174,646
Total liabilities, deferred inflows and fund balances	\$ 883,891	\$ 70,803	\$ 315,653	\$ 1,270,347

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

CITY OF WILLAMINA

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds**

For the Year Ended June 30, 2023

	General	Special Revenue Street	Other Governmental Funds	Total
REVENUES:				
Property taxes	\$ 496,169	\$ -	\$ -	\$ 496,169
Franchise fees	102,942	-	-	102,942
System development charges	-	-	33,136	33,136
Licenses, permits, fines and fees	325,616	-	-	325,616
Intergovernmental	81,875	176,728	-	258,603
Grants and donations	15,355	200,000	-	215,355
Interest	88,422	-	-	88,422
Miscellaneous	15,338	-	-	15,338
Total revenues	1,125,717	376,728	33,136	1,535,581
EXPENDITURES:				
Current:				
General government	159,137	-	-	159,137
Public safety	425,143	-	-	425,143
Highways and streets	-	149,804	-	149,804
Community services	253,516	-	-	253,516
Community development	52,682	-	-	52,682
Capital outlay	116,327	323,963	-	440,290
Total expenditures	1,006,805	473,767	-	1,480,572
Excess of (deficiency) of revenues over expenditures	118,912	(97,039)	33,136	55,009
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	63,935	5,000	(5,000)	63,935
Net change in fund balances	182,847	(92,039)	28,136	118,944
Fund balances, beginning of year	605,463	162,722	287,517	1,055,702
Fund balances, end of year	\$ 788,310	\$ 70,683	\$ 315,653	\$ 1,174,646

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

CITY OF WILLAMINA

**Reconciliation of the Balance Sheet - Governmental Funds to the
Statement of Net Position**

June 30, 2023

Total fund balance - Governmental Funds	\$ 1,174,646
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,328,403
Governmental activities report as deferred outflows of resources contributions to the public employee retirement system	32,388
Some liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued compensated absences is a liability on the Statement of Net Position but not on the governmental fund Balance Sheet.	(62,438)
Long-term debt is a liability on the Statement of Net Position but not on the governmental fund Balance Sheet.	(81,312)
Some long-term assets are not available for current period expenditures and are therefore reported as unavailable revenue in the funds.	<u>11,139</u>
Net Position	<u><u>\$ 2,402,826</u></u>

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

CITY OF WILLAMINA

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2023

Total changes in fund balances – Governmental Funds	\$ 118,944
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This is the effect of the change in the deferred property tax revenue during the year.</p>	
Property taxes	(2,038)
<p>Capital asset additions are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.</p>	
Capital outlay	440,290
Depreciation	(62,868)
<p>The amount contributed to the defined benefit pension plan is reported as an expenditure in the funds while the governmental activities reports pension expense as the change in pension related deferred outflows of resources.</p>	
	9,413
<p>Long-term debt is recorded as a liability on the Statement of Net Position and principal payments reduce the liability. However, the funds do not record debt as a liability and so principal payments are recorded as expenditures.</p>	
	35,788
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>	
Compensated absences	<u>(14,637)</u>
Change in net position	<u><u>\$ 524,892</u></u>

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

CITY OF WILLAMINA

**Statement of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
General Fund**

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 485,300	\$ 490,300	\$ 496,169	\$ 5,869
Franchise fees	108,300	118,300	102,942	(15,358)
Licenses, permits, fines and fees	315,551	352,551	325,616	(26,935)
Intergovernmental	83,400	93,400	81,875	(11,525)
Grants	12,500	15,500	15,355	(145)
Interest	10,000	89,000	88,422	(578)
Miscellaneous	4,300	4,300	15,338	11,038
Total revenues	1,019,351	1,163,351	1,125,717	(37,634)
EXPENDITURES:				
General government	1,020,960	1,080,660	275,464	805,196
Public safety	459,200	459,200	425,143	34,057
Community services	271,753	356,053	253,516	102,537
Community development	57,500	57,500	52,682	4,818
Total expenditures	1,809,413	1,953,413	1,006,805	946,608
Excess (deficiency) of revenues over expenditures	(790,062)	(790,062)	118,912	908,974
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	83,250	83,250	63,935	(19,315)
Change in fund balances	(706,812)	(706,812)	182,847	889,659
Fund balance, beginning of year	706,812	706,812	605,463	(101,349)
Fund balance, end of year	\$ -	\$ -	\$ 788,310	\$788,310

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

CITY OF WILLAMINA

**Statement of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Street Fund**

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Intergovernmental	\$ 172,000	\$ 177,000	\$ 176,728	\$ (272)
Grants and donations	-	200,000	200,000	-
Total revenues	172,000	377,000	376,728	204,728
EXPENDITURES:				
Personnel services	66,697	66,697	65,304	1,393
Materials and services	43,705	47,205	45,708	1,497
Capital outlay	-	322,000	323,963	(1,963)
Debt service	30,000	41,000	38,792	2,208
Contingency	167,687	36,187	-	36,187
Total expenditures	308,089	513,089	473,767	39,322
Excess (deficiency) of revenues over expenditures	(136,089)	(136,089)	(97,039)	39,050
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	5,000	5,000	-
Change in fund balance	(131,089)	(131,089)	(92,039)	39,050
Beginning fund balance	131,089	131,089	162,722	31,633
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,683</u>	<u>\$ 70,683</u>

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

CITY OF WILLAMINA

**Statement of Net Position
Proprietary Funds**

June 30, 2023

	<u>Business-type Activities / Enterprise</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>
ASSETS:			
Current assets			
Cash and investments	\$ 1,377,823	\$ 940,381	\$ 2,318,204
Restricted cash	52,813	-	52,813
Utility receivables	76,199	66,018	142,217
Grant receivables	-	-	-
Inventories	16,262	16,262	32,524
Total current assets	<u>1,523,097</u>	<u>1,022,661</u>	<u>2,545,758</u>
Capital assets, net	<u>2,270,414</u>	<u>1,677,893</u>	<u>3,948,307</u>
Total assets	<u>3,793,511</u>	<u>2,700,554</u>	<u>6,494,065</u>
LIABILITIES:			
Current liabilities			
Debt obligations due within one year	23,931	139,198	163,129
Accounts payable and accrued expenses	278,027	17,878	295,905
Accrued interest payable	12,037	23,440	35,477
Customer deposits	56,145	51,930	108,075
Compensated absences payable	6,594	1,089	7,683
Total current liabilities	<u>376,734</u>	<u>233,535</u>	<u>610,269</u>
Long-term obligations			
Debt obligations due in more than one year	<u>618,053</u>	<u>530,004</u>	<u>1,148,057</u>
Total long-term liabilities	<u>618,053</u>	<u>530,004</u>	<u>1,148,057</u>
Total liabilities	<u>994,787</u>	<u>763,539</u>	<u>1,758,326</u>
NET POSITION:			
Net investment in capital assets	1,628,430	1,008,691	2,637,121
Restricted for:			
Capital projects	122,997	82,164	205,161
Unrestricted	1,047,297	846,160	1,893,457
Total net position	<u>\$2,798,724</u>	<u>\$ 1,937,015</u>	<u>\$4,735,739</u>

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

CITY OF WILLAMINA

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds**

For the Year Ended June 30, 2023

	<u>Business-type Activities / Enterprise</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>
Operating revenues			
Charges for services	\$ 938,219	\$ 866,521	\$ 1,804,740
Total operating revenues	938,219	866,521	1,804,740
Operating expenses			
Personnel services	426,215	341,836	768,051
Materials and services	286,528	242,484	529,012
Depreciation	106,322	154,121	260,443
Total operating expenses	819,065	738,441	1,557,506
Operating income (loss)	119,154	128,080	247,234
Non-operating revenues (expenses)			
Interest expense	(29,453)	(34,623)	(64,076)
Total non-operating revenues (expenses)	(29,453)	(34,623)	(64,076)
Capital construction grants	327,858	-	327,858
Income (loss) before transfers	417,559	93,457	511,016
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(39,034)	(24,901)	(63,935)
Net other financing sources	(39,034)	(24,901)	(63,935)
Change in net position	378,525	68,556	447,081
Net position, beginning of year	2,420,199	1,868,459	4,288,658
Net position, end of year	<u>\$2,798,724</u>	<u>\$ 1,937,015</u>	<u>\$ 4,735,739</u>

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

CITY OF WILLAMINA

**Statement of Cash Flows
Proprietary Funds**

For the Year Ended June 30, 2023

	Business-type Activities / Enterprise		
	Water	Wastewater	Total
Cash flows from operating activities			
Cash received from customers	\$ 930,924	\$ 870,667	\$ 1,801,591
Cash paid to employees	(426,283)	(343,332)	(769,615)
Cash paid to suppliers	(241,292)	(236,642)	(477,934)
Net cash provided by operating activities	263,349	290,693	554,042
Cash flows from capital and related financing activities			
Receipt of capital grants	577,737	-	577,737
Purchase of capital assets	(589,799)	(54,018)	(643,817)
Transfers in / (out)	(39,034)	(24,901)	(63,935)
Principal paid on long-term obligations	(22,900)	(138,080)	(160,980)
Interest paid on long-term obligations	(29,883)	(37,971)	(67,854)
Net cash provided by (used in) capital and related financing activities	(103,879)	(254,970)	(358,849)
Net increase (decrease) in cash and cash equivalents	159,470	35,723	195,193
Cash and cash equivalents at beginning of year	1,271,166	904,658	2,175,824
Cash and cash equivalents at end of year	\$1,430,636	\$ 940,381	\$2,371,017

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities

Reconciliation of operating income (loss) to net cash provided by operating activities	\$ 119,154	\$ 128,080	\$ 247,234
Operating income (loss)			
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	106,322	154,121	260,443
Change in assets and liabilities:			
Receivables	(7,503)	3,436	(4,067)
Inventory	443	443	886
Accounts payable and accrued expenses	44,725	3,903	48,628
Customer deposits	208	710	918
Net cash provided by operating activities	\$ 263,349	\$ 290,693	\$ 554,042

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

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Willamina, Oregon (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The Financial Reporting Entity

The City of Willamina, Oregon is governed by an elected mayor and council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a City Manager, who reports to the City Council.

The accompanying financial statements present all activities, funds, and component units for which the City is financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the City is a primary government with no includable component units.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either government 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 report information on all activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregated financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct and allocated indirect expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses are those costs, usually administrative in nature, that support all City functions and enable direct services to be provided. Program revenues include (1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. 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 or proprietary. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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, reserves, fund equity, receipts and disbursements.

The City reports the following major governmental funds:

General Fund – This fund accounts for activities of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees and state and county shared revenues. Primary expenditures are for police protection, library services and general government.

Street Fund - This fund accounts for the cost of maintaining City streets and storm water drainage systems. Principal sources of revenues are grants and state and county shared revenues.

The City reports the following non-major governmental funds:

Street System Development Charges Fund - This fund accounts for development fees collected which are restricted for use to fund street capital improvements.

Park System Development Charges Fund - This fund accounts for development fees collected which are restricted for use to fund park capital improvements.

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

Wastewater Fund – A fund established for provision of sanitary sewer services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and billing and collection.

Water Fund – A fund established for provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and billing and collection.

The City reports the following non-major proprietary funds:

Water SDC and Sanitary Sewer SDC Funds – These funds account for systems development charges earmarked for future system improvements.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or regulations of other governments. Net position is classified in the following three categories:

Net investment in capital assets – consists of capital assets net of accumulated depreciation and any related debt.

Restricted net position – consists of net position with constraints placed on them by entities outside of the City.

Unrestricted net position – all other net positions that do not meet either of the criteria above.

Fund Balance

Fund balances are classified within one of the fund balance categories listed below.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts constrained to specific purpose by their providers (such as grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the City Council.

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned fund balance represents amounts a government intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance represents amounts that are available for any purpose; these amounts are reported only in the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds in certain circumstances.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses. Actual results may differ from such estimates.

Cash and Investments

Investments, included in cash and investments, are carried at cost which approximates fair value. There are no investments carried at amortized cost. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and the investment common pool. These amounts have the general characteristics of demand deposit accounts in that the funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Receivables and Unavailable Revenues

Receivables in governmental and enterprise funds are stated net of any allowance for doubtful accounts. Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned. Receivables of the business-type funds are recorded as revenue as earned.

Real and personal property taxes are levied as of July 1 for each fiscal year on values assessed as of January 1. Property taxes are an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Polk County and Yamhill County and remitted to the City. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as unavailable revenues.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Licenses and permits, charges for services, fines and forfeits and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Rental income is typically received in advance and is deferred when appropriate.

Special assessments receivable and repayment of revolving loans expected to be collected within sixty days after year end are considered measurable and available and are recognized as revenue. Assessment installments that are long-term are offset by deferred revenues.

Inventory

Inventory in the governmental and proprietary funds is stated at cost (last-in, first-out basis). Inventory in the governmental funds is charged to expenditures as purchased. Inventory in the proprietary funds is charged to expense as used.

Capital Assets

Capital assets (items costing more than \$5,000 and lasting more than one year) are stated at cost or estimated historical cost. Donated assets are recorded at fair market value at date of donation. Estimated fair market value of donated assets is determined based on engineering estimates of current cost or price indexed cost.

Normal maintenance and repairs are charged to operations as incurred. Major additions, improvements and replacements are capitalized. Gains or losses from sales or retirements of capital assets are included in operations.

Capital assets are depreciated unless they are inexhaustible in nature (e.g. land). Depreciation is an accounting process to allocate the cost of capital assets to expense 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.

Depreciation is computed over the estimated useful lives of the capital assets, all estimates of useful lives are based on actual experience by City departments with identical or similar capital assets. Depreciation is calculated using the straight-line method over their estimated useful lives.

The estimated useful lives of the various categories of assets are as follows:

Buildings	40-50 years
Improvements other than buildings	20-40 years
Water and Sewer systems	25 years
Equipment	4-15 years
Vehicles	7-15 years

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Debt

Long-term debt directly related and expected to be paid from the enterprise funds is recorded in these funds. All other unmatured long-term debt is recorded on the Statement of Net Position. Repayment of compensated absences have been made primarily from the General, Street, Sewer and Water Funds.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, these are deferred amounts related to pensions. This amount is deferred and recognized as an outflow of resources in the period when the City recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available.

Pensions

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

Accrued Compensated Absences

The City has a policy which permits employees to earn vacation at a rate determined by length of employment. Any amounts not used will be paid upon the employee's termination of employment. Sick pay, which does not vest, is recorded in all funds when leave is taken.

Budget and Budgetary Accounting

A budget is prepared for each fund in accordance with the modified accrual basis of accounting for all funds. Appropriations are made at the department level for the General Fund and object level (personnel services, materials and services, capital outlay and debt service) for all other funds. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the City Council. After budget approval, the City Council may approve supplemental appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council.

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City is subject to the budget requirements of state law. The resolution authorizing appropriations of each fund sets the level by which expenditures cannot legally exceed appropriations for the major object class. The legal level of appropriation for the General Fund is at the organizational unit level. The detail budget document, however, is required to contain more specific detailed information for expenditure categories including total personnel services, materials and services, capital outlay, debt service, interfund transactions, operating contingency and unappropriated balances.

During the year ended June 30, 2023 the City had the following expenditures exceed the budget appropriations:

	Budget	Actual	Variance
Street Fund			
Capital outlay	\$ 322,000	\$ 323,963	\$ (1,963)
Wastewater Fund			
Debt service principal	121,500	138,080	(16,580)

3. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Cash and investments are comprised of the following at June 30, 2023:

Cash on deposit with financial institutions	\$ 552,384
Local Government Investment Pool	3,058,864
Petty cash	2,000
Less restricted cash	(52,813)
Total	\$ 3,560,435

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 up to \$250,000 for the aggregate of all demand deposits and the aggregate of all time deposit and interest bearing 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 balances were covered by FDIC or collateralized.

The City has \$52,813 in the Water fund that is restricted by the USDA for future use.

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

3. CASH AND INVESTMENTS (Continued)

Investments

Investments in the Local Government Investment Pool (LGIP) are stated at cost, which approximates fair value. The state of Oregon’s investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (the Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. The State Treasury’s investments in short-term securities are limited by the portfolio rules established by the Oregon Short-term Fund Board and the Council. In accordance with Oregon statutes, the investment funds are invested and the investments are those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, the City only invests in the LGIP. The LGIP has rules that require at least 50 percent of its investments to mature within 93 days, not more than 25 percent may mature in over a year, and all other investments must mature in no more than three years.

Custodial Risk - Investments

For an investment, 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.

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 Council. 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’s portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the state of Oregon’s name.

4. RECEIVABLES

The City’s receivables at June 30, 2023 are as follows:

	Governmental Activities/Funds		Business-type Activities/Proprietary Funds		Total
	General	Street	Water	Wastewater	
Property taxes	\$ 17,658	\$ -	\$ -	\$ -	\$ 17,658
Accounts	2,327	-	-	-	2,327
Utilities	-	-	76,199	66,018	142,217
	<u>\$ 19,985</u>	<u>\$ -</u>	<u>\$ 76,199</u>	<u>\$ 66,018</u>	<u>\$ 162,202</u>

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

5. CAPITAL ASSETS

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

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2023</u>
Capital assets not being depreciated				
Land	\$ 125,174	\$ -	\$ -	\$ 125,174
Capital assets being depreciated				
Land improvements	980,055	48,661	-	1,028,716
Systems	4,839	366,591	-	371,430
Buildings	299,037	-	-	299,037
Equipment	252,928	25,038	-	277,966
Vehicles	286,936	-	-	286,936
Total capital assets being depreciated	<u>1,823,795</u>	<u>440,290</u>	<u>-</u>	<u>2,264,085</u>
Less accumulated depreciation for:				
Land improvements	586,506	16,098	-	602,604
Systems	484	484	-	968
Buildings	149,985	6,390	-	156,375
Equipment	174,609	19,234	-	193,843
Vehicles	86,404	20,662	-	107,066
Total accumulated depreciation	<u>997,988</u>	<u>62,868</u>	<u>-</u>	<u>1,060,856</u>
Total capital assets being depreciated, net	<u>825,807</u>	<u>377,422</u>	<u>-</u>	<u>1,203,229</u>
Governmental activities capital assets, net	<u>\$ 950,981</u>	<u>\$ 377,422</u>	<u>\$ -</u>	<u>\$ 1,328,403</u>

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

5. CAPITAL ASSETS (Continued)

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

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets not being depreciated				
Land	\$ 548,724	\$ -	\$ -	\$ 548,724
Capital assets being depreciated				
Water system	2,616,584	589,799	-	3,206,383
Wastewater system	3,619,565	31,421	-	3,650,986
Land improvements	776	-	-	776
Buildings	933,861	-	-	933,861
Equipment	785,954	22,597	-	808,551
Vehicles	153,427	-	-	153,427
Total capital assets being depreciated	<u>8,110,167</u>	<u>643,817</u>	<u>-</u>	<u>8,753,984</u>
Less accumulated depreciation for:				
Water system	1,526,747	55,790	-	1,582,537
Wastewater system	2,508,802	137,517	-	2,646,319
Land improvements	776	-	-	776
Buildings	512,312	24,566	-	536,878
Equipment	447,279	31,728	-	479,007
Vehicles	98,042	10,842	-	108,884
Total accumulated depreciation	<u>5,093,958</u>	<u>260,443</u>	<u>-</u>	<u>5,354,401</u>
Total capital assets being depreciated, net	<u>3,016,209</u>	<u>383,374</u>	<u>-</u>	<u>3,399,583</u>
Business-type activities capital assets, net	<u>\$ 3,564,933</u>	<u>\$ 383,374</u>	<u>\$ -</u>	<u>\$ 3,948,307</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	<u>\$ 62,868</u>
Business-type activities:	
Water	\$ 106,322
Wastewater	<u>154,121</u>
Total business-type activities	<u>\$ 260,443</u>

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

6. LONG-TERM OBLIGATIONS

Governmental activities long-term obligations

Changes in long-term obligations for the governmental activities for the year ended June 30, 2023 were as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Capital lease	\$ 117,100	\$ -	\$ 35,788	\$ 81,312	\$ 36,870

Capital lease – The City acquired a street sweeper that was financed with a capital lease agreement. This lease requires monthly payments of \$3,233 including interest at 2.98% and matures in August 2025.

Future debt service requirements on the long-term obligations of the governmental activities are as follows:

Fiscal Year	Principal	Interest
2024	\$ 36,870	\$ 1,922
2025	37,983	808
2026	6,459	24
	\$ 81,312	\$ 2,754

During the year ended June 30, 2023, interest expense charged to the Streets Fund was \$3,004.

Business-type activities long-term obligations

Changes in long-term obligations for the business-type activities for the year ended June 30, 2023 were as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Revenue Bonds					
2000 revenue bonds	\$ 664,884	\$ -	\$ 22,900	\$ 641,984	\$ 23,931
Loans					
OECDD G99003	96,600	-	48,088	48,512	48,512
OECDD G03004	710,682	-	89,992	620,690	90,686
Total	\$ 1,472,166	\$ -	\$ 160,980	\$ 1,311,186	\$ 163,129

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

6. LONG-TERM OBLIGATIONS (Continued)

2000 Revenue bonds – Original issue of \$971,700 to finance costs associated with improvements to the water system. Interest on the bonds is 4.5% and the bonds mature in the fiscal year ending June 30, 2041.

Oregon Economic and Community Development Department (OECD) G99003 – Original issue of \$725,339 to finance improvements to the wastewater system. Interest on the loan is 5.16% and matures in the fiscal year ended June 30, 2024.

Oregon Economic and Community Development Department (OECD) G03004 – Original issue of \$1,830,000 to finance improvements to the wastewater system. Interest on the loan is variable and matures in the fiscal year ended June 30, 2028.

Future debt service requirements on the long-term obligations of the Wastewater Fund are as follows:

Fiscal Year	OECD G9903		OECD G03004		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 48,512	\$ 2,546	\$ 90,686	\$ 28,707	\$ 139,198	\$ 31,253
2025	-	-	96,411	24,513	96,411	24,513
2026	-	-	102,170	20,054	102,170	20,054
2027	-	-	107,964	15,328	107,964	15,328
2028	-	-	108,795	10,335	108,795	10,335
2029	-	-	114,664	5,303	114,664	5,303
	<u>\$ 48,512</u>	<u>\$ 2,546</u>	<u>\$ 620,690</u>	<u>\$ 104,240</u>	<u>\$ 669,202</u>	<u>\$ 106,786</u>

Future debt service requirements on the long-term obligations of the Water Fund are as follows:

Fiscal Year	Series 2000	
	Principal	Interest
2024	23,931	28,889
2025	25,008	27,812
2026	26,133	26,687
2027	27,309	25,511
2028	28,538	24,282
2029-2033	163,147	100,952
2034-2038	203,312	60,788
2039-2041	144,606	13,855
	<u>\$ 641,984</u>	<u>\$ 308,776</u>

During the year ended June 30, 2023, interest expense for the water fund was \$29,453 and for the wastewater fund was \$34,623. Interest expense is charged as a direct expense to these funds on the accompanying Statement of Activities.

7. PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

The Individual Account Program (IAP) was created by the Oregon legislature in 2003 to provide an individual account-based retirement benefit for new workers hired on or after August 29, 2003, and for Tier One / Tier Two members active on or after January 1, 2004. The IAP benefit is a defined contribution plan, and it is in addition to the member's defined benefit plan (i.e., Tier One, Tier Two, or OPSRP Pension Programs). OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits Provided

A. Tier One/Tier Two Retirement Benefit

Pension Benefits

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

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

Death Benefits

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

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

7. **PENSION PLAN** (Continued)

Disability Benefits

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

Benefit Changes After Retirement

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

B. OPSRP Pension Program

Pension Benefits

The OPSRP Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

C. OPSRP Individual Account Program (IAP)

Pension Benefits

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

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

7. **PENSION PLAN** (Continued)

disabled, or the date the active member dies.

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2022. Employer contributions for the year ended June 30, 2023 were \$15,693. The rates in effect for the fiscal year ended June 30, 2023 were 5.24 percent for Tier One/Tier Two General Service Member and 1.05 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program. The City has elected to contribute the employees' 6% OPSRP Individual Account Program contribution, which was \$42,593 for the year ended June 30, 2023.

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

At June 30, 2023, the City reported neither an asset nor a liability for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was 0.00 percent, which was unchanged from its proportion measured as of June 30, 2021.

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

7. PENSION PLAN (Continued)

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between employer contributions and employer's proportionate share of system contributions	\$ 16,695	\$ -
Contributions subsequent to the measurement date	15,693	-
Net deferred outflow of resources	\$ 32,388	\$ -

Deferred outflows of resources reported as related to pensions includes \$15,693 resulting from the City's contributions subsequent to the measurement date will be recognized in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<i>Fiscal Year</i> <i>Ending June 30,</i>		
2024	\$	4,414
2025		4,117
2026		3,653
2027		3,092
2028		1,419
Total	\$	16,695

Actuarial Assumptions

The employer contribution rates effective July 1, 2022 through June 30, 2023 were set using the projected unit credit actuarial cost method.

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

For the ORS 238A OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

7. **PENSION PLAN** (Continued)

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 2020/21
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40%
Investment Rate of Return	6.90%
Discount Rate	6.90%
Projected Salary Increases	3.40%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

7. **PENSION PLAN** (Continued)

Depletion Date Projection

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

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

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

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

Discount Rate

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

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

7. PENSION PLAN (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2022 measurement period that require disclosure.

8. OTHER POST-EMPLOYMENT HEALTH BENEFITS

Retirement Health Insurance Account

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statue (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

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

CITY OF WILLAMINA, OREGON
Notes to Financial Statements
June 30, 2023

8. OTHER POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC). The ARC represents a level of funding that is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions for the year ended June 30, 2023 equaled the required contributions for the year.

9. 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. The City has not had any losses in the past three years that have exceeded policy coverage.

10. INTERFUND TRANSACTIONS

Interfund transfers in and out for all funds on the budgetary basis of accounting were as follows:

	<i>Transfers In</i>	<i>Transfers Out</i>
General	\$ 63,935	\$ -
Street	5,000	-
Street SDC	-	(5,000)
Water	13,000	(39,034)
Wastewater	15,000	(24,901)
Water SDC	-	(13,000)
Wastewater SDC	-	(15,000)
	\$ 96,935	\$ (96,935)

These transfers are amounts for the debt obligations of the Water and Wastewater Funds and to pay franchise fees to the General Fund.

11. SUBSEQUENT EVENTS

Management has evaluated for subsequent events through December 27, 2023, which is the date the financial statements were available to be issued, for recording or disclosure in the financial statements for the year ended June 30, 2023. No matters were noted that require disclosure as subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WILLAMINA
Year Ended June 30, 2023

Schedule of Proportionate Share of Net Pension Liability

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2023	0.000%	\$ -	\$ 708,351	0.00%	84.5%
6/30/2022	0.000%	\$ -	\$ 663,086	0.00%	87.6%
6/30/2021	0.000%	\$ -	\$ 595,784	0.00%	75.2%
6/30/2020	0.000%	\$ -	\$ 619,830	0.00%	80.2%
6/30/2019	0.000%	\$ -	\$ 552,927	0.00%	82.1%
6/30/2018	0.000%	\$ -	\$ 483,895	0.00%	83.1%
6/30/2017	0.000%	\$ -	\$ 417,248	0.00%	80.5%
6/30/2016	0.000%	\$ -	\$ 428,762	0.00%	91.9%
6/30/2015	0.000%	\$ -	\$ -	0.00%	103.6%

Schedule of the Employer Contributions
Oregon Public Employees Retirement System

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2023	\$ 15,693	\$ 15,693	\$ -	\$ 708,351	2.2%
6/30/2022	\$ 16,689	\$ 16,689	\$ -	\$ 663,086	2.5%
6/30/2021	\$ 3,634	\$ 3,634	\$ -	\$ 595,784	0.6%
6/30/2020	\$ 3,401	\$ 3,401	\$ -	\$ 619,830	0.5%
6/30/2019	\$ 4,128	\$ 4,128	\$ -	\$ 483,895	0.7%
6/30/2018	\$ 5,173	\$ 5,173	\$ -	\$ 483,895	1.1%
6/30/2017	\$ 4,416	\$ 4,416	\$ -	\$ 417,248	1.1%
6/30/2016	\$ -	\$ -	\$ -	\$ -	0.0%

Note: 10-year trend information required by GASB Statement 68 will be presented prospectively
See independent auditor's report

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF WILLAMINA

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2023

	<u>Street SDC</u>	<u>Parks SDC</u>	<u>Total</u>
ASSETS:			
Current assets			
Cash and investments	<u>\$ 295,149</u>	<u>\$ 20,504</u>	<u>\$ 315,653</u>
FUND BALANCES:			
Restricted to capital outlay	<u>\$ 295,149</u>	<u>\$ 20,504</u>	<u>\$ 315,653</u>
Total fund balance	<u>\$ 295,149</u>	<u>\$ 20,504</u>	<u>\$ 315,653</u>

CITY OF WILLAMINA

**Combining Statement of Revenues, Expenses and Changes in Fund Balance -
Nonmajor Governmental Funds**

For the Year Ended June 30, 2023

	Street SDC	Parks SDC	Total
REVENUES:			
System development charges	\$ 33,136	\$ -	\$ 33,136
Total revenues	33,136	-	33,136
EXPENDITURES:			
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess of (deficiency) of revenues over expenditures	33,136	-	33,136
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	(5,000)	-	(5,000)
Net change in fund balances	28,136	-	28,136
Fund balances, beginning of year	267,013	20,504	287,517
Fund balances, end of year	\$ 295,149	\$ 20,504	\$ 315,653

CITY OF WILLAMINA

**Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Street System Development Charges Fund**

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
System Development Charges	\$ 25,000	\$ 25,000	\$ 33,136	\$ 8,136
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>33,136</u>	<u>8,136</u>
EXPENDITURES:				
Capital outlay	-	-	-	-
Contingency	<u>266,000</u>	<u>266,000</u>	<u>-</u>	<u>266,000</u>
Total expenditures	<u>266,000</u>	<u>266,000</u>	<u>-</u>	<u>266,000</u>
Excess (deficiency) of revenues over expenditures	(241,000)	(241,000)	33,136	274,136
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Change in fund balance	(246,000)	(246,000)	28,136	274,136
Beginning fund balance	<u>246,000</u>	<u>246,000</u>	<u>267,013</u>	<u>21,013</u>
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 295,149</u></u>	<u><u>\$ 295,149</u></u>

CITY OF WILLAMINA

**Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Park System Development Charges Fund**

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
System Development Charges	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
EXPENDITURES:				
Capital outlay	-	-	-	-
Contingency	25,000	25,000	-	25,000
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Change in fund balance	-	-	-	-
Beginning fund balance	<u>-</u>	<u>-</u>	<u>20,504</u>	<u>20,504</u>
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,504</u></u>	<u><u>\$ 20,504</u></u>

CITY OF WILLAMINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Water - Enterprise Fund (Major Fund)**

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 884,700	\$ 884,700	\$ 901,627	\$ 16,927
Grant revenue	2,625,303	2,955,303	327,858	(2,627,445)
Total revenues	3,510,003	3,840,003	1,229,485	(2,610,518)
EXPENDITURES:				
Personnel services	475,241	476,241	426,283	49,958
Materials and services	312,171	333,771	286,528	47,243
Capital outlay	3,649,000	3,470,000	589,799	2,880,201
Debt service:				
Principal	27,000	27,000	22,900	4,100
Interest	32,000	32,000	29,883	2,117
Contingency	785,604	1,272,004	-	1,272,004
Total expenditures	5,281,016	5,611,016	1,355,393	4,255,623
Excess of revenues over expenditures	(1,771,013)	(1,771,013)	(125,908)	1,645,105
OTHER FINANCING SOURCES (USES):				
Transfers in	13,000	13,000	13,000	-
Transfers out	(43,750)	(43,750)	(39,034)	4,716
Net change in fund balances	(1,801,763)	(1,801,763)	(151,942)	1,649,821
Fund balance, beginning of year	1,801,763	1,801,763	1,274,015	(527,748)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,122,073</u>	<u>\$1,122,073</u>

CITY OF WILLAMINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Wastewater - Enterprise Fund (Major Fund)**

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 791,500	\$ 791,500	\$ 826,207	\$ 34,707
Miscellaneous income	-	-	-	-
Total revenues	791,500	791,500	826,207	34,707
EXPENDITURES:				
Personnel services	370,330	370,330	343,332	26,998
Materials and services	262,899	265,399	242,484	22,915
Capital outlay	85,000	100,000	54,018	45,982
Debt service:				
Principal	120,000	121,500	138,080	(16,580)
Interest	55,000	55,000	37,971	17,029
Contingency	627,537	608,537	-	608,537
Total expenditures	1,520,766	1,520,766	815,885	704,881
Excess (deficiency) of revenues over expenditures	(729,266)	(729,266)	10,322	739,588
OTHER FINANCING SOURCES (USES):				
Transfers in	15,000	15,000	15,000	-
Transfers out	(39,500)	(39,500)	(24,901)	14,599
Net change in fund balances	(753,766)	(753,766)	421	754,187
Fund balance, beginning of year	753,766	753,766	922,198	168,432
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 922,619</u>	<u>\$ 922,619</u>

CITY OF WILLAMINA

**Reconciliation of the Budget Basis Individual Fund Schedules to Accrual Basis Schedules -
Enterprise Funds**

For the Year Ended June 30, 2023

	Water Fund	Wastewater Fund
Reconciliation of change in fund balance to change in net position:		
Change in fund balance - budget basis	\$ (151,942)	\$ 421
Acquisition of capital assets	589,799	54,018
Depreciation expense	(106,322)	(154,121)
Principal payments on long-term debt	22,900	138,080
Change in accrued compensated absences	68	1,496
Change in customer deposits	(208)	(710)
Change in accrued interest	430	3,348
Change in net position	\$ 354,725	\$ 42,532
Reconciliation of ending fund balance to ending net position:		
Ending fund balance - budget basis	\$ 1,122,073	\$ 922,619
Fixed assets, net	2,270,414	1,677,893
Less long-term debt	(641,984)	(669,202)
Less accrued compensated absences	(6,594)	(1,089)
Less customer deposits	(56,145)	(51,930)
Less accrued interest	(12,037)	(23,440)
Ending net position	\$ 2,675,727	\$ 1,854,851

CITY OF WILLAMINA

**Combined Water Fund
Combining Schedule of Revenues, Expenses and Changes in Fund Balance**

For the Year Ended June 30, 2023

	Water Fund	Water System Development Charges	Total
Operating revenues			
Charges for services	\$ 901,419	\$ 36,800	\$ 938,219
Grant revenue	327,858	-	327,858
Total revenues	1,229,277	36,800	1,266,077
Operating expenses			
Personnel services	426,215	-	426,215
Materials and services	286,528	-	286,528
Depreciation	106,322	-	106,322
Total operating expenses	819,065	-	819,065
Operating income (loss)	410,212	36,800	447,012
Non-operating revenues (expenses)			
Interest expense	(29,453)	-	(29,453)
Total non-operating revenues (expenses)	(29,453)	-	(29,453)
Revenues over (under) expenditures	380,759	36,800	417,559
Other financing sources (uses)			
Transfers in	13,000	-	13,000
Transfers out	(39,034)	(13,000)	(52,034)
Total other financing sources (uses)	(26,034)	(13,000)	(39,034)
Change in net position	354,725	23,800	378,525
Net position, beginning of year	2,321,002	99,197	2,420,199
Net position, end of year	\$ 2,675,727	\$ 122,997	\$ 2,798,724

CITY OF WILLAMINA

**Combined Wastewater Fund
Combining Schedule of Revenues, Expenses and Changes in Fund Balance**

For the Year Ended June 30, 2023

	Wastewater Fund	System Development Charges	Total
Operating revenues			
Charges for services	\$ 825,497	\$ 41,024	\$ 866,521
Operating expenses			
Personnel services	341,836	-	341,836
Materials and services	242,484	-	242,484
Depreciation	154,121	-	154,121
Total operating expenses	738,441	-	738,441
Operating income (loss)	87,056	41,024	128,080
Non-operating revenues (expenses)			
Interest expense	(34,623)	-	(34,623)
Total non-operating revenues (expenses)	(34,623)	-	(34,623)
Revenues over (under) expenditures	52,433	41,024	93,457
Other financing sources (uses)			
Transfers in	15,000	-	15,000
Transfers out	(24,901)	(15,000)	(39,901)
Total other financing sources (uses)	(9,901)	(15,000)	(24,901)
Change in net position	42,532	26,024	68,556
Net position, beginning of year	1,812,319	56,140	1,868,459
Net position, end of year	\$ 1,854,851	\$ 82,164	\$ 1,937,015

CITY OF WILLAMINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Water System Development Charges - Enterprise Fund**

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 30,000	\$ 30,000	\$ 36,800	\$ 6,800
Total revenues	30,000	30,000	36,800	6,800
EXPENDITURES:				
Capital outlay	-	-	-	-
Contingency	104,025	104,025	-	104,025
Total expenditures	104,025	104,025	-	104,025
Excess (deficiency) of revenues over expenditures	(74,025)	(74,025)	36,800	110,825
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	(13,000)	(13,000)	(13,000)	-
Net change in fund balances	(87,025)	(87,025)	23,800	110,825
Fund balance, beginning of year	87,025	87,025	99,197	12,172
Fund balance, end of year	\$ -	\$ -	\$ 122,997	\$ 122,997

CITY OF WILLAMINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Wastewater System Development Charges - Enterprise Fund**

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 35,000	\$ 35,000	\$ 41,024	\$ 6,024
Total revenues	35,000	35,000	41,024	6,024
EXPENDITURES:				
Capital outlay	-	-	-	-
Contingency	55,916	55,916	-	55,916
Total expenditures	55,916	55,916	-	55,916
Excess (deficiency) of revenues over expenditures	(20,916)	(20,916)	41,024	61,940
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	(15,000)	(15,000)	(15,000)	-
Net change in fund balances	(35,916)	(35,916)	26,024	61,940
Fund balance, beginning of year	35,916	35,916	56,140	20,224
Fund balance, end of year	\$ -	\$ -	\$ 82,164	\$ 82,164

COMPLIANCE SECTION

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



Dougall Conradie LLC
Certified Public Accountants

Geoffrey Dougall, CPA
Heather Jackson, CPA
Lee Owen, CPA
Richard Winkel, CPA
Members of AICPA & OSCPA

**Independent Auditor's Report Required
by Oregon State Regulations**

To the City Council
City of Willamina, Oregon

We have audited the basic financial statements of the City of Willamina (the City) as of and for the year ended June 30, 2023 and have issued our report thereon dated December 27, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 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 statement 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
- Highway revenues used for public highways, roads and streets
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)
- Programs funded from outside sources
- Authorized investment of surplus funds (ORS Chapter 294)

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 that exceeded budget:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Street Fund			
Capital outlay	<u>\$ 322,000</u>	<u>\$ 323,963</u>	<u>\$ (1,963)</u>
Wastewater Fund			
Debt service principal	<u>\$ 121,500</u>	<u>\$ 138,080</u>	<u>\$ (16,580)</u>

OAR 162-10-0230 Internal Control

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

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

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

DOUGALL CONRADIE LLC
 Portland, Oregon
 December 27, 2023

By: Richard Winkel
 Richard Winkel, Partner