



CITY OF MOLALLA, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED June 30, 2022

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CITY OF MOLALLA

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INTRODUCTORY SECTION

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CITY OF MOLALLA
OFFICERS AND MEMBERS OF THE GOVERNING BODY
As of June 30, 2022

MAYOR

Scott Keyser

CITY COUNCIL MEMBERS*

Jody Newland – Council President

Leota Childress

Elizabeth Klein

Terry Shankle

Crystal Robles

Eric Vermillion

*The Mayor and Councilors receive mail at the City address listed below

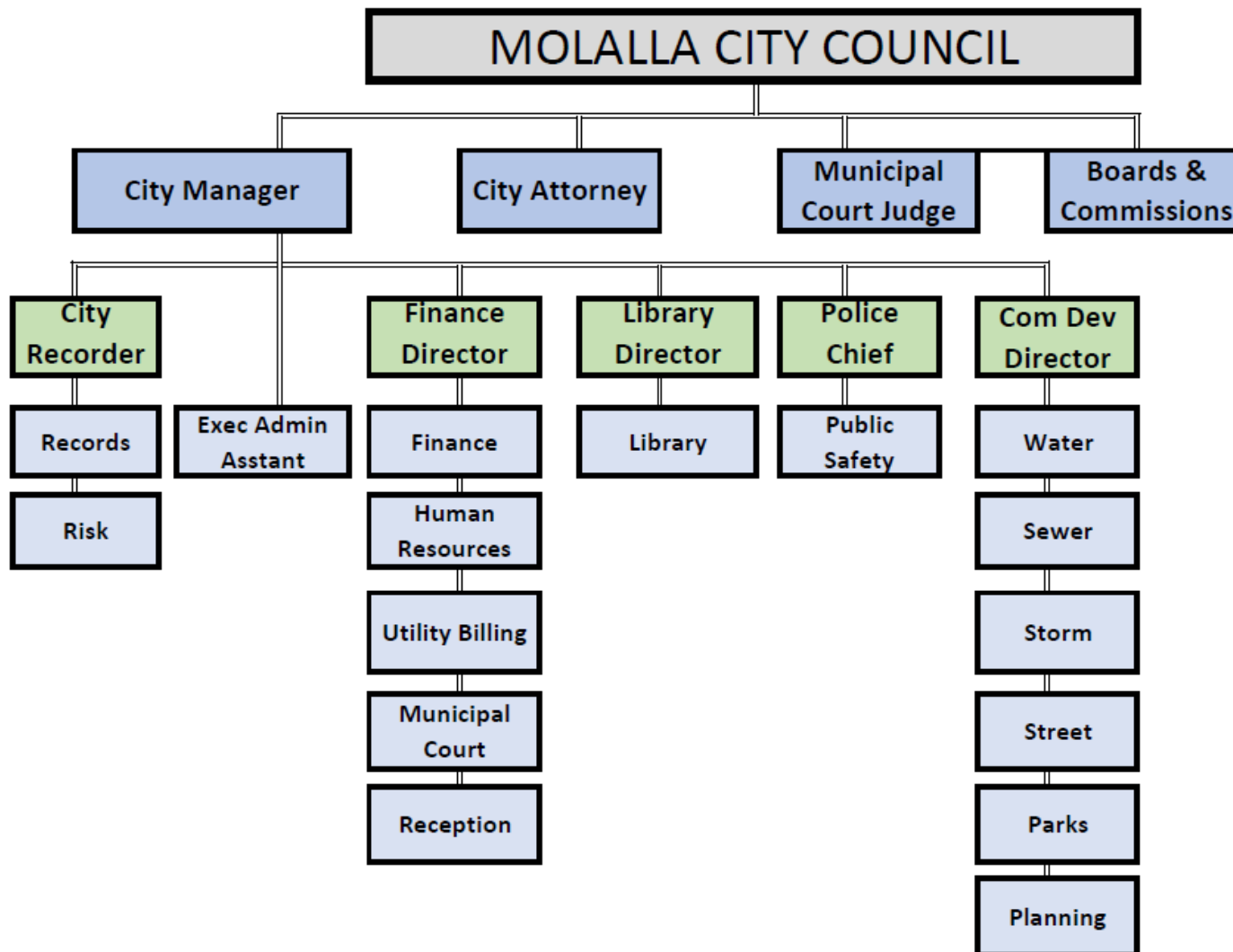
CITY MANAGER

Dan Huff

CITY ADDRESS

PO Box 248
Molalla, Oregon 97038

CITY OF MOLALLA
ORGANIZATIONAL CHART
 As of June 30, 2022





City of Molalla

117 N Molalla Avenue, PO Box 248, Molalla, Oregon 97038

Phone: (503) 829-6855

Fax: (503) 829-3676

Letter of Transmittal for the Fiscal Year Ended June 30, 2022

March 30, 2023

To the Honorable Mayor, City Council, and Citizens of the City of Molalla, Oregon:

We are pleased to submit the Annual Comprehensive Financial Report of the City of Molalla for the fiscal year ended June 30, 2022. Oregon law requires local governments to issue a complete set of audited financial statements each fiscal year. We believe this report is accurate in all material respects and presented in a manner designed to fairly set forth the financial position of the City.

Management assumes full responsibility for the completeness and reliability of the information contained in the report based upon a comprehensive framework of internal controls established for that purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide a reasonable, but not absolute, assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements that are fairly presented.

SingerLewak, LLP, a firm of independent certified public accountants, has issued an unmodified (“clean”) opinion on the City of Molalla’s financial statements for the year ended June 30, 2022. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Molalla, incorporated in 1913, is located just west of the foothills of the Cascade Mountains. Surrounded by farms, ranches and the Molalla River Corridor recreation area, it is a growing city in a rural setting. Situated fifteen miles south of the Clackamas County seat of Oregon City and fifteen miles east of Interstate 5, it is well-positioned halfway between the state capital Salem and the City of Portland. The current area is just over 2.5 square miles, but growth beyond the current borders is likely under the State of Oregon measured growth standards. The City’s most recent measure of population stands at 10,207.

The City operates by Charter with an at-large council/manager form of government. Six Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a four-year term. The City Manager is appointed as the administrative head of the city government by a majority of the Council.

The City of Molalla provides a full range of municipal services to the community which include police protection, transportation system improvements and maintenance, water, wastewater and stormwater utilities, planning and zoning, economic development support, a community library, a municipal court, parks, and general administrative services. The City is also financially accountable for the Molalla Urban Renewal Agency which is included as a part of the City of Molalla's financial statements. Fire protection is provided separately by the Molalla Fire District.

The City Council is required to adopt a budget for the fiscal year no later than June 30, preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Molalla's financial planning and control. The budget is prepared by fund and department.

Local Economy

The City of Molalla, like other political subdivisions in the State of Oregon, continues to face increasing financial challenges in light of voter approved property tax limitations and the on-going increases in the costs of service delivery, driven in particular by inflation. But the City is also in a period of economic growth in both commercial and residential building as well as transportation improvements. The primary employers continue to be the agricultural and forestry industries, with increasing employment in consumer services and the construction trade.

Long-term Financial Planning

Under the adopted Financial Policies summarized below, the City of Molalla formulates its annual budget with a long-term focus, emphasizes conservatism, and requires minimum fund balances for stability in periods of economic uncertainty. The general fund balance has increased steadily over the past ten years; at year-end, it stood at nearly 50% of total general fund revenues. All other fund balances are also in line with policy.

- Budget policy - Governs the budgeting process, monitoring of budget execution, performance monitoring, and any revision of the budget. The objective is to ensure that the annual budgeting process is performed timely and supports the City's financial and operational planning objectives and processes; actual costs versus budget are reviewed and monitored for significant variances; expenditures made are in line with program objectives; budgets are reviewed periodically for relevance and revised as necessary.
- Debt Policy - Established to help ensure that all debt is issued both prudently and cost effectively. This policy sets forth comprehensive guidelines for the financing of capital expenditures of the City. Adherence to the policy is essential to ensure that the City maintains a sound debt position and protects the credit quality of its obligations.
- Expenditure Policy - The policy objective is to ensure a fundamental level of integrity, directness, and transparency in how the City spends public funds, and to ensure City expenditures directly support services to customers and citizens.

- Fund Balance and Reserve Policy - Establishes threshold minimums for City funds and is intended to serve as a guide for operational, budgetary, and policy decisions made by the City Council and management.
- Grants Management Policy - Includes guidelines for pursuing, acquiring, and administering grant funding by providing clear guidelines for alignment with the overall purpose of the City and with specific project goals.
- Revenue policy - Designed to provide general principles and guidelines to promote effective control over, and proper accounting of, revenues from external sources and the related accounts receivable. It also discusses the determination of fees and charges.

Major Initiatives

Upcoming and on-going major initiatives include:

- Wastewater Treatment Plant Upgrade - This project will design and construct a new treatment process and facility at the plant and eliminate treatment from the storage lagoons.
- Oregon 213 and Toliver Road Roundabout - This project is a shared initiative between the City of Molalla and the Oregon Department of Transportation to improve safety at this heavily used intersection.
- Infrastructure Investments - Several projects are scheduled to reconstruct water and sewer lines, upgrade substandard manholes, improve water intakes, increase water storage capacity, improve truck routes, and complete ADA improvements to the Civic Center building.
- New Police Department Facility - Architectural work is underway for a new facility on city-owned land.
- Park Development - A new park in the western part of the City named for Chief Yelkus, the last chief of the Molalla people, is in development. Additional bike and pedestrian improvements will provide access to this new park.
- Molalla Area Vision and Action Plan 2020-2030 – This visioning process incorporates a community-wide effort to produce a blueprint for Molalla’s future.

Property Taxes

The permanent property tax rate for the City of Molalla is 5.3058 per \$1000 of assessed value. This rate is higher than most municipalities in Clackamas County, but its assessed value is lower. Oregon's property tax structure caps assessment rates at 3% annually, so new development is important to increasing tax revenues. The City does not currently have any operating levies or general obligation debt. Tax receipts for the current year were 4% greater than the previous year.

In addition to the Urban Renewal District, the City of Molalla also has an Enterprise Zone which provides a temporary tax abatement to encourage development of properties that carry substantial public improvement requirements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Molalla the *Distinguished Budget Presentation Award* for its annual budget document for the 2022-2023 budget year, as it has for the previous three years. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Finance Department.

We greatly appreciate the professionalism, commitment, and effort set forth by the Mayor, City Council, Budget Committee, and Department Directors whose leadership is integral to the health and success of the City of Molalla.

Respectfully submitted,

Dan Huff
City Manager

Cindy Chauran
Interim Finance Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Molalla
Molalla, Oregon

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 Molalla, Oregon, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Library, Street and Urban Renewal Agency Funds 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the beginning net position of governmental activities and business-type activities, and the beginning fund balances of the General Fund, Library Fund, and Street Fund have been adjusted to reflect corrections in capital assets, accounts receivable, accrued payroll and cash. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

Honorable Mayor and Council Members
City of Molalla, Oregon
Independent Auditor's Report
March 30, 2023

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Honorable Mayor and Council Members
City of Molalla, Oregon
Independent Auditor's Report
March 30, 2023

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a-f and the pension and OPEB schedules on pages 46-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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's basic financial statements. The combining financial statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Honorable Mayor and Council Members
City of Molalla, Oregon
Independent Auditor's Report
March 30, 2023

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 30, 2023, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

March 30, 2023

By:



Brad Bingenheimer, Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF MOLALLA, OREGON
Management's Discussion and Analysis
JUNE 30, 2022

The management of the City of Molalla, Oregon offers readers of the Annual Financial Report, this narrative overview and analysis of the financial activities of the City of Molalla for the fiscal year ended June 30, 2022. This analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the City.

Financial Highlights

Assets totaled \$54,991,790 at June 30, 2022 and consisted of \$22,236,382 in cash and cash equivalents; \$1,208,233 in accounts receivable and other assets; and \$31,547,175 in capital assets.

Net position was \$45,831,845 at June 30, 2022 compared to \$41,914,175 at June 30, 2021 year end.

As of June 30, 2022, the City had \$8,829,682 in outstanding bonds, notes payable, accrued compensated absences, and net pension liabilities.

The City's net position increased by \$3,917,670 from June 30, 2021, primarily due to capital asset additions, and reduction of accounts payable and other liabilities. The City's capital assets in June 30, 2022 totaled \$31,547,175 net of depreciation, which includes current year assets as well as other construction projects in process.

Overview of the Financial Statements

The Management Discussion and Analysis (MD&A) is intended to serve as an introduction to the City of Molalla basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

1. Government-Wide Financial Statements

These two statements present an overview of the City's finances, in a manner similar to the private sector. Each statement presents highly condensed, entity-wide information and uses the full accrual basis of accounting.

The Statement of Net Position presents information on the City's total assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City as of the date on the statement. Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 net position of the City changed over the most recent fiscal year by tracking receipts, disbursements and other transactions that increase or reduce net position. All changes in net position are reported as soon as 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 only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the City's activities are shown as governmental activities and business-type activities. Governmental activities of the City of Molalla include general government, city hall, legal, parks, library, streets, and police. These activities are primarily financed through property taxes and other intergovernmental activities. Business-type activities consist of water, sewer, and storm. These activities are services to the public for a fee.

2. Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Molalla, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Molalla can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term 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 City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Molalla maintains nine individual governmental funds. Information is presented separately in the governmental balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Library Fund, Street Fund, and Urban Renewal Agency Fund, and Capital Projects Fund. All of these funds are considered to be major funds. Budgetary comparison statements are presented for the General Fund, Library Fund, Street Fund and Urban Renewal Agency Fund. Data for the other four non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining schedules in the other supplementary information described below.

Proprietary Funds. Proprietary funds represent three segments of business-type operations, water, sewer and storm, used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing these services to the general public on a continuing basis be financed primarily through user charges.

3. Notes to the Basic Financial Statements

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

Required Supplementary Information. Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered part of basic financial statements. Required pension and other postemployment benefit schedules (OPEB) are presented immediately following the notes to the basic financial statements.

Other Supplementary Information. The schedules for any major capital project funds and non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,831,845 at the close of the most recent fiscal year.

	2022			2021		
	Governmental Activities	Business-Type	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current assets	\$ 15,848,643	\$ 7,501,361	\$ 23,350,004	\$ 15,347,598	\$ 6,823,909	\$ 22,171,507
Net pension assets	71,819	22,792	94,611	30,984	10,301	41,285
Capital assets	13,649,023	17,898,152	31,547,175	12,135,137	17,113,761	29,248,898
Total assets	29,569,485	25,422,305	54,991,790	27,513,719	23,947,971	51,461,690
Deferred outflows of resources	1,515,264	480,887	1,996,151	1,519,639	505,204	2,024,843
Liabilities						
Current liabilities	376,219	161,000	537,219	492,934	156,424	649,358
Long-term liabilities	5,860,755	2,968,927	8,829,682	7,549,017	3,137,405	10,686,422
Total liabilities	6,236,974	3,129,927	9,366,901	8,041,951	3,293,829	11,335,780
Deferred inflows of resources	1,349,208	439,987	1,789,195	167,430	69,148	236,578
Net position						
Net investment in capital assets	9,704,248	15,526,339	25,230,587	7,766,383	15,033,589	22,799,972
Restricted	10,926,081	1,673,867	12,599,948	8,891,455	1,579,989	10,471,444
Unrestricted	2,868,238	5,133,072	8,001,310	4,166,139	4,476,620	8,642,759
Total net position	\$ 23,498,567	\$ 22,333,278	\$ 45,831,845	\$ 20,823,977	\$ 21,090,198	\$ 41,914,175

The following table reflects a Summary of Net Position for these fiscal years:

By far the largest portion of the City of Molalla's net position reflect its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets do not have financial liquidity easily 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 pay these liabilities. The balance of \$12,599,948 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,001,310 is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<u>Revenues</u>						
Program Revenues						
Charges for services	\$ 580,693	\$ 5,585,861	\$ 6,166,554	\$ 2,027,584	\$ 6,240,403	\$ 8,267,987
Operating grants	2,706,390	-	2,706,390	359,203	9,588	368,791
Capital grants	1,128,002	207,299	1,335,301	54,300	-	54,300
General Revenues						
Property taxes	4,419,983	-	4,419,983	4,186,467	-	4,186,467
Other taxes	1,276,073	-	1,276,073	2,506,088	-	2,506,088
Other revenues	957,099	(224,280)	732,819	183,008	139,938	322,946
<i>Total Revenues</i>	<u>11,068,240</u>	<u>5,568,880</u>	<u>16,637,120</u>	<u>9,316,650</u>	<u>6,389,929</u>	<u>15,706,579</u>
<u>Expenses</u>						
Governmental						
General government	\$ 2,205,232	\$ -	\$ 2,205,232	\$ 902,446	\$ -	\$ 902,446
Public safety	3,276,964	-	3,276,964	3,707,070	-	3,707,070
Highways and streets	556,359	-	556,359	1,663,710	-	1,663,710
Culture and recreation	1,952,616	-	1,952,616	1,472,861	-	1,472,861
Community development	308,145	-	308,145	532,877	-	532,877
Interest long-term debt	94,334	-	94,334	49,345	-	49,345
Business-Type						
Water		1,370,377	1,370,377	-	1,953,198	1,953,198
Sewer		2,724,856	2,724,856	-	2,839,574	2,839,574
Storm water		230,567	230,567	-	84,995	84,995
<i>Total expenses</i>	<u>8,393,650</u>	<u>4,325,800</u>	<u>12,719,450</u>	<u>8,328,309</u>	<u>4,877,767</u>	<u>13,206,076</u>
Change in Net Position	<u>2,674,590</u>	<u>1,243,080</u>	<u>3,917,670</u>	<u>988,341</u>	<u>1,512,162</u>	<u>2,500,503</u>
Net Position July, 1	<u>20,823,977</u>	<u>21,090,198</u>	<u>41,914,175</u>	<u>19,835,636</u>	<u>19,578,036</u>	<u>39,413,672</u>
Net Position--June 30	<u>\$ 23,498,567</u>	<u>\$ 22,333,278</u>	<u>\$ 45,831,845</u>	<u>\$ 20,823,977</u>	<u>\$ 21,090,198</u>	<u>\$ 41,914,175</u>

The following table summarizes revenues and expenses for these fiscal years:

Governmental Activities. Governmental activities increased the City of Molalla's net position by \$2,674,590. This is primarily due to an increase in revenues.

Business-type Activities. Business-type activities increased the City of Molalla's net position by \$1,243,080. This is primarily due to an increase in revenues and a decrease in operating expenses.

Financial Analysis of the City’s Funds

Governmental Funds. The focus of the City of Molalla’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Molalla’s financial requirements. In particular, unassigned fund balance may serve as useful measure of a government’s net resources available for spending at the end of the fiscal year as they have not been limited to use for a particular purpose.

At the end of the fiscal year, the City of Molalla’s governmental funds reported combined ending fund balances of \$15,167,213.

Proprietary Funds. The City’s proprietary funds are enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for services. These funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

The General Fund received (\$1,179,950) less than what was budgeted primarily due to the timing of the receipt of ARPA and donation revenue.

The General Fund spent \$3,835,499 less than what was budgeted due to the lack of need for contingency and delay in ARPA and grant spending.

Capital Assets and Debt Administration

The following table compares capital assets for these fiscal years:

	Governmental Activities		Business-Type Activities		Total		Change + (-)
	2022	2021	2022	2021	2022	2021	
Land	1,584,290	1,584,290	727,509	727,509	2,311,799	2,311,799	0
Construction in Progress	1,749,718	1,191,049	1,182,348	385,455	2,932,066	1,576,504	1,355,562
Land improvement	759,033	485,193	4,320	5,058	763,353	490,251	273,102
Buildings	2,121,124	1,894,904	5,566,210	5,790,557	7,687,334	7,685,461	1,873
Infrastructure	6,651,198	6,241,502	9,782,335	9,521,760	16,433,533	15,763,262	670,271
Machinery and Equipment	135,757	139,393	562,266	550,489	698,023	689,882	8,141
Vehicles	647,903	598,805	73,164	132,933	721,067	731,738	-10,671
Total	13,649,023	12,135,136	17,898,152	17,113,761	31,547,175	29,248,897	2,298,278

For more detailed information regarding capital assets please refer to Note 6 in the “notes to the basic financial statements.”

Long-term Debt. At June 30, 2022, the City had bonded debt outstanding of \$5,443,442 compared to \$6,240,354 at June 30, 2021.

	Government Activities		Business Activities		Total		Change
	2022	2021	2022	2021	2022	2021	+ (-)
Bonds payable	3,749,000	4,166,800	1,518,000	1,871,600	5,267,000	6,038,400	-771,400
Bond premium	176,442	201,954		0	176,442	201,954	-25,512
Notes payable		0	831,641	208,572	831,641	208,572	623,069
Compensated absences	289,264	259,844	96,894	86,338	386,158	346,182	39,976
Net Pension Liability	1,646,049	2,920,419	522,392	970,895	2,168,441	3,891,314	-1,722,873
Total	5,860,755	7,549,017	2,968,927	3,137,405	8,829,682	10,686,422	-1,856,740

Economic Factors and Next Year’s Budget

Fiscal year 2022/2023 continues to stay focused on preserving capital. With a focus on growth as the City expands their footprint, gauging how to move forward. The City is preparing to begin some capital projects in the near future. We will continue forward to ensure the conservative approaches to all spending remain in play and that the correct staffing are functioning as needed to maximize the benefits to the residents of Molalla. The City of Molalla will continue the practice of utilizing a cost allocation plan for administrative costs that are indirect and unassignable to a specific cost objective. The method in use is based on budget percentage of the entire city-wide budget but imposed only on actual expenditures.

The City of Molalla budget committee considered all the following factors while preparing the City budget for the 2022/2023 fiscal year.

- Prior history of revenue and expenditures
- Capital projects slated in the next fiscal year as directed from the Capital Improvement Plan
- Expected property tax revenue

Requests for Information. This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City’s finances and to demonstrate the City’s accountability. The City of Molalla Urban Renewal Agency has issued a separate report; which is available to those who are interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Cindy Chauran, Interim Finance Director
 City of Molalla
 PO Box 248
 Molalla, Oregon 97038

BASIC FINANCIAL STATEMENTS

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CITY OF MOLALLA
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ 15,329,965	\$ 6,906,417	\$ 22,236,382
Accounts receivables	358,043	594,944	952,987
Property tax receivables	160,635	-	160,635
Net other postemployment benefit asset	71,819	22,792	94,611
Capital assets:			
Capital assets, nondepreciable	3,334,008	1,909,857	5,243,865
Capital assets, net of accumulated depreciation	<u>10,315,015</u>	<u>15,988,295</u>	<u>26,303,310</u>
 Total assets	 <u>29,569,485</u>	 <u>25,422,305</u>	 <u>54,991,790</u>
Deferred outflows of resources			
Pension related items	1,510,184	479,274	1,989,458
Other postemployment benefit related items	<u>5,080</u>	<u>1,613</u>	<u>6,693</u>
 Total deferred outflows of resources	 <u>1,515,264</u>	 <u>480,887</u>	 <u>1,996,151</u>
Liabilities			
Accounts payable and accrued liabilities	287,399	150,628	438,027
Accrued interest payable	19,333	10,372	29,705
Deposits	58,392	-	58,392
Unearned revenue	11,095	-	11,095
Long-term liabilities:			
Due within one year	698,223	435,516	1,133,739
Due in more than one year	<u>5,162,532</u>	<u>2,533,411</u>	<u>7,695,943</u>
 Total liabilities	 <u>6,236,974</u>	 <u>3,129,927</u>	 <u>9,366,901</u>
Deferred inflows of resources			
Refunded debt charges	-	11,800	11,800
Pension related items	1,322,264	419,636	1,741,900
Other postemployment benefit related items	<u>26,944</u>	<u>8,551</u>	<u>35,495</u>
 Total deferred inflows of resources	 <u>1,349,208</u>	 <u>439,987</u>	 <u>1,789,195</u>
Net position			
Net investment in capital assets	9,704,248	15,526,339	25,230,587
Restricted for:			
Highways and streets	1,775,212	-	1,775,212
Library	3,039,909	-	3,039,909
Urban renewal projects	2,958,679	-	2,958,679
System development	3,152,280	-	3,152,280
Police department	1	-	1
Capital projects	-	1,609,167	1,609,167
Debt service	-	64,700	64,700
Unrestricted	<u>2,868,238</u>	<u>5,133,072</u>	<u>8,001,310</u>
 Total net position	 <u>\$ 23,498,567</u>	 <u>\$ 22,333,278</u>	 <u>\$ 45,831,845</u>

See notes to financial statements

CITY OF MOLALLA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ 2,205,232	\$ 45,638	\$ 1,166,146	\$ -	\$ (993,448)	\$ -	\$ (993,448)
Public safety	3,276,964	208,213	6,850	-	(3,061,901)	-	(3,061,901)
Highways and streets	556,359	231,633	-	48,079	(276,647)	-	(276,647)
Culture and recreation	1,952,616	9,406	1,530,414	986,800	574,004	-	574,004
Community development	308,145	85,803	2,980	93,123	(126,239)	-	(126,239)
Interest	94,334	-	-	-	(94,334)	-	(94,334)
Total governmental activities	8,393,650	580,693	2,706,390	1,128,002	(3,978,565)	-	(3,978,565)
Business-type activities:							
Water	1,370,377	1,753,420	-	46,286	-	429,329	429,329
Wastewater	2,724,856	3,502,150	-	151,363	-	928,657	928,657
Stormwater	230,567	330,291	-	9,650	-	109,374	109,374
Total business-type activities	4,325,800	5,585,861	-	207,299	-	1,467,360	1,467,360
Totals	\$ 12,719,450	\$ 6,166,554	\$ 2,706,390	\$ 1,335,301	(3,978,565)	1,467,360	(2,511,205)
General revenues:							
Taxes levied for:							
General purposes					3,686,812	-	3,686,812
Specific purposes					733,171	-	733,171
Franchise fees					468,159	-	468,159
Fuel taxes					807,914	-	807,914
Grants and contributions not restricted to specific programs					456,599	-	456,599
Unrestricted investment earnings					125,314	-	125,314
Miscellaneous					88,642	62,264	150,906
Transfers					286,544	(286,544)	-
Total general revenues and transfers					6,653,155	(224,280)	6,428,875
Change in net position					2,674,590	1,243,080	3,917,670
Net position - beginning					21,400,902	21,694,436	43,095,338
Prior period adjustment					(576,925)	(604,238)	(1,181,163)
Net position - beginning, as restated					20,823,977	21,090,198	41,914,175
Net position - ending					\$ 23,498,567	\$ 22,333,278	\$ 45,831,845

See notes to financial statements

CITY OF MOLALLA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Library	Street	Urban Renewal Agency	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 3,696,699	\$ 3,047,076	\$ 1,611,285	\$ 2,933,070	\$ 507,106	\$ 3,534,729	\$ 15,329,965
Accounts receivables	165,718	-	192,325	-	-	-	358,043
Property tax receivables	135,026	-	-	25,609	-	-	160,635
Total assets	<u>\$ 3,997,443</u>	<u>\$ 3,047,076</u>	<u>\$ 1,803,610</u>	<u>\$ 2,958,679</u>	<u>\$ 507,106</u>	<u>\$ 3,534,729</u>	<u>\$ 15,848,643</u>
Liabilities							
Accounts payable and accrued liabilities	\$ 55,548	\$ 7,167	\$ 28,398	\$ -	\$ 196,286	\$ -	\$ 287,399
Unearned revenue	11,095	-	-	-	-	-	11,095
Consumer deposits	58,392	-	-	-	-	-	58,392
Total liabilities	125,035	7,167	28,398	-	196,286	-	356,886
Deferred inflows of resources							
Unavailable revenue - franchise fees	91,500	-	90,000	-	-	-	181,500
Unavailable revenue - property taxes	120,288	-	-	22,756	-	-	143,044
Total deferred inflows of resources	211,788	-	90,000	22,756	-	-	324,544
Fund balances							
Restricted:							
Highways and streets	-	-	1,685,212	-	-	-	1,685,212
Library	-	3,039,909	-	-	-	-	3,039,909
Urban renewal projects	-	-	-	2,935,923	-	-	2,935,923
System development	-	-	-	-	-	3,152,280	3,152,280
Police department	-	-	-	-	-	1	1
Committed:							
Capital projects	-	-	-	-	310,820	-	310,820
Fleet replacement	-	-	-	-	-	382,448	382,448
Unassigned	3,660,620	-	-	-	-	-	3,660,620
Total fund balances	3,660,620	3,039,909	1,685,212	2,935,923	310,820	3,534,729	15,167,213
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,997,443</u>	<u>\$ 3,047,076</u>	<u>\$ 1,803,610</u>	<u>\$ 2,958,679</u>	<u>\$ 507,106</u>	<u>\$ 3,534,729</u>	<u>\$ 15,848,643</u>

See notes to financial statements

CITY OF MOLALLA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2022

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

Total fund balances - total governmental funds		\$	15,167,213
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			13,649,023
The statement of net position reports a net other postemployment benefit asset for its participation in the retirement plan and other postemployment benefit plan for employees of the City			71,819
The government-wide statements report as a deferred outflow, contributions made to OPERS subsequent to the measurement date and changes in assumptions and investment returns related to its participation in OPERS and the retirement plan for employees of the City			1,510,184
The government-wide statements report as a deferred outflow, contributions made subsequent to the measurement date and the net difference between projected and actual earnings related to its participation in other postemployment benefit plans for employees of the City			5,080
Other assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds			
Property taxes	143,044		
Franchise fees	181,500		
Total unavailable revenues			324,544
The government-wide statements report a deferred inflow related to changes in assumptions and investment returns related to participation in OPERS and the retirement plan for employees of the City			(1,322,264)
The government-wide statements report a deferred inflow related to changes in assumptions and investment returns related to participation in other postemployment benefit plans for employees of the City			(26,944)
Long term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds			
Bonds payable	(3,749,000)		
Premium liability	(176,442)		
Net pension liability	(1,646,049)		
Compensated absences	(289,264)		
Accrued interest payable	(19,333)		
Total long-term liabilities			(5,880,088)
Net position of governmental activities			\$ 23,498,567

See notes to financial statements

CITY OF MOLALLA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General	Library	Street	Urban Renewal Agency	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 3,658,175	\$ -	\$ -	\$ 726,757	\$ -	\$ -	\$ 4,384,932
Franchise fees	193,301	-	249,858	-	-	-	443,159
Licenses, permits and fees	51,014	-	231,633	-	-	-	282,647
Fines and forfeitures	150,021	4,710	-	-	-	-	154,731
Charges for services	142,186	1,129	-	-	-	-	143,315
Donations	101,600	2,114	-	-	-	5,038	108,752
System development charges	-	-	-	-	-	81,765	81,765
Intergovernmental	2,170,060	1,880,414	-	-	-	50,000	4,100,474
Fuel taxes	-	-	807,914	-	-	-	807,914
Interest	125,029	-	-	285	-	-	125,314
Miscellaneous	71,933	108	16,378	-	-	223	88,642
Total revenues	6,663,319	1,888,475	1,305,783	727,042	-	137,026	10,721,645
Expenditures							
Current:							
General government	2,168,966	-	-	-	-	-	2,168,966
Public safety	3,274,574	-	-	-	-	3,744	3,278,318
Highways and streets	-	-	565,249	-	-	-	565,249
Culture and recreation	159,671	856,554	-	-	-	-	1,016,225
Community development	282,948	-	-	17,991	-	-	300,939
Debt service:							
Principal	-	-	-	417,800	-	-	417,800
Interest	-	-	-	109,650	-	-	109,650
Capital outlay	367,099	-	5,838	1,059,348	2,316,028	167,071	3,915,384
Total expenditures	6,253,258	856,554	571,087	1,604,789	2,316,028	170,815	11,772,531
Excess (deficiency) of revenues over expenditures	410,061	1,031,921	734,696	(877,747)	(2,316,028)	(33,789)	(1,050,886)
Other financing sources (uses)							
Transfers in	352,206	-	-	-	2,417,238	278,971	3,048,415
Transfers out	(577,900)	(44,987)	(133,389)	(9,543)	-	(663,806)	(1,429,625)
Total other financing sources (uses)	(225,694)	(44,987)	(133,389)	(9,543)	2,417,238	(384,835)	1,618,790
Net change in fund balances	184,367	986,934	601,307	(887,290)	101,210	(418,624)	567,904
Fund balances at beginning of year	3,413,680	2,059,053	1,102,935	3,823,213	209,610	3,953,353	14,561,844
Prior period adjustment	62,573	(6,078)	(19,030)	-	-	-	37,465
Fund balances at beginning of year, as restated	3,476,253	2,052,975	1,083,905	3,823,213	209,610	3,953,353	14,599,309
Fund balance at end of year	\$ 3,660,620	\$ 3,039,909	\$ 1,685,212	\$ 2,935,923	\$ 310,820	\$ 3,534,729	\$ 15,167,213

See notes to financial statements

CITY OF MOLALLA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 567,904
Governmental funds report the acquisition of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:		
Acquisition of capital assets	2,537,441	
Depreciation	<u>(1,023,554)</u>	1,513,887
The changes in net pension liability (asset) and deferred inflows and outflows related to the entity's participation in OPERS and the Retirement Plan for Employees of the City are reported as pension expense on the statement of activities		
		115,254
The changes in other postemployment benefit liability (asset) and deferred outflows related to the entity's participation in the Retirement Health Insurance Account for employees of the City are reported as other postemployment benefit revenue on the statement of activities		
		13,798
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Taxes	35,051	
Franchise fees	<u>25,000</u>	60,051
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest	(10,196)	
Changes in compensated absences	(29,420)	
Amortization of bond premiums	<u>25,512</u>	(14,104)
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position.		
		<u>417,800</u>
Change in net position of governmental activities		<u>\$ 2,674,590</u>

CITY OF MOLALLA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 3,675,000	\$ 3,675,000	\$ 3,663,384	\$ (11,616)
Franchise fees	158,050	208,050	193,649	(14,401)
Licenses, permits and fees	56,500	56,500	51,014	(5,486)
Fines and forfeitures	210,000	210,000	152,806	(57,194)
Charges for services	466,100	466,100	494,392	28,292
Intergovernmental	2,920,500	3,164,897	2,180,047	(984,850)
Donations	50,000	238,000	101,600	(136,400)
Interest	132,057	132,057	125,029	(7,028)
Miscellaneous	23,200	63,200	71,933	8,733
Total revenues	7,691,407	8,213,804	7,033,854	(1,179,950)
Expenditures				
Administration	3,656,854	3,773,854	2,438,395	1,335,459
Police	3,189,000	3,313,417	3,130,598	182,819
Municipal court	261,950	261,950	194,176	67,774
City council	59,450	59,450	45,606	13,844
Parks	256,650	494,650	234,773	259,877
Planning	759,632	789,432	289,706	499,726
Contingency	1,476,000	1,476,000	-	1,476,000
Total expenditures	9,659,536	10,168,753	6,333,254	3,835,499
Excess (deficiency) of revenues over expenditures	(1,968,129)	(1,954,949)	700,600	2,655,549
Other financing sources (uses)				
Transfers out	(577,900)	(617,900)	(577,900)	40,000
Total other financing sources (uses)	(577,900)	(617,900)	(577,900)	40,000
Net change in fund balance	(2,546,029)	(2,572,849)	122,700	2,695,549
Fund balance at beginning of year	2,746,029	2,572,849	3,411,508	838,659
Prior period adjustment	-	-	102,323	102,323
Fund balance at beginning of year, as restated	2,746,029	2,572,849	3,513,831	940,982
Fund balance at end of year	\$ 200,000	\$ -	3,636,531	\$ 3,636,531
Reconciliation to generally accepted accounting principles				
Accounts receivable			165,718	
Property tax receivable			135,026	
Accounts payable			(15,405)	
Accrued payroll			(38,367)	
Unearned revenue			(11,095)	
Unavailable revenue - franchise fees			(91,500)	
Unavailable revenue - property taxes			(120,288)	
Fund balance at end of year, GAAP Basis			\$ 3,660,620	

See notes to financial statements

CITY OF MOLALLA
LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget		
	Original and Final	Actual	Variance
Revenues			
Fines and forfeitures	\$ 4,500	\$ 4,710	\$ 210
Charges for services	100	1,129	1,029
Intergovernmental	1,849,400	1,880,414	31,014
Donations	500	2,114	1,614
Miscellaneous	100	108	8
Total revenues	1,854,600	1,888,475	33,875
Expenditures			
Library	3,564,978	921,143	2,643,835
Contingency	267,000	-	267,000
Total expenditures	3,831,978	921,143	2,910,835
Net change in fund balance	(1,977,378)	967,332	2,944,710
Fund balance at beginning of year	1,977,378	2,079,744	102,366
Fund balance at end of year	\$ -	3,047,076	\$ 3,047,076
Reconciliation to generally accepted accounting principles			
Accrued payroll		(5,196)	
Accounts payable		(1,971)	
Fund balance at end of year, GAAP Basis		\$ 3,039,909	

CITY OF MOLALLA
STREET FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget			
	Original and			
	Final	Actual	Variance	
Revenues				
Franchise fees	\$ 180,000	\$ 249,858	\$ 69,858	
Licenses, permits and fees	46,000	199,544	153,544	
Intergovernmental	2,500,000	-	(2,500,000)	
Fuel taxes	640,000	803,240	163,240	
Miscellaneous	200,000	16,378	(183,622)	
Total revenues	3,566,000	1,269,020	(2,296,980)	
Expenditures				
Street	1,167,450	680,173	487,277	
Contingency	310,883	-	310,883	
Total expenditures	1,478,333	680,173	798,160	
Excess (deficiency) of revenues over expenditures	2,087,667	588,847	(1,498,820)	
Other financing sources (uses)				
Transfers out	(2,763,300)	(52,407)	2,710,893	
Total other financing sources (uses)	(2,763,300)	(52,407)	2,710,893	
Net change in fund balance	(675,633)	536,440	1,212,073	
Fund balance at beginning of year	675,633	1,074,845	399,212	
Fund balance at end of year	\$ -	1,611,285	\$ 1,611,285	
Reconciliation to generally accepted accounting principles				
Accounts receivable		192,325		
Accounts payable		(17,412)		
Accrued payroll		(10,986)		
Unavailable revenue - franchise fees		(90,000)		
Fund balance at end of year, GAAP Basis		\$ 1,685,212		

See notes to financial statements

CITY OF MOLALLA
URBAN RENEWAL AGENCY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget			
	Original and			
	Final	Actual	Variance	
Revenues				
Property taxes	\$ 700,000	\$ 727,538	\$ 27,538	
Interest	1,000	285	(715)	
	701,000	727,823	26,823	
Expenditures				
Materials and services	230,000	27,534	202,466	
Capital outlay	2,658,435	1,076,273	1,582,162	
Debt service	547,100	527,450	19,650	
Contingency	150,000	-	150,000	
	3,585,535	1,631,257	1,954,278	
Net change in fund balance	(2,884,535)	(903,434)	1,981,101	
Fund balance at beginning of year	3,484,535	3,836,504	351,969	
Fund balance at end of year	\$ 600,000	2,933,070	\$ 2,333,070	
Reconciliation to generally accepted accounting principles				
Property tax receivables		25,609		
Unavailabe revenue - property taxes		(22,756)		
Fund balance at end of year, GAAP Basis		\$ 2,935,923		

CITY OF MOLALLA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Business-type Activities			
	Water	Sewer	Total Nonmajor Funds	Total Enterprise Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 3,308,265	\$ 3,045,323	\$ 552,829	\$ 6,906,417
Receivables, net	185,027	375,326	34,591	594,944
Total current assets	<u>3,493,292</u>	<u>3,420,649</u>	<u>587,420</u>	<u>7,501,361</u>
Noncurrent assets				
Capital assets				
Capital assets, nondepreciable	300,718	1,603,781	5,358	1,909,857
Capital assets, net of accumulated depreciation	7,990,620	6,372,772	1,624,903	15,988,295
Total capital assets	8,291,338	7,976,553	1,630,261	17,898,152
Net other postemployment benefits asset	10,203	10,388	2,201	22,792
Total noncurrent assets	<u>8,301,541</u>	<u>7,986,941</u>	<u>1,632,462</u>	<u>17,920,944</u>
Total assets	<u>11,794,833</u>	<u>11,407,590</u>	<u>2,219,882</u>	<u>25,422,305</u>
Deferred outflows of resources				
Pension related items	214,554	218,442	46,278	479,274
Other postemployment benefit related items	722	735	156	1,613
Total deferred outflows of resources	<u>215,276</u>	<u>219,177</u>	<u>46,434</u>	<u>480,887</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	15,523	134,886	219	150,628
Accrued interest payable	-	10,372	-	10,372
Compensated absences	38,206	30,628	8,682	77,516
Bonds payable	-	358,000	-	358,000
Total current liabilities	<u>53,729</u>	<u>533,886</u>	<u>8,901</u>	<u>596,516</u>
Noncurrent liabilities				
Compensated absences	9,551	7,657	2,170	19,378
Bonds payable	-	1,160,000	-	1,160,000
Loans payable	-	831,641	-	831,641
Net pension liability	233,856	238,094	50,442	522,392
Total noncurrent liabilities	<u>243,407</u>	<u>2,237,392</u>	<u>52,612</u>	<u>2,533,411</u>
Total liabilities	<u>297,136</u>	<u>2,771,278</u>	<u>61,513</u>	<u>3,129,927</u>
Deferred inflows of resources				
Refunded debt charges	-	11,800	-	11,800
Pension related items	187,856	191,260	40,520	419,636
Other postemployment benefit related items	3,828	3,897	826	8,551
Total deferred inflows of resources	<u>191,684</u>	<u>206,957</u>	<u>41,346</u>	<u>439,987</u>
Net position				
Net investment in capital assets	8,291,338	5,604,740	1,630,261	15,526,339
Restricted for:				
System development	516,955	861,446	230,766	1,609,167
Debt service	-	64,700	-	64,700
Unrestricted	2,712,996	2,117,646	302,430	5,133,072
Total net position	<u>\$ 11,521,289</u>	<u>\$ 8,648,532</u>	<u>\$ 2,163,457</u>	<u>\$ 22,333,278</u>

See notes to financial statements

CITY OF MOLALLA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities			
	Water	Sewer	Total Nonmajor Funds	Totals Enterprise Funds
Operating revenues				
Charges for services	\$ 1,753,420	\$ 3,502,150	\$ 330,291	\$ 5,585,861
Total operating revenues	<u>1,753,420</u>	<u>3,502,150</u>	<u>330,291</u>	<u>5,585,861</u>
Operating expenses				
Personnel services	667,103	669,405	155,518	1,492,026
Materials and services	402,298	1,765,013	29,392	2,196,703
Depreciation	300,976	281,752	45,657	628,385
Total operating expenses	<u>1,370,377</u>	<u>2,716,170</u>	<u>230,567</u>	<u>4,317,114</u>
Operating income (loss)	<u>383,043</u>	<u>785,980</u>	<u>99,724</u>	<u>1,268,747</u>
Nonoperating revenues (expenses)				
Miscellaneous	1,414	60,850	-	62,264
Interest expense	-	(8,686)	-	(8,686)
Total nonoperating revenue (expenses)	<u>1,414</u>	<u>52,164</u>	<u>-</u>	<u>53,578</u>
Income (loss) before capital contributions and transfers	384,457	838,144	99,724	1,322,325
Capital contributions	46,286	151,363	9,650	207,299
Transfers in	613,246	800,468	2,738	1,416,452
Transfers out	(765,186)	(887,621)	(50,189)	(1,702,996)
Change in net position	278,803	902,354	61,923	1,243,080
Net position - beginning	11,582,638	8,015,733	2,096,065	21,694,436
Prior period adjustment	(340,152)	(269,555)	5,469	(604,238)
Net position - beginning, as restated	<u>11,242,486</u>	<u>7,746,178</u>	<u>2,101,534</u>	<u>21,090,198</u>
Net position - ending	<u>\$ 11,521,289</u>	<u>\$ 8,648,532</u>	<u>\$ 2,163,457</u>	<u>\$ 22,333,278</u>

See notes to financial statements

CITY OF MOLALLA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities			
	Water	Sewer	Total Nonmajor Funds	Total Enterprise Funds
Cash flows from operating activities				
Receipts from customers	\$ 1,741,116	\$ 3,406,448	\$ 323,687	\$ 5,471,251
Payments to suppliers	(434,955)	(1,701,500)	(38,158)	(2,174,613)
Payments to employees	(689,131)	(705,318)	(151,173)	(1,545,622)
Net cash provided by (used in) operating activities	<u>617,030</u>	<u>999,630</u>	<u>134,356</u>	<u>1,751,016</u>
Cash flows from noncapital financing activities				
Transfers in	613,246	800,468	2,738	1,416,452
Transfers out	(765,186)	(887,621)	(50,189)	(1,702,996)
Net cash provided by (used in) noncapital financing activities	<u>(151,940)</u>	<u>(87,153)</u>	<u>(47,451)</u>	<u>(286,544)</u>
Cash flows from capital and related financing activities				
System development charges received	46,286	151,363	9,650	207,299
Other	1,414	60,850	-	62,264
Acquisition of capital assets	(479,907)	(808,175)	(2,615)	(1,290,697)
Issuance of long-term obligations	-	623,069	-	623,069
Principal paid on long-term obligations	-	(353,600)	-	(353,600)
Interest paid on long-term obligations	-	(27,886)	-	(27,886)
Net cash provided by (used in) capital and related financing activities	<u>(432,207)</u>	<u>(354,379)</u>	<u>7,035</u>	<u>(779,551)</u>
Net increase (decrease) in cash and cash equivalents	32,883	558,098	93,940	684,921
Cash and cash equivalents - beginning of year	3,275,382	2,487,225	458,889	6,221,496
Cash and cash equivalents - end of year	<u>\$ 3,308,265</u>	<u>\$ 3,045,323</u>	<u>\$ 552,829</u>	<u>\$ 6,906,417</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 383,043	\$ 785,980	\$ 99,724	\$ 1,268,747
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	300,976	281,752	45,657	628,385
(Increase) decrease in assets and deferred outflows				
Receivables, net	(12,304)	(95,702)	(6,604)	(114,610)
Net other postemployment benefits asset	(5,389)	(5,758)	(1,344)	(12,491)
Deferred outflows - pension related items	10,980	16,092	(4,553)	22,519
Deferred outflows - other postemployment benefit related items	872	798	128	1,798
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued liabilities	(32,657)	63,513	(8,766)	22,090
Compensated absences payable	7,392	(522)	3,686	10,556
Net pension liability	(202,519)	(215,695)	(30,289)	(448,503)
Deferred inflows - pension related items	163,599	166,035	36,032	365,666
Deferred inflows - other postemployment benefit related items	3,037	3,137	685	6,859
Net cash provided by (used in) operating activities	<u>\$ 617,030</u>	<u>\$ 999,630</u>	<u>\$ 134,356</u>	<u>\$ 1,751,016</u>

See notes to financial statements

NOTE 1 – FINANCIAL REPORTING ENTITY

The City of Molalla (the “City”) was incorporated under the general laws of the State of Oregon. The City is governed by the Mayor and Council Members who are elected to office by voters within the City. The City Council exercises supervisory responsibilities over City operations, but day-to-day management operations are the responsibility of the City Manager, who reports to the Mayor and City Council.

The accompanying financial statements present all activities, funds and component units for which the City is considered to be 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 these criteria, the City is a primary government with one blended component unit — Molalla Urban Renewal Agency.

Blended Component Unit

The Molalla Urban Renewal Agency (the “Agency”) was established in August 2008 under the provisions of Oregon Revised Statutes (ORS), Chapter 457, to assist in the redevelopment of blighted and deteriorated areas within the City’s designated urban renewal area. As provided by ORS 457, the City Council of the City of Molalla is designated as the governing body of the Agency. The Agency is reported as special revenue fund of the City as a blended component unit. Complete financial statements of the Agency can be obtained from the City’s Finance Department.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and fund financial statements (continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation (continued)

The City reports the following major governmental funds:

- *General* – is the main operating fund of the City and accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Library* – accounts for the financial activities related to the City’s library. The primary source of revenue for the Library Fund comes from intergovernmental revenue from Clackamas County.
- *Street* – accounts for the maintenance of the City’s streets and street lighting. The primary sources of revenue include state fuel taxes, franchise fees and maintenance fees collected by the City.
- *Urban Renewal Agency* – accounts for the property tax revenue received for the rehabilitation of the blighted and deteriorated areas within the City’s designated urban renewal area.
- *Capital Projects* – accounts for major construction projects or equipment acquisition. The principal revenue source consists of transfers from other funds and proceeds from long-term obligations when necessary.

The City reports the following major proprietary funds:

- *Water* – accounts for the provision of water services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water system and billing and collection activities. The primary source of revenue is user fees and charges.
- *Sewer* – accounts for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The primary source of revenue is user fees and charges.

The City also reports the following nonmajor governmental and enterprise funds:

- *Special Revenue* – accounts for revenue derived from specific revenue sources which are legally restricted finance particular functions or activities.
- *Capital Projects* – are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or proprietary funds).
- *Enterprise* – accounts for the operations of predominately self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The cash basis of accounting is used for all budgets of the City. All annual appropriations lapse at fiscal yearend.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds, which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the program or department level along with debt service, transfers and contingencies.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The City Council must authorize all appropriation transfers and supplementary budgetary appropriations.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly liquid debt instruments purchased with a maturity of three months or less.

Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

Uncollected property taxes are reported in governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

User charges and fines receivable

User charges and fines receivable are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and records an allowance for user charges at year end, based on their analysis of collectability.

The City has uncollected municipal court fines and fees, however due to the uncertainty of collection, these amounts are not reported in the financial statements. The City maintains a listing of court receivables deemed to be collectible as of June 30, 2022.

Capital assets

Capital assets, which include property, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, storm sewers, sewers and similar items) and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the statement of net position in the proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value or materially extend the useful lives of the assets are not capitalized. Major capital assets and improvements are capitalized as projects are constructed.

Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in the statement of activities. Depreciation expense is allocated in the statement activities by program/function.

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

<u>Asset Type:</u>	<u>Years:</u>
Land improvements	30 – 50 years
Buildings and improvements	25 – 65 years
Infrastructure	20 – 65 years
Machinery and equipment	5 – 30 years
Vehicles	5 – 10 years

Long-term obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related debt using the straight-line method. Bonds payable is reported net of the applicable bond premium or discount.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term obligations (continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued, and premiums, are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Compensated absences

The City allows the employees to accumulate earned but unused vacation benefits. All vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. The vacation accrual cannot exceed 360 hours at the beginning of the calendar year. Any vacation hours exceeding the maximum limit will be transferred to non-cashable sick leave, not to exceed 528 hours. A liability for vacation pay is reported in the governmental funds only if the time has matured i.e. employee resignations or retirements.

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 Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits (OPEB)

For purposes of measuring the net other postemployment benefit liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPERS Retirement Health Insurance Account and additions to/deductions from OPERS' net position have been determined on the same basis as they are reported by the City's OPERS' Retirement Health Insurance Account. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred outflow / inflows of resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These include pension related items and OPEB related items.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflow / inflows of resources (continued)

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents amounts that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Refunded debt charges, pension related items and OPEB related items, which are amortized over specified periods, are reported as deferred inflows of resources.

The balance sheet of governmental funds will report as deferred inflows, unavailable revenues from property taxes and franchise fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position

Government-wide and proprietary fund financial statements

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are reported as “unrestricted net position.”

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund balance

Governmental fund type fund balance reporting

Governmental type fund balances are to be properly reported within one of the fund balance categories lists below:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance (continued)

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — 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.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has granted authority to the City Manager to assign fund balance amounts.

Unassigned — The residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Risk management

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

New accounting standard implemented

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The statement establishes accounting and financial reporting standards for leases by lessees and lessors. The statement requires lessees to report a “right to use” asset and a lease liability and requires lessors to report a lease receivable and a deferred outflow, for leases with a term of more than one year. The City implemented the provisions of GASB 87 as of July 1, 2021. There was no impact on the City’s financial statements as a result of implementation of this standard.

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

The beginning net position of governmental activities has been reduced by \$576,925 to account for an error in beginning cash of \$102,323, accrued payroll of \$(64,858) and beginning capital assets of \$(614,390). Beginning fund balance for the general fund has been increased by \$37,465 to account for an error in beginning cash of \$102,323 less accrued payroll of \$(62,573). Beginning fund balance for the library fund and the street fund have been reduced by \$6,078 and 19,030, respectively to account for an error in accrued payroll. The beginning net position of business-type activities have been reduced by \$604,238 to account for an error in beginning capital assets of \$726,317 net of an error in accounts receivable of \$122,079.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's cash and cash equivalents and investments at June 30, 2022 are as follows:

Deposits with financial institutions	\$ 366,195
State of Oregon Local Government Investment Pool	21,868,887
Cash on hand	<u>1,300</u>
Total cash and cash equivalents	<u>\$ 22,236,382</u>

The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

Deposits with financial institutions

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 each for the aggregate of all noninterest-bearing accounts and the aggregate of all interest-bearing accounts at each institution.

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the City's deposits. As of June 30, 2022, none of the City's deposits with financial institutions were exposed to custodial credit risk.

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Credit Risk. Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: The City does not have a formal policy that places a limit on the amount that may be invested in any one issuer.

Interest Rate Risk: The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

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

NOTE 5 – RECEIVABLES

The City's receivables at June 30, 2022, are shown below:

	Governmental Activities / Funds				Business-type Activities / Proprietary Funds			
	General	Street	Urban Renewal Agency	Total Governmental Funds	Water	Sewer	Nonmajor Stormwater	Total Proprietary Funds
User charges	\$ -	\$ -	\$ -	\$ -	\$ 195,027	\$ 383,326	35,591	\$ 613,944
Accounts	165,718	192,325	-	358,043	-	-	-	-
Property taxes	135,026	-	25,609	160,635	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	(10,000)	(8,000)	(1,000)	(19,000)
Total	\$300,744	\$192,325	\$ 25,609	\$ 518,678	\$185,027	\$375,326	\$ 34,591	\$ 594,944

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

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

	<u>Restated</u>			
	Balances		Deletions and	Balances
	July 1, 2021	Additions	Reclassification	June 30, 2022
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 1,584,290	\$ -	\$ -	\$ 1,584,290
Construction in progress	1,191,049	1,230,368	(671,699)	1,749,718
Total capital assets not being depreciated	<u>2,775,339</u>	<u>1,230,368</u>	<u>(671,699)</u>	<u>3,334,008</u>
Capital assets being depreciated				
Land Improvements	1,026,209	-	297,062	1,323,271
Buildings	2,803,397	289,107	-	3,092,504
Infrastructure	24,147,664	844,967	374,637	25,367,268
Machinery and Equipment	605,853	18,631	-	624,484
Vehicles	<u>1,480,101</u>	<u>154,368</u>	<u>(33,400)</u>	<u>1,601,069</u>
Total capital assets being depreciated	<u>30,063,224</u>	<u>1,307,073</u>	<u>638,299</u>	<u>32,008,596</u>
Less accumulated depreciation for:				
Land Improvements	541,016	23,222	-	564,238
Buildings	908,493	62,887	-	971,380
Infrastructure	17,906,162	809,908	-	18,716,070
Machinery and Equipment	466,460	22,267	-	488,727
Vehicles	<u>881,296</u>	<u>105,270</u>	<u>(33,400)</u>	<u>953,166</u>
Total accumulated depreciation	<u>20,703,427</u>	<u>1,023,554</u>	<u>(33,400)</u>	<u>21,693,581</u>
Total capital assets being depreciated, net	<u>9,359,797</u>	<u>283,519</u>	<u>671,699</u>	<u>10,315,015</u>
Governmental activities capital assets, net	<u>\$ 12,135,136</u>	<u>\$ 1,513,887</u>	<u>\$ -</u>	<u>\$ 13,649,023</u>

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

<i>Governmental Activities:</i>	
General government	\$ 33,892
Public safety	77,383
Highway and streets	45,331
Culture and recreation	866,948
Community development	-
Total depreciation expense - governmental activities	<u>\$ 1,023,554</u>

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

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

	<u>Restated</u>			
	Balances		Deletions and	Balances
	July 1, 2021	Additions	Reclassification	June 30, 2022
<i><u>Business-type activities</u></i>				
Capital assets not being depreciated				
Land	\$ 727,509	\$ -	\$ -	\$ 727,509
Construction in progress	385,455	1,332,246	(535,353)	1,182,348
Total capital assets not being depreciated	<u>1,112,964</u>	<u>1,332,246</u>	<u>(535,353)</u>	<u>1,909,857</u>
Capital assets being depreciated				
Land Improvements	148,730	-	-	148,730
Buildings	8,406,499	-	-	8,406,499
Infrastructure	16,432,803	-	535,288	16,968,091
Machinery and Equipment	2,183,579	80,530	(18,926)	2,245,183
Vehicles	627,922	-	-	627,922
Total capital assets being depreciated	<u>27,799,533</u>	<u>80,530</u>	<u>516,362</u>	<u>28,396,425</u>
Less accumulated depreciation for:				
Land Improvements	143,672	738	-	144,410
Buildings	2,615,942	224,347	-	2,840,289
Infrastructure	6,911,043	274,713	-	7,185,756
Machinery and Equipment	1,633,090	68,818	(18,991)	1,682,917
Vehicles	494,989	59,769	-	554,758
Total accumulated depreciation	<u>11,798,736</u>	<u>628,385</u>	<u>(18,991)</u>	<u>12,408,130</u>
Total capital assets being depreciated, net	<u>16,000,797</u>	<u>(547,855)</u>	<u>535,353</u>	<u>15,988,295</u>
Business-type activities capital assets, net	<u>\$ 17,113,761</u>	<u>\$ 784,391</u>	<u>\$ -</u>	<u>\$ 17,898,152</u>

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-Type Activities:

Water	\$ 300,976
Sewer	281,752
Stormwater	<u>45,657</u>
Total depreciation expense - business-type activities	<u>\$ 628,385</u>

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – UNAVAILABLE REVENUE

As of June 30, 2022, property taxes which are due the City, but not received within 60 days after year end are reported as unavailable revenue in the governmental funds as follows:

	Governmental Funds			Total Governmental Funds
	General	Street	Urban Renewal Agency	
Franchise fees	\$ 91,500	\$ 90,000	-	\$ 181,500
Property taxes	<u>120,288</u>	<u>-</u>	<u>22,756</u>	<u>143,044</u>
Total unavailable revenue	<u>\$ 211,788</u>	<u>\$ 90,000</u>	<u>\$ 22,756</u>	<u>\$ 324,544</u>

NOTE 8 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2022 were as follows:

	Outstanding July 1, 2021	Additions	Reductions	Outstanding June 30, 2022	Due Within One Year
<u>Governmental activities</u>					
Long-term debt					
General obligation bonds:					
URA - 2015 Full Faith and Credit	\$ 1,895,000	\$ -	\$ 180,000	\$ 1,715,000	\$ 200,000
URA - 2020 Full Faith and Credit Refunding	2,271,800	-	237,800	2,034,000	241,300
Unamortized premium	<u>201,954</u>	<u>-</u>	<u>25,512</u>	<u>176,442</u>	<u>25,512</u>
Total long-term debt	4,368,754	-	443,312	3,925,442	466,812
Other long-term obligations					
Compensated absences	\$ 259,844	\$ 289,264	\$ 259,844	\$ 289,264	\$ 231,411
Net pension liability	<u>2,920,419</u>	<u>-</u>	<u>1,274,370</u>	<u>1,646,049</u>	<u>-</u>
Total long-term obligations - governmental activities	<u>\$ 7,549,017</u>	<u>\$ 289,264</u>	<u>\$ 1,977,526</u>	<u>\$ 5,860,755</u>	<u>\$ 698,223</u>
<u>Business-type activities</u>					
Long-term debt					
General obligation bonds:					
2020 Full Faith and Credit Refunding	\$ 1,871,600	\$ -	\$ 353,600	\$ 1,518,000	\$ 358,000
Direct borrowing:					
Clean Water State Revolving Loan	<u>208,572</u>	<u>623,069</u>	<u>-</u>	<u>831,641</u>	<u>-</u>
Total long-term debt	2,080,172	623,069	353,600	2,349,641	358,000
Other long-term obligations					
Compensated absences	86,338	96,894	86,338	96,894	77,516
Net pension liability	<u>970,895</u>	<u>-</u>	<u>448,503</u>	<u>522,392</u>	<u>-</u>
Total long-term obligations - business-type activities	<u>\$ 3,137,405</u>	<u>\$ 719,963</u>	<u>\$ 888,441</u>	<u>\$ 2,968,927</u>	<u>\$ 435,516</u>

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

Governmental activities long-term debt obligations:

Full Faith and Credit Obligation Bonds, Series 2015 – The Urban Renewal Agency issued \$2,690,000 of bonds secured by the City’s full faith and credit. Interest on the bonds range from 2% - 4% depending on maturity dates.

Full Faith and Credit Obligation Bonds, Series 2020 – The Urban Renewal Agency issued \$2,530,400 of refunding bonds to refund previously issued long-term obligations secured by the City’s full faith and credit. Interest on the refunding bonds is a fixed rate of 1.49%.

Business-type activities long-term debt obligations:

Full Faith and Credit Obligation Bonds, Series 2020 – The City issued \$2,125,300 of refunding bonds to refund series 2010 Sewer bond and a clean water revolving state revolving loan previously issued. Interest on the refunding bonds is a fixed rate of 1.49%.

Clean Water Revolving Loan Fund – The City signed a Clean Water State Revolving Loan Fund agreement in October 2020 to borrow \$2,700,000 for the purpose of improving the wastewater treatment plant. The funds are issued on a reimbursement basis and repayment will begin upon completion of the project.

Future maturities of long-term obligations

As of June 30, 2022, the future maturities of long-term obligations are as follows:

Governmental activities:

Fiscal Year	URA - 2015 Full Faith and Credit		URA - 2020 Full Faith and Credit Refunding		Unamortized Premium	Total Governmental Activities	
	Principal	Interest	Principal	Interest	Amortization	Principal	Interest
2023	\$ 200,000	\$ 68,600	\$ 241,300	\$ 30,307	\$ 25,512	\$ 466,812	\$ 98,907
2024	200,000	60,600	244,900	26,711	25,512	470,412	87,311
2025	225,000	52,600	248,500	23,062	25,512	499,012	75,662
2026	250,000	43,600	252,200	19,360	25,512	527,712	62,960
2027	260,000	33,600	256,000	15,602	25,512	541,512	49,202
2028-32	580,000	35,200	791,100	23,691	48,882	1,419,982	58,891
	<u>\$ 1,715,000</u>	<u>\$ 294,200</u>	<u>\$ 2,034,000</u>	<u>\$ 138,733</u>	<u>\$ 176,442</u>	<u>\$ 3,925,442</u>	<u>\$ 432,933</u>

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

Business-type activities:

Fiscal Year	2020 Full Faith and Credit Refunding	
	Principal	Interest
2023	\$ 358,000	\$ 22,618
2024	362,100	17,284
2025	366,000	11,888
2026	141,900	6,436
2027	144,000	4,322
2028-32	146,000	2,176
	\$ 1,518,000	\$ 64,724

For governmental activities compensated absences, pension and OPEB liabilities are generally liquidated by the fund in which they were incurred, including the General, Library, Street, Sewer, Water and Stormwater Funds.

NOTE 9 – INTERFUND TRANSACTIONS

The interfund transfers during the year ended June 30, 2022, were as follows:

	Interfund Transfer	
	In	Out
<u>Governmental</u>		
General	\$ 352,206	\$ 577,900
Library	-	44,987
Street	-	133,389
URA	-	9,543
Capital Projects	2,417,238	-
Nonmajor governmental	278,971	663,806
Nonmajor governmental - noncash	-	1,332,246
<u>Proprietary</u>		
Enterprise		
Water	613,246	765,186
Sewer	800,468	887,621
Nonmajor Stormwater	2,738	50,189
Total	\$ 4,464,867	\$ 4,464,867

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

As part of the budget, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. Non-cash transfers occurred when capital assets were acquired that will be used in the operation of different fund's resources.

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Annual Comprehensive Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf.

Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier 1/Tier 2 retirement benefit (Chapter 238)

Tier 1/Tier 2 Retirement Benefit Plan is closed to new members hired on or after August 29, 2003.

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees and 2% for police and fire 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 (age 45 for police and fire members). General service employees may retire after reaching age 55, and police and fire members after age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60.

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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

Disability benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-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 changes.

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

Pension benefits

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 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.

Police: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 60, or age 53 with 25 years of retirement credit.

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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% 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% 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.

Contributions

OPERS funding policy provides for periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation.

Tier 1/Tier 2 employer contribution rates are 16.21% and the OPSRP employer contribution rates are 11.97% for general service employees and 16.33% for police and fire employees. Employer contributions for the year ended June 30, 2022 were \$628,354.

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability

As of June 30, 2022, the City reported a liability of \$2,168,441 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The City's proportion of the net pension liability was actuarially determined based on a projection of the City's long-term contributions effort to the pension plan relative to the long-term projected contributions effort of all participating employers. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liability (UAL).

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

Normal Cost Rate: The PVFNC represents the portion of the projected long-term contribution effort related to future service. An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

UAL Rate: A UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions. The employer's projected long-term contribution effort does not include payments toward the current value of transition liabilities and pre-SLGRP liabilities.

As of June 30, 2021, the City's proportion was 0.01812095%, which was an increase of 0.00002901% from its proportion measured as of June 30, 2020.

Pension expense

For the year ended June 30, 2022, the City recognized pension expense of \$710,002.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Net differences between projected and actual investment earnings
- Changes in employer proportion since the prior measurement date
- Differences between employer contributions and employer's proportionate share of system contributions
- Contributions subsequent to the measurement date

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are:

Fiscal Year ended June 30, 2021 - 5.4 years
 Fiscal Year ended June 30, 2020 - 5.3 years
 Fiscal Year ended June 30, 2019 - 5.2 years
 Fiscal Year ended June 30, 2018 - 5.2 years
 Fiscal Year ended June 30, 2017 - 5.3 years
 Fiscal Year ended June 30, 2016 - 5.3 years
 Fiscal Year ended June 30, 2015 - 5.4 years
 Fiscal Year ended June 30, 2014 - 5.6 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

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
Difference between expected and actual experience	\$ 202,980	\$ -
Changes in assumptions	542,826	5,707
Net difference between projected and actual earnings on pension plan investments	-	1,605,279
Changes in proportionate share	391,159	130,915
Differences between contributions and proportionate share of system contributions	224,140	-
Contributions subsequent to the measurement date	628,354	-
	\$ 1,989,459	\$ 1,741,901

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$628,354 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

Years ending June 30:		
2023	\$	12,968
2024		(42,740)
2025		(93,767)
2026		(320,552)
2027		<u>63,295</u>
	\$	<u>(380,796)</u>

Actuarial methods and assumptions used in developing the total pension liability

The total pension liability measured as of June 30, 2021 was based on an actuarial valuation as of December 31, 2019 using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.5%
Long-term expected rate of return	6.9%
Discount rate	6.9%
Administrative expenses – Tier 1/Tier 2	\$32.5 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.4%
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Health Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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.

UAL amortization

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tire 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.

The OPSRP UAL as of December 31, 2007 is amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16-year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

Discount rate

The discount rate used to measure the total pension liability was 6.9%, a reduction from 7.2% from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed asset allocation

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	15.00%
Opportunity portfolio	2.50%
	100.00%

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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 the actuary’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 forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds – Multi-strategy	1.25	5.42	5.11	8.45
Hedge Fund Equity – Hedge	0.63	5.85	5.31	11.05
Hedge Fund – Macro	5.62	5.33	5.06	7.90
U.S. Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation – Mean			2.40%	1.65%

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (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 (fair market value of assets) 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 asset values. 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 OPERS:

- OPERS 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 OPERS 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.

Changes in actuarial methods and assumptions

There have been no changes in actuarial methods or assumptions since the December 31, 2019 valuation used for determining the collective net pension liability that are expected to have a significant effect on the City's proportionate share of the collective net pension liability.

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate
The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.9%) or 1-percentage-point higher (7.9%) than the current rate:

	1% Lower	Discount Rate	1% Higher
Proportionate share of net pension liability	\$ 4,258,297	\$ 2,168,441	\$ 419,988

NOTE 11 – DEFINED CONTRIBUTION PLAN – OPERS INDIVIDUAL ACCOUNT PROGRAM

Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the 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.

NOTE 11 – DEFINED CONTRIBUTION PLAN – OPERS INDIVIDUAL ACCOUNT PROGRAM (Continued)

Contributions

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

The City makes the employee contributions of 6 percent of covered payroll to the IAP. Contributions for the year ended June 30, 2022 were \$241,697.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN - RHIA

Plan description

The City contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf.

Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

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

Other Postemployment Healthcare benefits

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – RHIA (Continued)

To be eligible, the member must:

- 1) Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
- 2) Receive both Medicare Parts A and B coverage
- 3) Enroll in a PERS-sponsored health plan

Surviving spouse or dependent benefits

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation.

The City contributed 0.06% of PERS-covered salaries for Tier 1 and Tier 2 members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2022, the City made contributions in the amount of \$878 to the RHIA.

Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

Net OPEB liability (asset)

At June 30, 2022, the City reported an (asset) of (\$94,611) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2021, the City's proportion was 0.02755119%, which was an increase of 0.00728972% from its proportion measured as of June 30, 2020.

OPEB expense

For the year ended June 30, 2022, the City recognized a credit to OPEB expense of (\$16,754).

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – RHIA (Continued)

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

- Fiscal Year ended June 30, 2021 – 2.7 years
- Fiscal Year ended June 30, 2020 – 2.9 years
- Fiscal Year ended June 30, 2019 – 3.1 years
- Fiscal Year ended June 30, 2018 – 3.3 years
- Fiscal Year ended June 30, 2017 – 3.7 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

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
Difference between expected and actual experience	\$ -	\$ 2,632
Changes in assumptions	1,862	1,407
Net difference between projected and actual earnings on investments	-	22,485
Change in proportionate share	3,953	8,971
City's contributions subsequent to the measurement date	878	-
	\$ 6,693	\$ 35,495

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – RHIA (Continued)

Deferred outflows of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date in the amount of \$878 will be recognized as an adjustment to the net OPEB (asset) / liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:			
2023		\$	(9,229)
2024			(8,215)
2025			(5,133)
2026			(7,103)
2027			-
			-
		\$	(29,680)

Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in Note 10.

Retiree healthcare participation

Healthy retirees are assumed to participate 32% of the time while disabled retirees are assumed to participate 20% of the time.

Healthcare cost trend rate

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB 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 (fair market value of assets) 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 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) 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.

NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – RHIA (Continued)

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

- OPERS 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 75 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 OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

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

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.9%, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net other postemployment benefit liability (asset)	\$ <u>(83,670)</u>	\$ <u>(94,611)</u>	\$ <u>(103,958)</u>

NOTE 13 – OREGON TEAMSTER EMPLOYER’S TRUST PLAN

The Oregon Teamster Employer’s Trust Plan (the Trust) is a cost-sharing, multiple-employer employment defined benefit plan that provides eligible retirees medical insurance who participate in the Trust. This plan has assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Trust does not issue a publicly available financial report.

Eligible employees are defined as those employees working both within the public works classification and in non-supervisory roles, and who receive a minimum of one hundred twenty (120) hours of compensation in a calendar month. As of June 30, 2022, the Trust has 14 employees participating in the Trust.

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – OREGON TEAMSTER EMPLOYER’S TRUST PLAN (Continued)

The program allows eligible retirees and their dependents to purchase continuation coverage under the Trust’s health insurance plans from the date of retirement until eligibility for Medicare. The City is required by ORS 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees.

The City’s required contributions per eligible employee are \$74 per month under the current collective bargaining agreement, which expires on June 30, 2022. The City’s total contributions to the Trust for the year ended June 30, 2022 were \$10,432.

NOTE 14 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

As of June 30, 2022, the amount of net position restricted by enabling legislation is as follows:

Governmental activities

System development – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$ 3,152,280
Highways and streets – Street maintenance fees are restricted for maintenance of public streets	1,696,198
Urban renewal taxes – Taxes are restricted to improving and redeveloping designated areas (community development)	2,935,923

Business-type activities

System development – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	1,609.167
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NOTE 15 – TAX ABATEMENTS

The City has entered into property tax abatement agreements whereby the assessed value of property tax has been reduced under ORS 285C for partial abatement on enterprise zones. As a result, the City’s property tax revenue from the year ended June 30, 2022 has been abated by \$15,560, of which \$2,578 relate to the Urban Renewal Agency.

NOTE 16 – COMMITMENTS

At June 30, 2022, the City has contract commitments on the Policy Facility project totaling \$393,000.

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 17 – BUDGETARY PERSPECTIVE DIFFERENCES

The budget of the City is prepared differently from accounting principles generally accepted in the United States of America (GAAP). Therefore, the statements of revenues, expenditures and changes in fund balances (budgetary basis) – budget and actual for governmental funds are presented on a budgetary basis and are adjusted to the statement of revenues, expenditures and changes in fund balance – governmental funds in accordance with GAAP. The following is a reconciliation of the differences between the budgetary basis and GAAP for revenues and other financing sources over (under) expenditures and other financing uses for the aforementioned statements:

	General	Library	Street	URA	Capital Projects
Net change in fund balances - generally accepted accounting principles basis	<u>\$ 3,660,620</u>	<u>\$ 3,039,909</u>	<u>\$ 1,685,212</u>	<u>\$ 2,935,923</u>	<u>\$ 310,820</u>
Revenues:					
(Increase) decrease in property taxes and other receivables susceptible to accrual, recognized as revenues on the generally accepted accounting principles basis	(300,744)	-	(192,325)	(25,609)	-
Increase (decrease) in deferred revenues	<u>222,883</u>	<u>-</u>	<u>90,000</u>	<u>22,756</u>	<u>-</u>
	<u>(77,861)</u>	<u>-</u>	<u>(102,325)</u>	<u>(2,853)</u>	<u>-</u>
Expenditures:					
Increase (decrease) in accounts and accrued expenditures recognized as expenditures on the generally accepted accounting principles basis	<u>53,772</u>	<u>7,167</u>	<u>28,398</u>	<u>-</u>	<u>196,286</u>
Net change in fund balances - budgetary basis	<u>\$ 3,636,531</u>	<u>\$ 3,047,076</u>	<u>\$ 1,611,285</u>	<u>\$ 2,933,070</u>	<u>\$ 507,106</u>

In addition, a reconciliation of the differences between budgetary basis and GAAP in beginning and ending fund balances is as follows:

	General	Library	Street	URA	Capital Projects
Beginning fund balances - generally accepted accounting principles basis	\$ 3,413,680	\$ 2,059,053	\$ 1,102,935	\$ 3,823,213	\$ 209,610
Differences in revenue recognition	(96,190)	-	(65,562)	(3,634)	-
Differences in expenditure recognition	<u>94,018</u>	<u>20,691</u>	<u>37,472</u>	<u>16,925</u>	<u>181,657</u>
Beginning fund balance - budgetary basis	<u>\$ 3,411,508</u>	<u>\$ 2,079,744</u>	<u>\$ 1,074,845</u>	<u>\$ 3,836,504</u>	<u>\$ 391,267</u>
Ending fund balances - generally accepted accounting principles basis	\$ 3,660,620	\$ 3,039,909	\$ 1,685,212	\$ 2,935,923	\$ 310,820
Differences in revenue recognition	(77,861)	-	(102,325)	(2,853)	-
Differences in expenditures recognition	<u>53,772</u>	<u>7,167</u>	<u>28,398</u>	<u>-</u>	<u>196,286</u>
Ending fund balance - budgetary basis	<u>\$ 3,636,531</u>	<u>\$ 3,047,076</u>	<u>\$ 1,611,285</u>	<u>\$ 2,933,070</u>	<u>\$ 507,106</u>

NOTE 18 – SUBSEQUENT EVENTS

The City entered into a loan agreement with the Oregon Department of Transportation (OTIB) totaling \$2,500,000 to construct a roundabout on Toliver Road. Subsequent to year end, the City has drawn \$2,247,900 of this loan.

In addition, subsequent to June 30, 2022, \$574,943 in additional funds have been drawn on the Clean Water State Revolving Loan Fund (CWSRF) loan.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MOLALLA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Plan Years Ended June 30, *

Year Ended June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.01812095%	\$ 2,168,441	\$ 3,640,295	60%	88%
2020	0.01783089%	3,891,314	3,519,985	111%	76%
2019	0.01439485%	2,489,964	3,497,725	71%	80%
2018	0.01689245%	2,558,984	3,248,982	79%	82%
2017	0.15171290%	2,045,096	2,993,583	68%	83%
2016	0.01652462%	2,480,729	2,891,160	86%	81%
2015	0.01495015%	951,263	2,627,835	36%	92%
2014	0.01495015%	(338,877)	2,773,860	-12%	104%
2013	0.01656831%	673,613	2,540,455	27%	92%

* Information will be accumulated annually until 10 years is presented

CITY OF MOLALLA
SCHEDULE OF PENSION CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years Ended June 30, *

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
2022	\$ 628,354	\$ 628,354	\$ -	\$ 4,334,032	14.50%
2021	525,575	525,575	-	3,640,295	14.44%
2020	483,896	483,896	-	3,519,985	13.75%
2019	348,046	348,046	-	3,497,725	9.95%
2018	323,855	323,855	-	3,248,982	9.97%
2017	218,329	218,329	-	2,993,583	7.29%
2016	320,569	320,569	-	2,891,160	11.09%
2015	722,439	722,439	-	2,627,835	27.49%
2014	764,154	764,154	-	2,773,860	27.55%

* Information will be accumulated annually until 10 years is presented

CITY OF MOLALLA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET OTHER POST EMPLOYMENT BENEFIT LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Plan Years Ended June 30, *

Year Ended June 30,	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	City's covered payroll	City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.02755119%	\$ (94,611)	\$ 3,640,295	-3%	184%
2020	0.02026147%	(41,285)	3,519,985	-1%	150%
2019	0.02844408%	(54,964)	3,497,725	-2%	144%
2018	0.02720970%	(30,373)	3,248,982	-1%	124%
2017	0.02671796%	(11,150)	2,993,583	0%	109%

* Information will be accumulated annually until 10 years is presented

CITY OF MOLALLA
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years Ended June 30,*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
2022	\$ 878	\$ 878	\$ -	\$ 4,334,032	0.02%
2021	737	737	-	3,640,295	0.02%
2020	1,447	1,447	-	3,519,985	0.04%
2019	14,097	14,097	-	3,497,725	0.40%
2018	13,175	13,175	-	3,248,982	0.41%
2017	13,302	13,302	-	2,993,583	0.44%

* Information will be accumulated annually until 10 years is presented

CITY OF MOLALLA
SCHEDULE OF CONTRIBUTIONS
OREGON TEAMSTER EMPLOYER'S TRUST
Last 10 Fiscal Years Ended June 30,*

Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)
2022	\$ 10,432	\$ 10,432	-
2021	9,472	9,472	-
2020	8,396	8,396	-
2019	8,400	8,400	-
2018	3,816	3,816	-

* Information will be accumulated annually until 10 years is presented

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**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

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CITY OF MOLALLA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget	Actual	Variance
Expenditures			
Capital outlay	\$ 8,296,436	\$ 2,301,399	\$ 5,995,037
Total expenditures	8,296,436	2,301,399	5,995,037
Other financing sources (uses)			
Transfers in	7,900,200	2,417,238	(5,482,962)
Total other financing sources (uses)	7,900,200	2,417,238	(5,482,962)
Net change in fund balance	(396,236)	115,839	512,075
Fund balance at beginning of year	396,236	391,267	(4,969)
Fund balance at end of year	\$ -	507,106	\$ 507,106
Reconciliation to generally accepted accounting principles			
Accounts payable		(196,286)	
Fund balance at end of year, GAAP Basis		\$ 310,820	

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

	Special Revenue			
	Police			Total Nonmajor
	Department		Total Nonmajor	Governmental
	Restricted	Capital Projects		Funds
	Revenue	Capital Projects		Funds
Assets				
Cash and cash equivalents	\$ 1	\$ 3,534,728		\$ 3,534,729
Total assets	\$ 1	\$ 3,534,728		\$ 3,534,729
Fund balances				
Restricted for:				
System development	\$ -	\$ 3,152,280		\$ 3,152,280
Police department	1	-		1
Committed for:				
Fleet replacement	-	382,448		382,448
Total fund balances	\$ 1	\$ 3,534,728		\$ 3,534,729

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Police Department Restricted Revenue</u>	<u>Total Nonmajor Capital Projects</u>	
Revenues			
Donations	\$ 5,038	\$ -	\$ 5,038
System development charges	-	81,765	81,765
Intergovernmental	50,000	-	50,000
Miscellaneous	223	-	223
	<u>55,261</u>	<u>81,765</u>	<u>137,026</u>
Total revenues			
Expenditures			
Current			
Public safety	3,744	-	3,744
Capital outlay	-	167,071	167,071
	<u>3,744</u>	<u>167,071</u>	<u>170,815</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>51,517</u>	<u>(85,306)</u>	<u>(33,789)</u>
Other financing sources (uses)			
Transfers in	-	278,971	278,971
Transfers out	(92,921)	(570,885)	(663,806)
	<u>(92,921)</u>	<u>(291,914)</u>	<u>(384,835)</u>
Total other financing sources (uses)			
Net change in fund balances	(41,404)	(377,220)	(418,624)
Fund balances at beginning of year	\$ 41,405	3,911,948	3,953,353
Fund balance at end of year	<u>\$ 1</u>	<u>\$ 3,534,728</u>	<u>\$ 3,534,729</u>

CITY OF MOLALLA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2022

	Parks System Development Charges	Transportation System Development Charges	Fleet Replacement	Total
Assets				
Cash and cash equivalents	\$ 1,582,078	\$ 1,570,202	\$ 382,448	\$ 3,534,728
Total assets	<u>\$ 1,582,078</u>	<u>\$ 1,570,202</u>	<u>\$ 382,448</u>	<u>\$ 3,534,728</u>
Fund balances				
Restricted for:				
System development	\$ 1,582,078	\$ 1,570,202	\$ -	\$ 3,152,280
Committed for:				
Fleet replacement	-	-	382,448	382,448
Total fund balances	<u>\$ 1,582,078</u>	<u>\$ 1,570,202</u>	<u>\$ 382,448</u>	<u>\$ 3,534,728</u>

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2022

	Parks System Development Charges	Transportation System Development Charges	Fleet Replacement	Total
Revenues				
System development charges	\$ 33,686	\$ 48,079	\$ -	\$ 81,765
Total revenues	<u>33,686</u>	<u>48,079</u>	<u>-</u>	<u>81,765</u>
Expenditures				
Capital outlay	-	-	167,071	167,071
Total expenditures	<u>-</u>	<u>-</u>	<u>167,071</u>	<u>167,071</u>
Excess (deficiency) of revenues over expenditures	<u>33,686</u>	<u>48,079</u>	<u>(167,071)</u>	<u>(85,306)</u>
Other financing sources (uses)				
Transfers in	-	-	278,971	278,971
Transfers out	<u>(485,952)</u>	<u>(84,933)</u>	<u>-</u>	<u>(570,885)</u>
Total other financing sources (uses)	<u>(485,952)</u>	<u>(84,933)</u>	<u>278,971</u>	<u>(291,914)</u>
Net change in fund balances	(452,266)	(36,854)	111,900	(377,220)
Fund balances at beginning of year	<u>2,034,344</u>	<u>1,607,056</u>	<u>270,548</u>	<u>3,911,948</u>
Fund balance at end of year	<u>\$ 1,582,078</u>	<u>\$ 1,570,202</u>	<u>\$ 382,448</u>	<u>\$ 3,534,728</u>

CITY OF MOLALLA
PD RESTRICTED - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 50,000	\$ 50,000	\$ -
Donations	22,440	5,038	(17,402)
Miscellaneous	-	223	223
	72,440	55,261	(17,179)
Expenditures			
Police Department	28,465	3,744	24,721
	28,465	3,744	24,721
Excess (deficiency) of revenues over expenditures	43,975	51,517	7,542
Other financing sources (uses)			
Transfers out	(100,000)	(92,921)	7,079
	(100,000)	(92,921)	7,079
Net change in fund balance	(56,025)	(41,404)	14,621
Fund balance at beginning of year	56,025	41,405	(14,620)
Fund balance at end of year	\$ -	\$ 1	\$ 1

CITY OF MOLALLA
PARKS SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 12,750	\$ 33,686	\$ 20,936
Total revenues	<u>12,750</u>	<u>33,686</u>	<u>20,936</u>
Other financing sources (uses)			
Transfers out	<u>(1,400,000)</u>	<u>(485,952)</u>	<u>914,048</u>
Total other financing sources (uses)	<u>(1,400,000)</u>	<u>(485,952)</u>	<u>914,048</u>
Net change in fund balance	(1,387,250)	(452,266)	934,984
Fund balance at beginning of year	<u>2,087,512</u>	<u>2,034,344</u>	<u>(53,168)</u>
Fund balance at end of year	<u>\$ 700,262</u>	<u>\$ 1,582,078</u>	<u>\$ 881,816</u>

CITY OF MOLALLA
TRANSPORTATION SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 63,505	\$ 48,079	\$ (15,426)
Total revenues	<u>63,505</u>	<u>48,079</u>	<u>(15,426)</u>
Other financing sources (uses)			
Transfers out	<u>(439,000)</u>	<u>(84,933)</u>	<u>354,067</u>
Total other financing sources (uses)	<u>(439,000)</u>	<u>(84,933)</u>	<u>354,067</u>
Net change in fund balance	(375,495)	(36,854)	338,641
Fund balance at beginning of year	<u>1,038,104</u>	<u>1,607,056</u>	<u>568,952</u>
Fund balance at end of year	<u>\$ 662,609</u>	<u>\$ 1,570,202</u>	<u>\$ 907,593</u>

CITY OF MOLALLA
FLEET REPLACEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget	Actual	Variance
Expenditures			
Fleet replacement - capital outlay	\$ 307,805	\$ 167,071	\$ 140,734
Total expenditures	307,805	167,071	140,734
Other financing sources (uses)			
Transfers in	326,050	278,971	(47,079)
Total other financing sources (uses)	326,050	278,971	(47,079)
Net change in fund balance	18,245	111,900	93,655
Fund balance (deficit) at beginning of year	252,182	270,548	18,366
Fund balance at end of year	\$ 270,427	\$ 382,448	\$ 112,021

CITY OF MOLALLA
COMBINING STATEMENT OF NET POSITION
WATER FUND
June 30, 2022

	Water	Water System Development Charges	Total Water Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 2,791,310	\$ 516,955	\$ 3,308,265
Receivables, net	185,027	-	185,027
Total current assets	<u>2,976,337</u>	<u>516,955</u>	<u>3,493,292</u>
Noncurrent assets			
Capital assets:			
Capital assets, nondepreciable	300,718	-	300,718
Capital assets, net of accumulated depreciation	7,990,620	-	7,990,620
Total capital assets	8,291,338	-	8,291,338
Net other postemployment benefits asset	10,203	-	10,203
Total noncurrent assets	<u>8,301,541</u>	<u>-</u>	<u>8,301,541</u>
Total assets	<u>11,277,878</u>	<u>516,955</u>	<u>11,794,833</u>
Deferred outflows of resources			
Pension related items	214,554	-	214,554
Other postemployment benefit related items	722	-	722
Total deferred outflows of resources	<u>215,276</u>	<u>-</u>	<u>215,276</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	15,523	-	15,523
Compensated absences	38,206	-	38,206
Total current liabilities	<u>53,729</u>	<u>-</u>	<u>53,729</u>
Noncurrent liabilities			
Compensated absences	9,551	-	9,551
Net pension liability	233,856	-	233,856
Total noncurrent liabilities	<u>243,407</u>	<u>-</u>	<u>243,407</u>
Total liabilities	<u>297,136</u>	<u>-</u>	<u>297,136</u>
Deferred inflows of resources			
Pension related items	187,856	-	187,856
Other postemployment benefit related items	3,828	-	3,828
Total deferred inflows of resources	<u>191,684</u>	<u>-</u>	<u>191,684</u>
Net position			
Net investment in capital assets	8,291,338	-	8,291,338
Restricted for system development	-	516,955	516,955
Unrestricted	2,712,996	-	2,712,996
Total net position	<u>\$ 11,004,334</u>	<u>\$ 516,955</u>	<u>\$ 11,521,289</u>

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER FUND
Year Ended June 30, 2022

	Water	Water System Development Charges	Total Water Fund
Operating revenues			
Charges for services	\$ 1,753,420	\$ -	\$ 1,753,420
Operating expenses			
Personnel services	667,103	-	667,103
Materials and services	393,855	8,443	402,298
Depreciation	300,976	-	300,976
Total operating expenses	<u>1,361,934</u>	<u>8,443</u>	<u>1,370,377</u>
Operating income (loss)	<u>391,486</u>	<u>(8,443)</u>	<u>383,043</u>
Nonoperating revenues (expenses)			
Miscellaneous	<u>1,414</u>	<u>-</u>	<u>1,414</u>
Total nonoperating revenue (expenses)	<u>1,414</u>	<u>-</u>	<u>1,414</u>
Income (loss) before capital contributions and transfers	392,900	(8,443)	384,457
Capital contributions	-	46,286	46,286
Transfers in	613,246	-	613,246
Transfers out	<u>(629,363)</u>	<u>(135,823)</u>	<u>(765,186)</u>
Change in net position	<u>376,783</u>	<u>(97,980)</u>	<u>278,803</u>
Net position - beginning	10,967,703	614,935	11,582,638
Prior period adjustment	<u>(340,152)</u>	<u>-</u>	<u>(340,152)</u>
Net position - beginning, as restated	<u>10,627,551</u>	<u>614,935</u>	<u>11,242,486</u>
Net position - ending	<u>\$ 11,004,334</u>	<u>\$ 516,955</u>	<u>\$ 11,521,289</u>

CITY OF MOLALLA
COMBINING STATEMENT OF CASH FLOWS
WATER FUND
Year Ended June 30, 2022

	Water	Water System Development Charges	Total Water Fund
Cash flows from operating activities			
Receipts from customers	\$ 1,741,116	\$ -	\$ 1,741,116
Payments to suppliers	(426,512)	(8,443)	(434,955)
Payments to employees	(689,131)	-	(689,131)
Net cash provided by (used in) operating activities	<u>625,473</u>	<u>(8,443)</u>	<u>617,030</u>
Cash flows from noncapital financing activities			
Transfers in	613,246	-	613,246
Transfers out	(629,363)	(135,823)	(765,186)
Net cash provided by (used in) noncapital financing activities	<u>(16,117)</u>	<u>(135,823)</u>	<u>(151,940)</u>
Cash flows from capital and related financing activities			
System development charges received	-	46,286	46,286
Other	1,414	-	1,414
Acquisition of capital assets	(479,907)	-	(479,907)
Net cash provided by (used in) capital and related financing activities	<u>(478,493)</u>	<u>46,286</u>	<u>(432,207)</u>
Net increase (decrease) in cash and cash equivalents	130,863	(97,980)	32,883
Cash and cash equivalents - beginning of year	<u>2,660,447</u>	<u>614,935</u>	<u>3,275,382</u>
Cash and cash equivalents - end of year	<u>\$ 2,791,310</u>	<u>\$ 516,955</u>	<u>\$ 3,308,265</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 391,486	\$ (8,443)	\$ 383,043
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	300,976	-	300,976
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(12,304)	-	(12,304)
Net other postemployment benefits asset	(5,389)	-	(5,389)
Deferred outflows - pension related items	10,980	-	10,980
Deferred outflows - other postemployment benefit related items	872	-	872
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(32,657)	-	(32,657)
Compensated absences	7,392	-	7,392
Net pension liability	(202,519)	-	(202,519)
Pension related items	163,599	-	163,599
Deferred inflows - other postemployment benefit related items	3,037	-	3,037
Net cash provided by (used in) operating activities	<u>\$ 625,473</u>	<u>\$ (8,443)</u>	<u>\$ 617,030</u>

CITY OF MOLALLA
WATER OPERATIONS - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 2,001,600	\$ 1,789,870	\$ (211,730)
Miscellaneous	<u>1,000</u>	<u>1,414</u>	<u>414</u>
Total revenues	<u>2,002,600</u>	<u>1,791,284</u>	<u>(211,316)</u>
Expenditures			
Water	754,800	689,131	65,669
Materials and services - Maintenance	495,775	389,868	105,907
Materials and services - Operations	195,400	92,274	103,126
Capital outlay	11,200	-	11,200
Contingency	<u>986,739</u>	<u>-</u>	<u>986,739</u>
Total expenditures	<u>2,443,914</u>	<u>1,171,273</u>	<u>1,272,641</u>
Excess (deficiency) of revenues over expenditures	<u>(441,314)</u>	<u>620,011</u>	<u>1,061,325</u>
Other financing sources (uses)			
Transfers in	5,000	5,000	-
Transfers out	<u>(1,196,725)</u>	<u>(494,148)</u>	<u>702,577</u>
Total other financing sources (uses)	<u>(1,191,725)</u>	<u>(489,148)</u>	<u>702,577</u>
Net change in fund balance	(1,633,039)	130,863	1,763,902
Fund balance at beginning of year	<u>2,633,039</u>	<u>2,660,447</u>	<u>27,408</u>
Fund balance at end of year	<u>\$ 1,000,000</u>	2,791,310	<u>\$ 1,791,310</u>
Reconciliation to generally accepted accounting principles			
Receivable, net		135,894	
Capital assets, net		8,291,338	
Net OPEB asset		10,203	
Deferred outflows related to pension		214,554	
Deferred outflows related to OPEB		722	
Deferred inflows related to pension		(187,856)	
Deferred inflows related to OPEB		(3,828)	
Accounts payable		(15,523)	
Compensated absences		(47,757)	
Net pension liability		<u>(233,856)</u>	
Net position at end of year, GAAP Basis		<u>\$ 10,955,201</u>	

CITY OF MOLALLA
WATER SYSTEM DEVELOPMENT CHARGES - WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 19,810	\$ 46,286	\$ 26,476
Total revenues	<u>19,810</u>	<u>46,286</u>	<u>26,476</u>
Expenditures			
Materials and services	<u>50,000</u>	<u>8,443</u>	<u>41,557</u>
Total expenditures	<u>50,000</u>	<u>8,443</u>	<u>41,557</u>
Excess (deficiency) of revenues over expenditures	<u>(30,190)</u>	<u>37,843</u>	<u>68,033</u>
Other financing sources (uses)			
Transfers out	<u>(136,200)</u>	<u>(135,823)</u>	<u>377</u>
Total other financing sources (uses)	<u>(136,200)</u>	<u>(135,823)</u>	<u>377</u>
Net change in fund balance	(166,390)	(97,980)	68,410
Fund balance at beginning of year	<u>433,699</u>	<u>614,935</u>	<u>181,236</u>
Fund balance at end of year	<u>\$ 267,309</u>	<u>\$ 516,955</u>	<u>\$ 249,646</u>

CITY OF MOLALLA
COMBINING STATEMENT OF NET POSITION
SEWER FUND
June 30, 2022

	Sewer	Sewer System Development Charges	Sewer Debt Retirement	Sewer CWSRF	Total Sewer Fund
Assets					
Current assets					
Cash and cash equivalents	\$ 2,119,177	\$ 861,446	\$ 22,700	\$ 42,000	\$ 3,045,323
Receivables, net	375,326	-	-	-	375,326
Total current assets	<u>2,494,503</u>	<u>861,446</u>	<u>22,700</u>	<u>42,000</u>	<u>3,420,649</u>
Noncurrent assets					
Capital assets:					
Capital assets, nondepreciable	1,603,781	-	-	-	1,603,781
Capital assets, net of accumulated depreciation	6,372,772	-	-	-	6,372,772
Total capital assets	7,976,553	-	-	-	7,976,553
Net other postemployment benefits asset	10,388	-	-	-	10,388
Total noncurrent assets	<u>7,986,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,986,941</u>
Total assets	<u>10,481,444</u>	<u>861,446</u>	<u>22,700</u>	<u>42,000</u>	<u>11,407,590</u>
Deferred outflows of resources					
Pension related items	218,442	-	-	-	218,442
Other postemployment benefit related items	735	-	-	-	735
Total deferred outflows of resources	<u>219,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,177</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	134,886	-	-	-	134,886
Accrued interest payable	10,372	-	-	-	10,372
Compensated absences	30,628	-	-	-	30,628
Bonds payable	358,000	-	-	-	358,000
Total current liabilities	<u>533,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>533,886</u>
Noncurrent liabilities					
Compensated absences	7,657	-	-	-	7,657
Bonds payable	1,160,000	-	-	-	1,160,000
Loans payable	831,641	-	-	-	831,641
Net pension liability	238,094	-	-	-	238,094
Total noncurrent liabilities	<u>2,237,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,237,392</u>
Total liabilities	<u>2,771,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,771,278</u>
Deferred inflows of resources					
Refunded debt charges	11,800	-	-	-	11,800
Pension related items	191,260	-	-	-	191,260
Other postemployment benefit related items	3,897	-	-	-	3,897
Total deferred inflows of resources	<u>206,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,957</u>
Net position					
Net investment in capital assets	5,604,740	-	-	-	5,604,740
Restricted for:					
System development	-	861,446	-	-	861,446
Debt service	-	-	22,700	42,000	64,700
Unrestricted	2,117,646	-	-	-	2,117,646
Total net position	<u>\$ 7,722,386</u>	<u>\$ 861,446</u>	<u>\$ 22,700</u>	<u>\$ 42,000</u>	<u>\$ 8,648,532</u>

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
SEWER FUND
Year Ended June 30, 2022

	Sewer	Sewer System Development Charges	Sewer Debt Retirement	Sewer CWSRF	Eliminations	Total Sewer Fund
Operating revenues						
Charges for services	\$ 3,502,150	\$ -	\$ -	\$ -	\$ -	\$ 3,502,150
Operating expenses						
Personnel services	669,405	-	-	-	-	669,405
Materials and services	1,764,159	854	-	-	-	1,765,013
Depreciation	281,752	-	-	-	-	281,752
Total operating expenses	2,715,316	854	-	-	-	2,716,170
Operating income (loss)	786,834	(854)	-	-	-	785,980
Nonoperating revenues (expenses)						
Miscellaneous	60,850	-	-	-	-	60,850
Interest expense	(8,686)	-	-	-	-	(8,686)
Total nonoperating revenues (expenses)	52,164	-	-	-	-	52,164
Income (loss) before capital contributions and transfers	838,998	(854)	-	-	-	838,144
Capital contributions	-	151,363	-	-	-	151,363
Transfers in	800,468	-	-	2,000	(2,000)	800,468
Transfers out	(889,621)	-	-	-	2,000	(887,621)
Change in net position	749,845	150,509	-	2,000	-	902,354
Net position - beginning	7,242,096	710,937	22,700	40,000	-	8,015,733
Prior period adjustment	(269,555)	-	-	-	-	(269,555)
Net position - beginning, as restated	6,972,541	710,937	22,700	40,000	-	7,746,178
Net position - ending	\$ 7,722,386	\$ 861,446	\$ 22,700	\$ 42,000	\$ -	\$ 8,648,532

CITY OF MOLALLA
COMBINING STATEMENT OF CASH FLOWS
SEWER FUND
Year Ended June 30, 2022

	Sewer	Sewer System Development Charges	Sewer Debt Retirement	Sewer CWSRF	Eliminations	Total Sewer Fund
Cash flows from operating activities						
Receipts from customers	\$ 3,406,448	\$ -	\$ -	\$ -	\$ -	\$ 3,406,448
Payments to suppliers	(1,700,646)	(854)	-	-	-	(1,701,500)
Payments to employees	(705,318)	-	-	-	-	(705,318)
Net cash provided by (used in) operating activities	<u>1,000,484</u>	<u>(854)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>999,630</u>
Cash flows from noncapital financing activities						
Transfers in	800,468	-	-	-	-	800,468
Transfers out	(887,621)	-	-	-	-	(887,621)
Net cash provided by (used in) noncapital financing activities	<u>(87,153)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,153)</u>
Cash flows from capital and related financing activities						
Transfers in	-	-	-	2,000	(2,000)	-
Transfers out	(2,000)	-	-	-	2,000	-
System development charges received	-	151,363	-	-	-	151,363
Other	60,850	-	-	-	-	60,850
Acquisition of capital assets	(808,175)	-	-	-	-	(808,175)
Issuance of long-term obligations	623,069	-	-	-	-	623,069
Principal paid on long-term obligations	(353,600)	-	-	-	-	(353,600)
Interest paid on long-term obligations	(27,886)	-	-	-	-	(27,886)
Net cash provided by (used in) capital and related financing activities	<u>(507,742)</u>	<u>151,363</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>(354,379)</u>
Net increase (decrease) in cash and cash equivalents	405,589	150,509	-	2,000	-	558,098
Cash and cash equivalents - beginning of year	1,713,588	710,937	22,700	40,000	-	2,487,225
Cash and cash equivalents - end of year	<u>\$ 2,119,177</u>	<u>\$ 861,446</u>	<u>\$ 22,700</u>	<u>\$ 42,000</u>	<u>\$ -</u>	<u>\$ 3,045,323</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 786,834	\$ (854)	\$ -	\$ -	\$ -	\$ 785,980
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	281,752	-	-	-	-	281,752
(Increase) decrease in assets and deferred outflows of resources						
Receivables, net	(95,702)	-	-	-	-	(95,702)
Net other postemployment benefits asset	(5,758)	-	-	-	-	(5,758)
Deferred outflows - pension related items	16,092	-	-	-	-	16,092
Deferred outflows - other postemployment benefit related items	798	-	-	-	-	798
Increase (decrease) in liabilities and deferred inflows of resources						
Accounts payable and accrued liabilities	63,513	-	-	-	-	63,513
Compensated absences payable	(522)	-	-	-	-	(522)
Net pension liability	(215,695)	-	-	-	-	(215,695)
Deferred inflows - pension related items	166,035	-	-	-	-	166,035
Deferred inflows - other postemployment benefit related items	3,137	-	-	-	-	3,137
Net cash provided by (used in) operating activities	<u>\$ 1,000,484</u>	<u>\$ (854)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 999,630</u>

CITY OF MOLALLA
SEWER OPERATIONS - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 3,372,000	\$ 3,472,834	\$ 100,834
Miscellaneous	<u>11,000</u>	<u>60,850</u>	<u>49,850</u>
Total revenues	<u>3,383,000</u>	<u>3,533,684</u>	<u>150,684</u>
Expenditures			
Sewer	841,500	705,318	136,182
Materials and services - Maintenance	1,294,900	675,215	619,685
Materials and services - Operations	1,569,400	1,164,496	404,904
Capital outlay	86,200	74,662	11,538
Contingency	<u>437,358</u>	<u>-</u>	<u>437,358</u>
Total expenditures	<u>4,229,358</u>	<u>2,619,691</u>	<u>1,609,667</u>
Excess (deficiency) of revenues over expenditures	<u>(846,358)</u>	<u>913,993</u>	<u>1,760,351</u>
Other financing sources (uses)			
Issuance of long-term obligations	1,400,000	623,069	(776,931)
Transfers out	<u>(1,810,211)</u>	<u>(1,131,473)</u>	<u>678,738</u>
Total other financing sources (uses)	<u>(410,211)</u>	<u>(508,404)</u>	<u>(98,193)</u>
Net change in fund balance	(1,256,569)	405,589	1,662,158
Fund balance at beginning of year	<u>1,308,766</u>	<u>1,713,588</u>	<u>404,822</u>
Fund balance at end of year	<u>\$ 52,197</u>	2,119,177	<u>\$ 2,066,980</u>
Reconciliation to generally accepted accounting principles			
Accounts receivable, net		308,370	
Capital assets, net		7,976,553	
Net OPEB asset		10,388	
Deferred outflows related to pension		218,442	
Deferred outflows related to OPEB		735	
Accounts payable		(134,886)	
Accrued interest payable		(10,372)	
Compensated absences		(38,285)	
Bonds payable		(1,518,000)	
Loans payable		(831,641)	
Net pension liability		(238,094)	
Refunded debt charges		(11,800)	
Deferred inflows related to pension		(191,260)	
Deferred inflows related to OPEB		<u>(3,897)</u>	
Net position at end of year, GAAP Basis		<u>\$ 7,655,430</u>	

CITY OF MOLALLA
SEWER SYSTEM DEVELOPMENT CHARGES - SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 54,105	\$ 151,363	\$ 97,258
Total revenues	<u>54,105</u>	<u>151,363</u>	<u>97,258</u>
Expenditures			
Materials and services	<u>80,000</u>	<u>854</u>	<u>79,146</u>
Total expenditures	<u>80,000</u>	<u>854</u>	<u>79,146</u>
Excess (deficiency) of revenues over expenditures	<u>(25,895)</u>	<u>150,509</u>	<u>176,404</u>
Net change in fund balance	(25,895)	150,509	176,404
Fund balance at beginning of year	<u>433,591</u>	<u>710,937</u>	<u>277,346</u>
Fund balance at end of year	<u>\$ 407,696</u>	<u>\$ 861,446</u>	<u>\$ 453,750</u>

CITY OF MOLALLA
SEWER DEBT RETIREMENT - SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures			
Debt Service	\$ 381,486	\$ 381,486	\$ -
Total expenditures	<u>381,486</u>	<u>381,486</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	<u>381,486</u>	<u>381,486</u>	<u>-</u>
Total other financing sources (uses)	<u>381,486</u>	<u>381,486</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>22,700</u>	<u>22,700</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 22,700</u>	<u>\$ 22,700</u>

CITY OF MOLALLA
SEWER CWSRF - SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures			
Debt service	22,000	-	22,000
Total expenditures	22,000	-	22,000
Other financing sources (uses)			
Transfers in	2,000	2,000	-
Total other financing sources (uses)	2,000	2,000	-
Net change in fund balance	(20,000)	2,000	22,000
Fund balance at beginning of year	20,000	40,000	20,000
Fund balance at end of year	\$ -	\$ 42,000	\$ 42,000

CITY OF MOLALLA
COMBINING STATEMENT OF NET POSITION
NONMAJOR - STORMWATER FUNDS
June 30, 2022

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Nonmajor Stormwater Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 322,063	\$ 230,766	\$ 552,829
Receivables, net	34,591	-	34,591
Total current assets	<u>356,654</u>	<u>230,766</u>	<u>587,420</u>
Noncurrent assets			
Capital assets			
Capital assets, nondepreciable	5,358	-	5,358
Capital assets, net of accumulated depreciation	1,624,903	-	1,624,903
Total capital assets	<u>1,630,261</u>	<u>-</u>	<u>1,630,261</u>
Net other postemployment benefits asset	2,201	-	2,201
Total noncurrent assets	<u>1,632,462</u>	<u>-</u>	<u>1,632,462</u>
Total assets	<u>1,989,116</u>	<u>230,766</u>	<u>2,219,882</u>
Deferred outflows of resources			
Pension related items	46,278	-	46,278
Other postemployment benefit related items	156	-	156
Total deferred outflows of resources	<u>46,434</u>	<u>-</u>	<u>46,434</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	219	-	219
Compensated absences	8,682	-	8,682
Total current liabilities	<u>8,901</u>	<u>-</u>	<u>8,901</u>
Noncurrent liabilities			
Compensated absences	2,170	-	2,170
Net pension liability	50,442	-	50,442
Total noncurrent liabilities	<u>52,612</u>	<u>-</u>	<u>52,612</u>
Total liabilities	<u>61,513</u>	<u>-</u>	<u>61,513</u>
Deferred inflows of resources			
Pension related items	40,520	-	40,520
Other postemployment benefit related items	826	-	826
Total deferred inflows of resources	<u>41,346</u>	<u>-</u>	<u>41,346</u>
Net position			
Net investment in capital assets	1,630,261	-	1,630,261
Restricted for system development	-	230,766	230,766
Unrestricted	302,430	-	302,430
Total net position	<u>\$ 1,932,691</u>	<u>\$ 230,766</u>	<u>\$ 2,163,457</u>

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR - STORMWATER FUNDS
Year Ended June 30, 2022

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Nonmajor Stormwater Fund</u>
Operating revenues			
Charges for services	\$ 330,291	\$ -	\$ 330,291
Operating expenses			
Personnel services	155,518	-	155,518
Materials and services	29,392	-	29,392
Depreciation	45,657	-	45,657
Total operating expenses	<u>230,567</u>	<u>-</u>	<u>230,567</u>
Operating income (loss) before capital contributions and transfers	99,724	-	99,724
Capital contributions	-	9,650	9,650
Transfers in	2,738	-	2,738
Transfers out	<u>(50,189)</u>	<u>-</u>	<u>(50,189)</u>
Change in net position	<u>52,273</u>	<u>9,650</u>	<u>61,923</u>
Net position - beginning	1,874,949	221,116	2,096,065
Prior period adjustment	5,469	-	5,469
Net position - beginning, as restated	<u>1,880,418</u>	<u>221,116</u>	<u>2,101,534</u>
Net position - ending	<u>\$ 1,932,691</u>	<u>\$ 230,766</u>	<u>\$ 2,163,457</u>

CITY OF MOLALLA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR - STORMWATER FUNDS
Year Ended June 30, 2022

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Nonmajor Stormwater Fund</u>
Cash flows from operating activities			
Receipts from customers	\$ 323,687	\$ -	\$ 323,687
Payments to suppliers	(38,158)	-	(38,158)
Payments to employees	(151,173)	-	(151,173)
	<u>134,356</u>	<u>-</u>	<u>134,356</u>
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities			
Transfers in	2,738	-	2,738
Transfers out	(50,189)	-	(50,189)
	<u>(47,451)</u>	<u>-</u>	<u>(47,451)</u>
Net cash provided by (used in) noncapital financing activities			
Cash flows from capital and related financing activities			
System development charges received	-	9,650	9,650
Acquisition of capital assets	(2,615)	-	(2,615)
	<u>(2,615)</u>	<u>9,650</u>	<u>7,035</u>
Net cash provided by (used in) capital and related financing activities			
Net increase (decrease) in cash and cash equivalents	84,290	9,650	93,940
Cash and cash equivalents - beginning of year	237,773	221,116	458,889
	<u>237,773</u>	<u>221,116</u>	<u>458,889</u>
Cash and cash equivalents - end of year	<u>\$ 322,063</u>	<u>\$ 230,766</u>	<u>\$ 552,829</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 99,724	\$ -	\$ 99,724
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	45,657	-	45,657
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(6,604)	-	(6,604)
Net other postemployment benefits asset	(1,344)	-	(1,344)
Deferred outflows - pension related items	(4,553)	-	(4,553)
Deferred outflows - other postemployment benefit related items	128	-	128
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(8,766)	-	(8,766)
Compensated absences payable	3,686	-	3,686
Net pension liability	(30,289)	-	(30,289)
Deferred inflows - pension related items	36,032	-	36,032
Deferred inflows - other postemployment benefit related items	685	-	685
	<u>134,356</u>	<u>-</u>	<u>134,356</u>
Net cash provided by (used in) operating activities	<u>\$ 134,356</u>	<u>\$ -</u>	<u>\$ 134,356</u>

CITY OF MOLALLA
STORMWATER OPERATIONS - ENTERPRISE FUND (NONMAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 300,500	\$ 329,677	\$ 29,177
Total revenues	300,500	329,677	29,177
Expenditures			
Stormwater	256,000	210,367	45,633
Capital outlay	13,900	5,882	8,018
Contingency	135,598	-	135,598
Total expenditures	405,498	216,249	189,249
Excess (deficiency) of revenues over expenditures	(104,998)	113,428	218,426
Other financing sources (uses)			
Transfers out	(76,400)	(29,138)	47,262
Total other financing sources (uses)	(76,400)	(29,138)	47,262
Net change in fund balance	(181,398)	84,290	265,688
Fund balance at beginning of year	181,398	237,773	56,375
Fund balance at end of year	\$ -	322,063	\$ 322,063
Reconciliation to generally accepted accounting principles			
Accounts receivable, net		28,601	
Capital assets, net		1,630,261	
Net OPEB asset		2,201	
Deferred outflows related to pension		46,278	
Deferred outflows related to OPEB		156	
Accounts payable		(219)	
Compensated absences		(10,852)	
Net pension liability		(50,442)	
Deferred inflows related to pension		(40,520)	
Deferred inflows related to OPEB		(826)	
Net position at end of year, GAAP Basis		\$ 1,926,701	

CITY OF MOLALLA
STORMWATER SYSTEM DEVELOPMENT CHARGES - NONMAJOR STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 4,660	\$ 9,650	\$ 4,990
Total revenues	<u>4,660</u>	<u>9,650</u>	<u>4,990</u>
Excess (deficiency) of revenues over expenditures	<u>4,660</u>	<u>9,650</u>	<u>4,990</u>
Other financing sources (uses)			
Transfers out	<u>(75,000)</u>	<u>-</u>	<u>75,000</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>-</u>	<u>75,000</u>
Net change in fund balance	(70,340)	9,650	79,990
Fund balance at beginning of year	<u>191,712</u>	<u>221,116</u>	<u>29,404</u>
Fund balance at end of year	<u>\$ 121,372</u>	<u>\$ 230,766</u>	<u>\$ 109,394</u>

STATISTICAL SECTION

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
<i>Financial Trends</i> - These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	78 – 82
<i>Revenue Capacity</i> - These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	83 – 86
<i>Debt Capacity</i> - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and its ability to issue additional debt in the future.	87 – 91
<i>Demographic and Economic Information</i> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	92 – 93
<i>Operating Information</i> - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	94 – 96

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CITY OF MOLALLA, OREGON
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net investment in capital assets	\$ 9,704,248	\$ 7,766,383	\$ 10,309,574	\$ 10,305,834	\$ 8,609,061	\$ 8,658,502	\$ 8,731,352	\$ 12,453,245	\$ 12,779,500	\$ 13,482,859
Restricted	10,926,081	8,891,455	5,527,674	5,700,235	4,587,201	3,511,668	4,445,288	2,976,327	2,071,278	1,753,988
Unrestricted	2,868,238	4,166,139	3,998,388	3,701,073	3,287,686	2,590,056	2,354,161	1,788,198	2,046,154	1,276,225
Total governmental activities net position	\$ 23,498,567	\$ 20,823,977	\$ 19,835,636	\$ 19,707,142	\$ 16,483,948	\$ 14,760,226	\$ 15,530,801	\$ 17,217,770	\$ 16,896,932	\$ 16,513,072
Business-type activities										
Net investment in capital assets	\$ 15,526,339	\$ 15,033,589	\$ 14,386,314	\$ 11,681,554	\$ 10,812,541	\$ 10,103,432	\$ 8,036,493	\$ 7,678,396	\$ 7,009,980	\$ 6,768,889
Restricted	1,673,867	1,579,989	1,824,071	3,295,698	2,921,729	2,703,957	3,022,290	1,990,122	2,980,333	2,796,017
Unrestricted	5,133,072	4,476,620	3,367,651	3,431,323	2,873,004	2,774,379	2,288,774	2,204,417	2,051,489	1,968,627
Total business-type activities net position	\$ 22,333,278	\$ 21,090,198	\$ 19,578,036	\$ 18,408,575	\$ 16,607,274	\$ 15,581,768	\$ 13,347,557	\$ 11,872,935	\$ 12,041,802	\$ 11,533,533
Primary government										
Net investment in capital assets	\$ 25,230,587	\$ 22,799,972	\$ 24,695,888	\$ 21,987,388	\$ 19,421,602	\$ 18,761,934	\$ 16,767,845	\$ 20,131,641	\$ 19,789,480	\$ 20,251,748
Restricted	12,599,948	10,471,444	7,351,745	8,995,933	7,508,930	6,215,625	7,467,578	4,966,449	5,051,611	4,550,005
Unrestricted	8,001,310	8,642,759	7,366,039	7,132,396	6,160,690	5,364,435	4,642,935	3,992,615	4,097,643	3,244,852
Total primary government activities net position	\$ 45,831,845	\$ 41,914,175	\$ 39,413,672	\$ 38,115,717	\$ 33,091,222	\$ 30,341,994	\$ 28,878,358	\$ 29,090,705	\$ 28,938,734	\$ 28,046,605

CITY OF MOLALLA, OREGON
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
General government	\$ 2,205,232	\$ 902,446	\$ 1,392,703	\$ 1,038,867	\$ 1,488,976	\$ 1,635,670	\$ 1,361,581	\$ 1,231,553	\$ 1,681,897	\$ 1,670,994
Public safety	3,276,964	3,707,070	3,216,141	2,912,022	2,542,513	2,548,515	2,550,779	2,044,240	2,074,492	2,059,733
Highways and streets	556,359	1,663,710	1,614,153	1,546,056	1,531,912	1,535,395	1,495,701	1,368,643	593,752	546,591
Culture and recreation	1,952,616	1,472,861	1,197,912	1,012,008	932,989	663,121	2,761,986	-	-	-
Community development	308,145	532,877	79,797	22,365	46,008	138,463	180,315	866,407	1,200,877	1,253,662
Interest on long-term debt	94,334	49,345	64,677	67,456	74,565	75,892	103,971	37,579	8,308	9,689
Total governmental activities	\$ 8,393,650	\$ 8,328,309	\$ 7,565,383	\$ 6,598,774	\$ 6,616,963	\$ 6,597,056	\$ 8,454,333	\$ 5,548,422	\$ 5,559,326	\$ 5,540,669
Business-type activities:										
Water operations	\$ 1,370,377	\$ 1,953,198	\$ 1,354,806	\$ 906,594	\$ 1,156,816	\$ 910,285	\$ 1,359,442	\$ 1,223,534	\$ 1,163,666	\$ 1,017,690
Sewer operations	2,724,856	2,839,574	2,664,811	2,040,174	2,237,350	2,091,846	2,085,566	2,457,600	1,404,365	1,149,515
Storm water operations	230,567	84,995	338,031	175,680	258,864	116,548	329,046	102,813	189,513	89,966
Interest on long-term debt	-	-	-	-	-	-	-	-	-	232,091
Total business-type activities	\$ 4,325,800	\$ 4,877,767	\$ 4,357,648	\$ 3,122,448	\$ 3,653,030	\$ 3,118,679	\$ 3,774,054	\$ 3,783,947	\$ 2,757,544	\$ 2,489,262
Total Expenses	\$ 12,719,450	\$ 13,206,076	\$ 11,923,031	\$ 9,721,222	\$ 10,269,993	\$ 9,715,735	\$ 12,228,387	\$ 9,332,369	\$ 8,316,870	\$ 8,029,931
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 45,638	\$ 1,082,896	\$ 714,977	\$ 475,441	\$ 708,068	\$ 700,437	\$ 728,984	\$ 769,780	\$ 817,374	\$ 743,039
Public safety	208,213	-	-	-	-	-	-	208,997	231,200	249,891
Highways and streets	231,633	829,782	155,421	544,297	259,922	154,094	433,458	-	364,303	342,054
Culture and recreation	9,406	138	11,456	17,111	17,654	19,800	452,649	-	-	-
Community development	85,803	114,768	78,021	833,581	437,080	213,699	-	87,204	286,433	314,675
Operating grants and contributions	2,706,390	359,203	92,415	60,015	47,332	15,489	5,576	23,877	1,250,850	1,432,767
Capital grants and contributions	1,128,002	54,300	-	-	-	-	-	-	76,135	43,020
Total Governmental Activities	\$ 4,415,085	\$ 2,441,087	\$ 1,052,290	\$ 1,930,445	\$ 1,470,056	\$ 1,103,519	\$ 1,620,667	\$ 1,089,858	\$ 3,026,295	\$ 3,125,446
Business-type activities:										
Charges for services										
Water	\$ 1,753,420	\$ 2,103,961	\$ 1,943,296	\$ 2,311,332	\$ 2,028,290	\$ 1,815,514	\$ 2,007,391	\$ 1,527,794	\$ 1,299,054	\$ 1,343,038
Sewer operations	3,502,150	3,723,379	3,169,550	3,378,742	2,848,764	2,418,392	2,757,245	1,775,320	1,561,509	1,610,659
Storm water operations	330,291	413,063	321,049	404,812	319,148	198,601	242,993	123,352	115,790	97,556
Operating grants and contributions	-	9,588	-	-	-	-	-	-	-	84,000
Capital grants and contributions	207,299	-	-	-	-	-	-	-	285,310	-
Total Business-type Activities	\$ 5,793,160	\$ 6,249,991	\$ 5,433,895	\$ 6,094,886	\$ 5,196,202	\$ 4,432,507	\$ 5,007,629	\$ 3,426,466	\$ 3,261,663	\$ 3,135,253
Total Program Revenues	\$ 10,208,245	\$ 8,691,078	\$ 6,486,185	\$ 8,025,331	\$ 6,666,258	\$ 5,536,026	\$ 6,628,296	\$ 4,516,324	\$ 6,287,958	\$ 6,260,699
Net (Expense)/Revenue										
Governmental Activities	\$ (3,978,565)	\$ (5,887,222)	\$ (6,513,093)	\$ (4,668,329)	\$ (5,146,907)	\$ (5,493,537)	\$ (6,833,666)	\$ (4,458,564)	\$ (2,533,031)	\$ (2,415,223)
Business-type activities	1,467,360	1,372,224	1,076,247	2,972,438	1,543,172	1,313,828	1,233,575	(357,481)	504,119	645,991
Total Net (Expense)/Revenue	\$ (2,511,205)	\$ (4,514,998)	\$ (5,436,846)	\$ (1,695,891)	\$ (3,603,735)	\$ (4,179,709)	\$ (5,600,091)	\$ (4,816,045)	\$ (2,028,912)	\$ (1,769,232)

CITY OF MOLALLA, OREGON
Changes in Net Position (continued)
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues										
Governmental Activities:										
Taxes:										
Property taxes	\$ 3,686,812	\$ 4,186,467	\$ 3,944,268	\$ 3,707,861	\$ 3,503,079	\$ 3,148,271	\$ 3,072,480	\$ 2,954,828	\$ 2,775,997	\$ 2,653,271
Public service taxes and state revenue sharing	733,171	2,138,831	2,038,041	2,061,169	2,012,180	1,759,103	1,469,469	1,919,016	-	-
Franchise taxes	468,159	367,257	431,304	396,780	494,405	401,267	363,384	364,723	-	-
Fuel taxes	807,914	*	*	*	*	*	*	*	*	*
Unrestricted grants and contributions	456,599	*	*	*	*	*	*	*	*	*
Interest and investment earnings	125,314	168,889	337,842	380,044	208,982	121,451	62,437	54,350	49,499	39,687
Miscellaneous revenues	88,642	14,119	49,872	110,124	46,904	75,514	56,868	116,582	91,395	92,410
Transfers in (out)	286,544	-	-	1,235,545	583,257	(782,644)	(121,034)	(400,000)	-	-
Total general revenues and transfers	\$ 6,653,155	\$ 6,875,563	\$ 6,801,327	\$ 7,891,523	\$ 6,848,807	\$ 4,722,962	\$ 4,903,604	\$ 5,009,499	\$ 2,916,891	\$ 2,785,368
Business-type activities:										
Interest and investment earnings	\$ -	\$ -	\$ 337,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 576
Miscellaneous	62,264	139,938	93,214	64,408	63,946	44,841	37,039	10,601	4,150	35,089
Transfers in (out)	(286,544)	-	-	(1,235,545)	(583,257)	782,644	121,034	400,000	-	-
Total Business-type Activities	\$ (224,280)	\$ 139,938	\$ 431,056	\$ (1,171,137)	\$ (519,311)	\$ 827,485	\$ 158,073	\$ 410,601	\$ 4,150	\$ 35,665
Total primary government	\$ 6,428,875	\$ 7,015,501	\$ 7,232,383	\$ 6,720,386	\$ 6,329,496	\$ 5,550,447	\$ 5,061,677	\$ 5,420,100	\$ 2,921,041	\$ 2,821,033
Change in Net Position										
Governmental Activities	\$ 2,674,590	\$ 988,341	\$ 288,234	\$ 3,223,194	\$ 1,701,900	\$ (770,575)	\$ (1,930,062)	\$ 550,935	\$ 383,860	\$ 370,145
Business-type Activity	1,243,080	1,512,162	1,507,303	1,801,301	1,023,861	2,141,313	1,391,648	53,120	508,269	681,656
Total Change in Net Position	\$ 3,917,670	\$ 2,500,503	\$ 1,795,537	\$ 5,024,495	\$ 2,725,761	\$ 1,370,738	\$ (538,414)	\$ 604,055	\$ 892,129	\$ 1,051,801

* Previously reported in other categories

CITY OF MOLALLA, OREGON
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	3,660,620	3,470,175	3,115,275	2,756,155	1,967,938	1,441,381	1,133,000	952,596	814,998	209,181
Total general fund	<u>\$ 3,660,620</u>	<u>\$ 3,470,175</u>	<u>\$ 3,115,275</u>	<u>\$ 2,756,155</u>	<u>\$ 1,967,938</u>	<u>\$ 1,441,381</u>	<u>\$ 1,133,000</u>	<u>\$ 952,596</u>	<u>\$ 814,998</u>	<u>\$ 209,181</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 96,303
Restricted	10,813,325	8,860,471	5,527,674	5,700,235	4,587,201	3,511,668	4,445,288	5,423,234	2,071,278	1,657,685
Committed	693,268	2,059,053	1,858,871	1,781,899	1,655,471	1,529,407	1,395,999	-	-	-
Assigned	-	-	-	-	-	-	-	1,280,657	1,160,485	1,014,343
Unassigned	-	209,610	(41,902)	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 11,506,593</u>	<u>\$ 11,129,134</u>	<u>\$ 7,344,643</u>	<u>\$ 7,482,134</u>	<u>\$ 6,242,672</u>	<u>\$ 5,041,075</u>	<u>\$ 5,841,287</u>	<u>\$ 6,703,891</u>	<u>\$ 3,231,763</u>	<u>\$ 2,768,331</u>

CITY OF MOLALLA, OREGON
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Property taxes	\$ 4,384,932	\$ 4,276,637	\$ 3,840,270	\$ 3,813,808	\$ 3,483,362	\$ 3,140,786	\$ 3,059,889	\$ 3,308,927	\$ 3,740,995	\$ 3,522,375
Franchise fees	443,159	414,214	420,041	390,897	398,334	362,652	370,634	-	-	-
Licenses, permits and fees	282,647	272,729	72,495	44,284	72,495	64,868	120,968	53,053	180,759	188,062
Intergovernmental	4,100,474	2,172,224	2,072,929	2,033,364	2,009,380	1,771,723	1,491,767	1,919,016	790,313	787,207
Fuel taxes	807,914	*	*	*	*	*	*	*	*	*
Fines and forfeitures**	154,731	240,515	9,179	14,201	14,676	16,921	18,031	19,218	520,254	534,178
Charges for services**	143,315	570,988	644,259	428,767	634,551	638,448	613,164	656,905	-	-
Grants***	-	351,405	81,358	40,816	22,748	6,542	3,816	23,877	8,744	251,363
Interest revenue	125,314	168,889	337,842	380,044	208,982	121,451	62,437	54,350	49,499	39,687
Miscellaneous revenue	88,642	14,119	49,872	110,124	46,904	75,514	117,079	114,429	467,477	411,335
Contributions and donations	108,752	60,900	11,557	24,499	28,584	8,947	1,760	2,153	2,910	113,641
System development charges	81,765	944,550	233,442	1,377,878	697,002	367,793	864,688	501,981	181,063	57,793
Total Revenues	\$ 10,721,645	\$ 9,487,170	\$ 7,773,244	\$ 8,658,682	\$ 7,617,018	\$ 6,575,645	\$ 6,724,233	\$ 6,653,909	\$ 5,942,014	\$ 5,905,641
EXPENDITURES										
Current:										
General government	\$ 2,168,966	\$ 1,008,221	\$ 1,260,822	\$ 1,115,455	\$ 1,191,682	\$ 911,656	\$ 793,643	\$ 816,142	\$ 673,653	\$ -
Public safety	3,278,318	3,240,292	2,994,324	2,774,880	2,491,805	2,395,215	2,216,160	2,175,759	2,154,506	-
Highways and streets	565,249	732,343	632,273	616,949	598,546	642,319	590,042	536,001	735,836	-
Culture and recreation	1,016,225	998,753	1,054,556	989,664	924,408	628,401	986,494	-	-	-
Community development	300,939	464,207	15,022	1,474	24,977	116,878	107,257	926,187	1,235,527	-
Personal services	-	-	-	-	-	-	-	-	-	2,721,461
Materials and services	-	-	-	-	-	-	-	-	-	1,693,294
Capital Outlay	3,915,384	2,319,832	3,926,051	2,066,059	931,029	2,086,109	2,230,981	1,255,341	-	331,138
Debt Service:										
Principal	417,800	423,600	222,606	207,606	230,885	185,000	145,000	-	-	-
Interest	109,650	72,587	90,576	94,461	96,194	101,898	136,856	66,838	73,243	69,342
Total Expenditures	\$ 11,772,531	\$ 9,259,835	\$ 10,196,230	\$ 7,866,548	\$ 6,489,526	\$ 7,067,476	\$ 7,206,433	\$ 5,776,268	\$ 4,872,765	\$ 4,815,235
Excess (Deficiency) of Revenues over Expenditures	\$ (1,050,886)	\$ 227,335	\$ (2,422,986)	\$ 792,134	\$ 1,127,492	\$ (491,831)	\$ (482,200)	\$ 877,641	\$ 1,069,249	\$ 1,090,406
OTHER FINANCING SOURCES (USES)										
Issuance of debt		\$ 2,530,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer in	3,048,415	2,453,894	3,745,057	1,990,615	862,089	-	345,000	3,143,156	140,000	166,089
Transfers out	(1,429,625)	(1,072,238)	(941,332)	(755,070)	(278,832)	-	(545,000)	(487,500)	(140,000)	(166,089)
Total Other Financing Sources (Uses)	\$ 1,618,790	\$ 3,912,056	\$ 2,803,725	\$ 1,235,545	\$ 583,257	\$ -	\$ (200,000)	\$ 2,655,656	\$ -	\$ -
Net change in fund balances	\$ 567,904	\$ 4,139,391	\$ 380,739	\$ 2,027,679	\$ 1,710,749	\$ (491,831)	\$ (682,200)	\$ 3,533,297	\$ 1,069,249	\$ 1,090,406
Debt service as a percentage of noncapital expenditures	5.14%	5.45%	3.00%	4.53%	4.94%	3.93%	3.47%	1.15%	1.30%	1.24%

* Previously reported in other categories

** From 2016 -2020 Municipal Court Fines were being recorded as Charges for services rather than Fines and forfeitures.

*** For 2022, grant revenue are not split out from intergovernmental revenue.

CITY OF MOLALLA, OREGON
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal year Ended June 30	REAL PROPERTY		MANUFACTURED STRUCTURES		PERSONAL PROPERTY		UTILITIES		TOTAL		Ration of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate/ Thousand
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2022	\$ 707,961,793	\$ 1,274,571,036	\$ 3,628,336	\$ 5,477,950	\$ 14,536,222	\$ 14,536,222	\$ 38,803,100	\$ 38,872,214	\$ 764,929,451	\$ 1,333,457,422	57.4%	5.94
2021	672,215,372	1,140,099,977	3,599,622	5,158,740	14,898,925	14,898,925	37,192,500	37,249,742	727,906,419	1,197,407,384	60.8%	5.91
2020	640,709,297	1,074,092,199	3,567,075	4,877,380	14,282,351	14,282,351	30,474,300	30,522,973	689,033,023	1,123,774,903	61.3%	5.89
2019	596,253,536	962,210,749	3,287,116	4,318,290	13,693,175	13,693,175	31,886,300	31,925,433	645,120,127	1,012,147,647	63.7%	5.87
2018	568,373,600	844,622,742	2,997,053	3,710,240	12,251,888	12,251,888	27,680,800	27,722,879	611,303,341	888,307,749	68.8%	5.99
2017	532,604,601	814,535,706	2,563,905	2,926,488	10,753,275	10,757,312	26,757,200	26,787,379	572,678,981	855,006,885	67.0%	5.84
2016	502,276,193	702,867,924	2,299,157	2,545,753	9,686,683	9,687,170	29,160,700	29,478,711	543,422,733	744,579,558	73.0%	5.80
2015	480,012,264	626,356,527	2,106,439	2,288,508	9,596,183	9,598,877	28,150,100	28,210,958	519,864,986	666,454,870	78.0%	5.81
2014	452,831,720	553,235,890	1,981,140	2,105,535	8,568,487	8,603,875	27,503,550	27,526,821	490,884,897	591,472,121	83.0%	5.80
2013	435,791,663	530,988,437	1,991,625	2,123,049	8,794,263	8,797,085	22,468,100	22,498,323	469,045,651	564,406,894	83.1%	5.80

Source: Clackamas County Assessor's Office

CITY OF MOLALLA, OREGON
Property Tax Rates
Last Ten Fiscal Years

Fiscal year Ended June 30	City of Molalla/Urban Renewal	Molalla River School District	Clackamas CC & ESD	Clackamas County	Molalla FD 73	Other Taxing Districts	Total
2022	\$ 5.94	\$ 4.39	\$ 1.02	\$ 3.06	\$ 1.69	\$ 0.37	\$ 16.48
2021	5.91	4.40	1.04	3.07	1.70	0.37	16.50
2020	5.89	4.42	1.03	3.08	1.71	0.37	16.50
2019	5.87	4.43	1.05	3.09	1.72	0.37	16.52
2018	5.99	4.43	1.05	3.09	1.39	0.37	16.31
2017	5.84	4.50	1.06	3.03	1.41	0.10	15.93
2016	5.80	4.52	1.07	3.05	1.41	0.10	15.94
2015	5.81	4.52	1.03	3.05	1.41	0.10	15.91
2014	5.80	4.52	1.03	3.05	0.75	0.10	15.26
2013	5.80	4.78	1.02	3.19	0.76	0.10	15.64

Source: Clackamas County Assessor's Office
Tax rates expressed in dollars and cents per \$1,000 of assessed value of taxable property

CITY OF MOLALLA, OREGON
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Molalla Telephone Co	\$ 24,745,300	1	3.23%	\$ 14,159,300	1	3.02%
Molalla MC Investors LLC	17,394,871	2	2.27%	13,357,165	2	2.85%
Stoneplace Apartments LLC	17,233,258	3	2.25%	4,834,172	4	1.03%
Pacific Fibre Products Inc	13,866,060	4	1.81%			
Brentwood Acquisition Corp	9,257,387	5	1.21%	5,456,058	3	1.16%
Portland Gen Elec Co	6,337,000	6	0.83%	4,335,000	5	0.92%
Northwest Natural Gas Co	5,846,000	7	0.76%			
Stoneplace Storage LLC	5,692,436	8	0.74%			
MSRE LLC	4,983,774	9	0.65%	3,110,464	8	0.66%
Hi-Valley Development Corp	4,924,252	10	0.64%	3,774,029	7	0.80%
Welltower Landlord Group LLC				4,276,430	6	0.91%
Oliva Steven J & Janice D				2,888,746	9	0.62%
Brown Richard K				2,837,557	10	0.60%
Subtotal	<u>110,280,338</u>		<u>14.42%</u>	<u>59,028,921</u>		<u>12.58%</u>
All other	<u>654,649,113</u>		<u>85.58%</u>	<u>410,016,730</u>		<u>87.42%</u>
Total	<u>\$ 764,929,451</u>		<u>100.00%</u>	<u>\$ 469,045,651</u>		<u>100.00%</u>

Source: Clackamas County Assessor's Office

CITY OF MOLALLA, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year Ended June 30	Taxes Levied by Assessor	Current Tax Collections	Percent of Levy Collections	Delinquent Taxes Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Adjustments and Discounts	Uncollected Taxes	Percent of Delinquent Taxes to Tax Levy
2022	\$ 4,549,847	\$ 4,325,927	95.08%	\$ 49,373	4,375,301	96.16%	\$ 140,160	\$ 150,260	3.30%
2021	4,308,734	4,123,183	95.69%	56,648	4,179,831	97.01%	125,087	115,874	2.69%
2020	4,061,454	3,881,214	95.56%	51,825	3,933,039	96.84%	119,748	112,058	2.76%
2019	3,788,676	3,623,038	95.63%	126,705	3,749,743	98.97%	146,265	103,381	2.73%
2018	3,671,895	3,496,205	95.22%	44,975	3,541,180	96.44%	107,672	210,714	5.74%
2017	3,360,384	3,202,702	95.31%	53,853	3,256,555	96.91%	95,829	187,670	5.58%
2016	3,159,206	3,004,362	95.10%	58,135	3,062,497	96.94%	87,421	179,671	5.69%
2015	3,024,196	2,871,805	94.96%	66,245	2,938,050	97.15%	84,414	170,383	5.63%
2014	2,859,887	2,710,709	94.78%	73,904	2,784,613	97.37%	81,358	168,650	5.90%
2013	2,732,202	2,575,533	94.27%	70,341	2,645,874	96.84%	82,064	174,734	6.40%

Source: Clackamas County Assessor's Office

CITY OF MOLALLA, OREGON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal year Ended June 30	Governmental Activities		Business-type Activities		Total Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt per Capita
	Full Faith and Credit Bonds (1)	Loans/Notes	Enterprise Bonds (1)	Enterprise Loans/Notes				
2022	\$ 3,925,442	\$ -	\$ 1,518,000	\$ 831,641	\$ 6,275,083	*	10,298	\$ 609
2021	4,368,754	-	1,871,600	208,572	6,448,926	*	9,910	651
2020	2,287,466	-	1,400,000	1,272,262	4,959,728	1.76%	9,885	502
2019	2,467,978	67,606	1,650,000	1,412,305	5,597,889	2.19%	9,625	582
2018	2,633,490	132,084	1,890,000	1,614,848	6,270,422	2.57%	9,610	652
2017	2,819,002	-	2,460,000	1,811,791	7,090,793	3.16%	9,085	780
2016	3,029,514	-	3,010,000	1,809,810	7,849,324	3.79%	8,940	878
2015	3,200,026	-	3,540,000	1,935,111	8,675,137	4.17%	8,820	984
2014	215,000	-	4,050,000	2,056,976	6,321,976	3.37%	8,110	780
2013	275,000	4,935	4,540,000	2,175,500	6,995,435	3.92%	8,110	863

*Information unavailable at this time

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on Demographic and Economics Statistics table.

(3) Portland State University

CITY OF MOLALLA, OREGON
Ratios of Net Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal year Ended June 30	Full Faith and Credit Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2022	\$ 3,925,442	\$ 600,000	\$ 3,325,442	0.25%	323
2021	4,368,754	600,000	3,768,754	0.31%	380
2020	2,287,466	332,000	1,955,466	0.17%	198
2019	2,467,978	242,050	2,225,928	0.22%	231
2018	2,633,490	262,300	2,371,190	0.27%	247
2017	2,819,002	293,313	2,525,689	0.30%	278
2016	3,029,514	439,963	2,589,551	0.35%	290
2015	3,200,026	441,463	2,758,563	0.41%	313
2014	215,000	67,250	147,750	0.02%	18
2013	275,000	65,000	210,000	0.04%	26

(1) This is the general bonded debt of both government and business-type activities, net of original issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments.

(3) See the Schedule of Assessed Value and Estimate Actual value of Taxable Property for property value data.

(4) Population data can be found in the schedule of Ratios of Outstanding Debt by Type.

CITY OF MOLALLA, OREGON
Direct and Overlapping Governmental Activities Debt
June 30, 2022

Government Unit:	Net Property Tax Backed Debt	Estimated Percent within City	City of Molalla Pro Rata Share
Clackamas Community College	\$ 134,508,536	1.84%	\$ 2,476,168
Clackamas County	115,525,000	1.36%	\$ 1,568,598
Clackamas County ESD	21,902,000	1.42%	\$ 311,578
Clackamas County SD 35 (Molalla River)	13,004,594	35.72%	\$ 4,645,553
Clackamas Soil & Water Conservation	5,785,000	1.36%	\$ 78,549
Molalla RFPD 73	1,475,000	42.11%	\$ 621,064
 Subtotal, overlapping debt	 <u>292,200,130</u>		 <u>9,701,510</u>
City of Molalla direct debt	<u>5,267,000</u>	100%	<u>5,267,000</u>
Total	<u><u>\$ 297,467,130</u></u>		<u><u>\$ 14,968,510</u></u>

Source: Oregon State Treasury, Debt Management Division

Note: Overlapping governments are those below the state level that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property owners of the City. The State of Oregon provides overlapping debt data based on real market valuation of properties for each jurisdiction.

CITY OF MOLALLA, OREGON
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Real Market Value of Taxable Property	\$ 1,333,457,422	\$ 1,197,407,384	\$ 1,123,774,903	\$ 1,012,147,647	\$ 888,307,749	\$ 855,006,885	\$ 744,579,558	\$ 666,454,870	\$ 591,472,121	\$ 564,406,894
Percentage limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Statutory debt limit (1)	40,003,723	35,922,222	33,713,247	30,364,429	26,649,232	25,650,207	22,337,387	19,993,646	17,744,164	16,932,207
Outstanding debt	5,267,000	6,038,400	3,687,466	3,694,911	4,101,932	4,630,793	4,839,324	5,135,137	2,271,976	2,455,435
Legal Debt Margin	<u>\$ 34,736,723</u>	<u>\$ 29,883,822</u>	<u>\$ 30,025,781</u>	<u>\$ 26,669,518</u>	<u>\$ 22,547,300</u>	<u>\$ 21,019,414</u>	<u>\$ 17,498,063</u>	<u>\$ 14,858,509</u>	<u>\$ 15,472,188</u>	<u>\$ 14,476,772</u>
Total net debt applicable to the limit as a percentage of debt limit	13.17%	16.81%	10.94%	12.17%	15.39%	18.05%	21.66%	25.68%	12.80%	14.50%

(1) Oregon Revised Statute 287A.050 limits the principal amount of general obligation bonds to no more than three percent of the real market value of taxable property.

CITY OF MOLALLA, OREGON
Pledged Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds

Fiscal year Ended June 30	Charges for Water Service	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
2022	\$ 1,766,265	\$ 1,171,272	\$ 594,993	\$ -	\$ -	N/A
2021	1,826,925	1,208,870	618,055	-	-	N/A
2020	1,894,042	1,123,084	770,958	-	-	N/A
2019	1,891,858	1,056,897	834,961	-	-	N/A
2018	1,781,130	1,097,782	683,348	340,000	5,100	1.98
2017	1,756,714	1,044,373	712,341	325,000	15,075	2.09
2016	1,455,791	950,517	505,274	310,000	24,600	1.51
2015	1,380,765	1,421,961	(41,196)	300,000	33,750	(0.12)
2014	1,285,275	891,394	393,881	290,000	42,600	1.18
2013	1,293,186	876,960	416,226	310,000	51,600	1.15

Sewer Revenue Bonds

Fiscal year Ended June 30	Charges for Sewer Service	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
2022	\$ 3,458,099	\$ 2,545,029	\$ 913,070	\$ 353,600	\$ 27,886	2.39
2021	3,232,589	2,055,212	1,177,377	253,700	24,851	4.23
2020	2,993,171	2,244,229	748,942	250,000	66,000	2.37
2019	2,805,927	2,125,825	680,102	240,000	75,600	2.15
2018	2,131,000	1,536,437	594,563	230,000	84,800	1.89
2017	2,324,971	1,470,364	854,607	225,000	91,550	2.70
2016	1,891,277	1,586,485	304,792	220,000	98,150	0.96
2015	1,624,714	2,046,295	(421,581)	210,000	104,450	(1.34)
2014	1,563,924	1,050,951	512,973	200,000	110,450	1.65
2013	1,551,290	985,177	566,113	200,000	116,450	1.79

CITY OF MOLALLA, OREGON
Demographic and Economic Indicators
Last Ten Fiscal Years

Fiscal year	Population (1)	Median Age (2)	Per Capita Income (2)	Personal Income	Public K-12 School Enrollment (2)	Unemployment Rate (3)
2022	10,298	*	*	*	*	3.2%
2021	9,910	34.5	\$ 31,626	313,413,660	1,943	4.9%
2020	9,885	34.8	28,459	281,317,215	1,893	9.8%
2019	9,625	35.2	26,498	255,043,250	2,017	3.4%
2018	9,610	33.7	25,437	244,449,570	1,781	3.5%
2017	9,085	34.2	24,703	224,426,755	1,715	3.6%
2016	8,940	33.5	23,155	207,005,700	1,787	4.4%
2015	8,820	32.9	23,614	208,275,480	1,420	5.1%
2014	8,110	33.3	23,099	187,332,890	1,555	6.0%
2013	8,110	33.2	22,032	178,679,520	1,505	6.9%

*Information unavailable at this time

- Sources:
- (1) Portland State University Population Research Center
 - (2) United States Census Bureau American Community Survey 5-year estimates
 - (3) State of Oregon Employment Department (Clackamas County, Seasonally Adjusted, June)

CITY OF MOLALLA, OREGON
Principal Employer Types
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Average Employees	Rank	Percentage of Total City Employment	Average Employees	Rank	Percentage of Total City Employment
Agriculture, Forestry, Fishing and Hunting	650	1	22.13%	455	1	19.34%
Retail Trade	414	2	14.10%	353	2	15.00%
Accommodation and Food Services	315	3	10.73%	243	6	10.33%
Educational Services; Health Care and Social Assistance	310	4	10.55%	252	5	10.71%
Local Government (including schools)	310	5	10.55%	281	3	11.94%
Manufacturing	249	6	8.48%	274	4	11.64%
Other Services	147	7	5.01%	125	7	5.31%
Construction	138	8	4.70%			0.00%
Wholesale Trade	99	9	3.37%	82	8	3.48%
Transportation and Warehousing	91	10	3.10%	51	10	2.17%
Finance and Insurance				55	9	2.34%
Subtotal	2,723		92.71%	2,171		92.27%
All other	214		7.29%	182		7.73%
Total	2,937		100.00%	2,353		100.00%

Source: Oregon Employment Department

CITY OF MOLALLA, OREGON
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administration	6.00	5.00	5.00	4.75	4.75	6.00	5.00	4.00	3.00	3.00
Police Services	19.00	18.50	17.00	18.50	17.00	16.00	14.00	13.00	13.00	13.00
Parks	0.86	0.86	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Planning	2.50	2.50	2.50	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Municipal Court	1.00	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Library	8.70	8.20	8.20	8.40	7.00	5.00	5.00	3.00	2.00	2.00
Public Works (Street, Storm, Water Sewer)	18.50	18.50	15.76	15.62	15.30	14.00	12.00	13.00	15.00	15.00
Aquatic Center	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Unallocated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00
	56.56	54.31	50.21	50.27	47.05	44.00	37.00	34.00	38.00	38.00

Source: City Records

CITY OF MOLALLA, OREGON
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety										
Citations	673	721	763	642	*	*	*	*	*	*
Arrests	404	212	347	298	*	*	*	*	*	*
Culture and recreation										
Library circulation										
Materials	159,571	109,237	163,673	215,289	217,268	248,674	273,269	289,500	308,350	331,748
Downloads/Streaming	21,519	20,631	20,283	15,803	13,072	11,037	10,872	7,563	6,744	5,395
Program Participation	6,831	3,549	6,724	9,412	4,397	4,917	4,993	4,993	4,136	2,594
Park rentals	77	15	26	25	*	*	*	*	*	*
Community Development										
Land use decisions/authorizations issued	136	198	89	102	*	*	*	*	*	*
Single-family units permitted	8	20	11	11	*	*	*	*	*	*
Multi-family units permitted	217	8	40	2	*	*	*	*	*	*
Commercial/industrial units permitted	27,200	7	6	4	*	*	*	*	*	*
Public Works										
Work orders completed	4,170	3,906	4,105	3,948	3,773	*	*	*	*	*
Linear feet of sewer line cleaned	11,616	9,727	9,727	9,733	*	*	*	*	*	*
Local road feet paved/resurfaced	3,780	1,300	33	*	*	*	*	*	*	*
Potholes filled	552	279	360	385	254	*	*	*	*	*
Sewer TV inspected	5,280	1,500	*	*	*	*	*	*	*	*
Mainline replaced	-	2,900	200	*	*	*	*	*	*	*
Manholes repaired	20	105	-	101	*	*	*	*	*	*
Laterals repaired	10	9	4	*	*	*	*	*	*	*
Water										
Water usage billed (cubic feet)	36,479,822	40,862,016	*	*	*	*	*	*	*	*
Service connections (EDU's)	3,363	3,451	*	*	*	*	*	*	*	*
Water meters installed	81	21	21	22	*	*	*	*	*	*
Drinking water produced (gallons)	312,211,703	325,626,159	349,201,849	379,959,591	382,572,480	*	*	*	*	*
Service orders processed	713	807	625	820	689	*	*	*	*	*
Water meters read	32,892	35,853	35,453	26,622	*	*	*	*	*	*
Wastewater										
Service connections (EDU's)	3,730	3,627	3,603	*	*	*	*	*	*	*
Biosolids removed (dry tons)	27.84	411.46	280.00	866.34	*	*	*	*	*	*
Wastewater recycled (gallons)	125,891,000	114,091,000	112,303,000	110,279,000	*	*	*	*	*	*

Source: City records

*Statistics unavailable

CITY OF MOLALLA, OREGON
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	21	20	20	19	*	*	*	*	*	*
Highways and streets										
Streets (center lane miles)	35.7	35.5	35.5	35.5	*	*	*	*	*	*
Streetlights	455	*	*	*	*	*	*	*	*	*
Culture and recreation										
Parks acreage	73.2	66.1	66.1	66.73	*	*	*	*	*	*
Playgrounds/skate parks	11	10	10	10	*	*	*	*	*	*
Library facility	1	1	1	1	1	1	1	1	1	1
Sanitary sewer										
Sewer EDU's	3,737	*	*	*	*	*	*	*	*	*
Sewer lines (miles)	33.95	32.62	32.62	32.47	*	*	*	*	*	*
Pump stations	5	5	6	6	*	*	*	*	*	*
Water										
Number of water meters	2,939	2,918	2,905	2,889	*	*	*	*	*	*
Water lines (miles)	42.07	41.51	41.51	41.34	*	*	*	*	*	*
Water storage capacity (gallons)	3,200,000	3,200,000	3,200,000	3,200,000	*	*	*	*	*	*

Source: City records

*Statistics unavailable

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COMPLIANCE SECTION

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

Honorable Mayor and Council Members
City of Molalla
Molalla, Oregon

We have audited the basic financial statements of the City of Molalla, Oregon (the "City") as of and for the year ended June 30, 2022, and have issued our report thereon March 30, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

Honorable Mayor and Council Members
City of Molalla
Independent Auditor's Report Required by
Oregon State Regulations
March 30, 2023

ORS Chapter 294.358 - resources and requirements preceding years

- Amounts reported in the 2022-23 budget for certain funds did not agree to actual fiscal year 2019-2020 and 2020-2021 audited financial statements as follows:
 - 1st and 2nd preceding years resources and requirements did not agree for General, Library, and Sewer funds
 - 1st and 2nd preceding years resources did not agree for Streets, Water, and Sewer SDC funds
 - 1st preceding year resources did not agree for Stormwater, Sewer Debt, and CWSRF Debt funds
 - 2nd preceding year resources did not agree for Water SDC, Street SDC, Park SDC, and Stormwater SDC funds
 - 1st preceding year requirements did not agree for the Urban Renewal Agency fund

ORS Chapter 294.438 - LB-1 agreement to the approved budget

- Amounts reported on the LB-1 for 2020-21 actual do not agree with the budget detail in the 2022-23 budget document

OAR 162-010-0230 Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. We have separately issued a letter to those charged with governance regarding deficiencies in internal controls.

Restriction of Use

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

Singer Lewak LLP

March 30, 2023

By:



Brad Bingenheimer, Partner