

For Fiscal Year Ended June 30, 2024



ANNUAL COMPREHENSIVE FINANCIAL REPORT

City Of Molalla, Oregon &

Molalla Urban Renewal





CITY OF MOLALLA, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

CITY OF MOLALLA, OREGON

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

Year Ended June 30, 2024

Prepared by the Finance Office of the City of Molalla

Cindy Chauran, Finance Director

CITY OF MOLALLA

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INTRODUCTORY SECTION

CITY OF MOLALLA
OFFICERS AND MEMBERS OF THE GOVERNING BODY
As of June 30, 2024

MAYOR

Scott Keyser

CITY COUNCIL MEMBERS*

Jody Newland – Council President

Leota Childress

RaeLynn Botsford

Terry Shankle

Crystal Robles (through April 2024)

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

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, 2024

December 4, 2024

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, 2024. 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, 2024. 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 10,489.

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 major governmental operating funds are the General Fund, Library Fund and Street Fund. 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. Resources are appropriated by fund. Appropriations set the legal limit of spending which can only be changed, under limited parameters of Oregon law, with Council approval.

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. Despite the current market, the City continues to see an increase in industrial and commercial investment. Residential opportunities are slowing mainly due to a lack of residential inventory. This is being addressed by work toward an expanded Urban Growth Boundary. The primary employers continue to be the agricultural and forestry industries, with increasing employment in consumer services and the construction trade. Local events such as the Molalla Buckeroo rodeo, Celebrate Molalla and a growing farmer's market draw interest to Molalla as well.

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 55% 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.
- Purchase Policy, and Usage of Purchase Orders – Intended to ensure efficiency and accountability in purchasing and establishing spending authority thresholds by position.
- Capitalization Policy – Formalizes the definition and depreciation of capital assets reported under generally accepted accounting principles.

Major Initiatives

Upcoming and on-going major initiatives include:

- Wastewater Treatment Plant Upgrade – After years of planning, the contract to construct a new treatment process and facility has now been awarded. Funding has been secured through a combination of loans and grants, including a USDA Rural Development loan in the amount of \$32,250,000.
- Infrastructure Investments – Deferred maintenance and improvements are being addressed through the Resurfacing Program and Sidewalk Improvement Program managed by the Street Department. Replacement of sewer and water mains and a pump station upgrade are also budgeted in the enterprise funds. Pre-design studies for new water intakes are beginning.
- Planning: Updates to Parks and Stormwater master plans are underway. The work of potential expansion of the urban growth boundary has begun. A digital permitting platform as required by the State is being implemented.
- New Police Department Facility – Ground has been broken for the new structure funded by a \$16.8 million voter approved bond. Completion is expected by the end of 2025.
- Park Development – Phase I of Chief Yelkus Park and Clark Park improvement plans are the current focus.
- Library – Plans to expand or relocate the library facility are being considered.

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. Tax receipts for the current year were 3% greater than the previous year.

Taxpayers authorized a general obligation bond for building a new police station in 2023. Assessment for debt service on the \$16.8 million bond begins this year. The City does not currently have any operating levies.

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 2023-2024 budget year, as it has for the previous five 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 GFOA also awarded the City the Certificate of Achievement for Excellence in Financial Reporting for the annual comprehensive financial report for the fiscal year ended June 30, 2023. The report was judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate the City's financial story and motivate potential users to read the report.

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
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Molalla
Oregon**

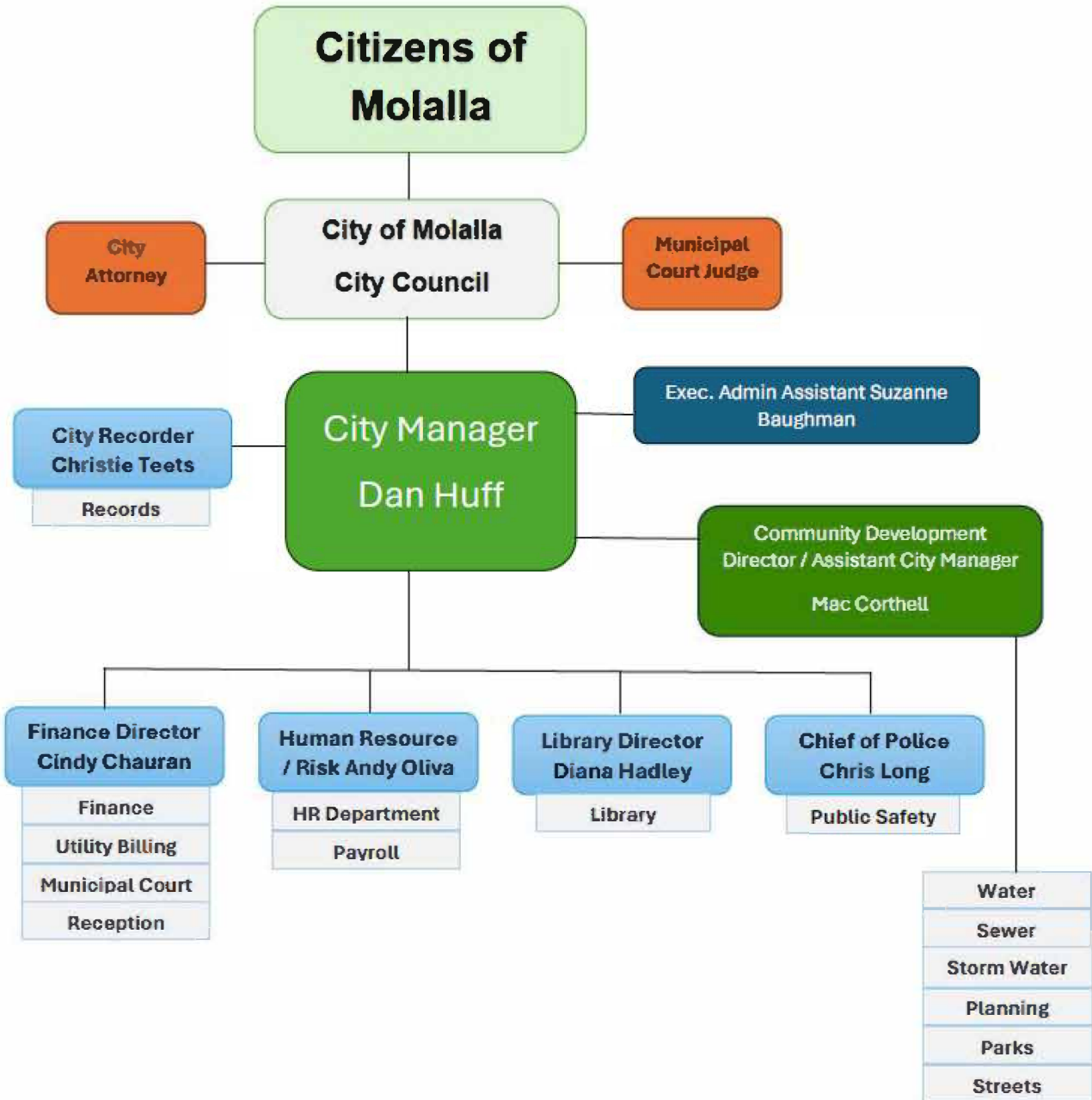
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF MOLALLA
ORGANIZATIONAL CHART
 As of June 30, 2024



FINANCIAL SECTION

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a-g and the pension and OPEB schedules on pages 48 - 52 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.

Honorable Mayor and Council Members
City of Molalla, Oregon
Independent Auditor's Report
December 4, 2024

The schedules of revenues, expenditures and changes in fund balance – budget to actual for the General, Library, Street, and Urban Renewal Agency funds, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information for the year ended June 30, 2024 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024 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 audited standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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
December 4, 2024

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 December 4, 2024, 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

December 4, 2024

By:



Brad Bingenheimer, Partner

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MOLALLA, OREGON
Management's Discussion and Analysis
JUNE 30, 2024

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, 2024. 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 \$82,973,663 on June 30, 2024, and consisted of \$42,634,180 in cash and cash equivalents; \$1,950,373 in accounts receivable and other assets; and \$38,389,110 in capital assets.

Net position was \$56,836,018 on June 30, 2024, compared to \$52,467,898 at June 30, 2023 at year end.

As of June 30, 2024, the City had \$26,369,353 in outstanding bonds, notes payable, accrued compensated absences, and net pension and OPEB liabilities.

The City's net position increased by \$4,368,120 from June 30, 2023, primarily due to increased cash from the sale of general obligation bonds for the police station. The City's capital assets in Fiscal Year 2024 totaled \$38,389,110 net of depreciation, which includes current year assets as well as other major capital construction projects.

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 like 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 the net position of the City changed over the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 stormwater. 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 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 ten 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, Urban Renewal Agency Fund, and the Police Station Capital Project Fund. All these funds are considered to be major funds, except data from the other five 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 stormwater, 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 Governmental Accounting Standards Board (GASB) but are not considered part of basic financial statements. A budgetary comparison schedule for the General Fund and major special revenue funds, schedule of the proportionate share of the net pension liability, and schedule of contributions 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 \$56,836,018 at the close of the most recent fiscal year.

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

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current assets	\$ 34,702,578	\$ 9,714,161	\$ 44,416,739	\$ 18,225,268	\$ 7,176,128	\$ 25,401,396
Net OPEB assets	127,119	40,695	167,814	95,234	31,363	126,597
Capital assets	17,347,979	21,041,131	38,389,110	15,623,169	20,561,732	36,184,901
Total assets	52,177,676	30,795,987	82,973,663	33,943,671	27,769,223	61,712,894
Deferred outflows of resources	1,137,436	364,126	1,501,562	1,194,315	393,324	1,587,639
Liabilities						
Current liabilities	614,639	387,194	1,001,833	647,408	76,097	723,505
Long-term liabilities	22,465,183	3,904,170	26,369,353	5,702,665	3,611,292	9,313,957
Total liabilities	23,079,822	4,291,364	27,371,186	6,350,073	3,687,389	10,037,462
Deferred inflows of resources	196,641	71,380	268,021	590,568	204,605	795,173
Net position						
Net investment in capital assets	12,796,415	18,168,281	30,964,696	11,745,536	17,673,354	29,418,890
Restricted	30,128,030	2,366,093	32,494,123	12,107,520	1,909,844	14,017,364
Unrestricted	(12,885,796)	6,262,995	(6,622,801)	4,344,289	4,687,355	9,031,644
Total net position	\$ 30,038,649	\$ 26,797,369	\$ 56,836,018	\$ 28,197,345	\$ 24,270,553	\$ 52,467,898

The largest portion of the City of Molalla’s net position reflects 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 \$32,494,123 represents resources that are subject to external restrictions on how they may be used. The balance of \$24,341,895 is a combination of unrestricted and net investments where capital assets may be used to meet the City’s ongoing obligations to citizens and creditors. These totals when combined equal the net position of \$56,836,018.

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

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program Revenues						
Charges for services	\$ 639,027	\$ 6,939,720	\$ 7,578,747	\$ 583,355	\$ 6,620,494	\$ 7,203,849
Operating grants	1,548,492	-	1,548,492	2,176,675	-	2,176,675
Capital grants	592,235	289,002	881,237	2,294,958	747,970	3,042,928
General Revenues						
Property taxes	4,931,923	-	4,931,923	4,745,833	-	4,745,833
Other taxes	1,384,209	-	1,384,209	1,284,904	-	1,284,904
Other revenues	2,224,610	(177,733)	2,046,877	2,170,174	(741,836)	1,428,338
Total Revenues	11,320,496	7,050,989	18,371,485	13,255,899	6,626,628	19,882,527
Expenses						
Governmental						
General government	1,413,510	-	1,413,510	1,441,529	-	1,441,529
Public safety	4,481,759	-	4,481,759	3,826,634	-	3,826,634
Highways and streets	1,702,198	-	1,702,198	1,751,296	-	1,751,296
Culture and recreation	1,216,138	-	1,216,138	1,049,101	-	1,049,101
Community development	544,691	-	544,691	417,449	-	417,449
Interest long-term debt	120,896	-	120,896	71,112	-	71,112
Business-Type						
Water	-	1,765,526	1,765,526	-	1,551,845	1,551,845
Sewer	-	2,473,990	2,473,990	-	2,857,409	2,857,409
Storm water	-	284,657	284,657	-	280,099	280,099
Total expenses	9,479,192	4,524,173	14,003,365	8,557,121	4,689,353	13,246,474
Change in Net Position	1,841,304	2,526,816	4,368,120	4,698,778	1,937,275	6,636,053
Net Position July, 1	28,197,345	24,270,553	52,467,898	23,498,567	22,333,278	45,831,845
Net Position--June 30	\$ 30,038,649	\$ 26,797,369	\$ 56,836,018	\$ 28,197,345	\$ 24,270,553	\$ 52,467,898

Governmental Activities. Governmental activities increased the City of Molalla’s net position by \$1,841,304. This is primarily due to an increase in tax and interest revenues.

Business-type Activities. Business-type activities increased the City of Molalla’s net position by \$2,526,816. This is primarily due to an increase in operating and interest revenues.

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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33.8 million, an increase of \$17.3 million in comparison with the prior year. Approximately 10% of this amount (\$3.3 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balances is either restricted for specific purposes (\$30 million) or committed for specific purposes (\$360 thousand).

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund increased by approximately \$544,000 during the current fiscal year.

Significant changes from the prior year are as follows:

- Property taxes revenues increased approximately \$166,600, or 4.3%. This increase relates to construction of new commercial properties and homes, and an increase in the property tax rate levied by 3%.
- Interest revenue increased substantially due to inflation. Interest is recorded monthly to the funds based on each fund's cash balance.

The ending fund balances of the General Fund, Library Fund, Street Fund and Urban Renewal increased from the prior year.

The Capital Projects Fund was closed, and it was decided that capital projects will stay in the fund where the project belongs. For example, street projects will stay under capital in the Street Fund.

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.

The net position of the enterprise funds proprietary funds increased by approximately \$2.5 million (10.4%) over the prior fiscal year. This is primarily due to an increase in Sewer Fund & Water Fund capital assets.

General Fund Budgetary Highlights

There were six budget resolutions adopted in fiscal year 2023-24 that affected the General Fund. The resulting changes increased resources by \$725,697 due to transfers from closed funds, increased expenditures for administration by \$259,200, police by \$301,000, municipal court by \$5,000, city council by \$8,000, and parks by \$412,697, and decreased contingency by \$260,200.

Capital Assets and Debt Administration

Capital Assets. The City’s net investment in capital assets for its governmental and business-type activities as of June 30, 2024 is \$38,389,110. The investment in capital assets includes land, buildings, equipment, and infrastructure such as roads, water, and wastewater systems. The net increase in net capital assets for the year ended June 30, 2024 was \$2,204,209.

The Construction in progress will remain a larger number now and for future upcoming years as the new Wastewater Treatment Plant is being built. The same is true as a new Police Facility is constructed. The City estimates these two projects to encompass the next several years.

Major capital assets events during the current fiscal year included the following:

- Various infrastructure projects related to streets, sewer, and water improvements including in process and completed projects at a combined cost of \$ 1,526,247.
- Building projects such as the Wastewater Treatment Plant upgrade, Molalla Civic Center Improvements, and the new Police Facility at a combined cost of \$2,441,113.
- Land Improvements including Chief Yelkus Park Design, Cascade Place Apartments, and Pickle Ball Courts completion at a cost of \$530,181.
- Machinery Equipment & Vehicles including (1) K-9 SUV, (1) Dodge Ram Pick-up for PD, (2) New SUV Durango’s for PD, a Vacuum Excavator, and a Tractor for Public Works at a total cost of \$ 549,008.

The following table compares capital assets for these fiscal years:

	Governmental Activities		Business-Type Activities		Total		Change + (-)
	2024	2023	2024	2023	2024	2023	
Land	\$ 1,584,290	\$ 1,584,290	\$ 727,509	\$ 727,509	\$ 2,311,799	\$ 2,311,799	\$ -
Construction in Progress	4,355,812	2,731,175	3,251,656	2,372,681	7,607,468	5,103,856	2,503,612
Land improvement	1,487,478	1,337,171	73,787	77,011	1,561,265	1,414,182	147,083
Buildings	2,492,039	2,152,273	5,317,346	5,341,864	7,809,385	7,494,137	315,248
Infrastructure	5,913,370	6,379,862	10,863,933	11,211,924	16,777,303	17,591,786	(814,483)
Machinery and Equipment	671,904	661,206	734,234	743,236	1,406,138	1,404,442	1,696
Vehicles	843,086	777,192	72,666	87,507	915,752	864,699	51,053
Total	\$17,347,979	\$ 15,623,169	\$ 21,041,131	\$20,561,732	\$ 38,389,110	\$36,184,901	\$2,204,209

For more detailed information regarding capital assets please refer to Note 5 in the Notes to the Financial Statements.

Long-term Debt. At the end of the current fiscal year the City had a total bonded debt outstanding of \$20,608,073. Of this amount, \$19,657,948 is debt backed by the full faith and credit of the government. The \$950,125 is the bond premium and the remainder of the City’s long-term obligations is comprised of notes payable.

	Government Activities		Business Activities		Totals		Change + (-)
	2024	2023	2024	2023	2024	2023	
Bonds payable	\$ 18,860,048	\$ 3,307,700	\$ 797,900	\$ 1,160,000	\$ 19,657,948	\$ 4,467,700	\$ 15,190,248
Bond premium	950,125	150,930			950,125	150,930	799,195
Notes payable			2,251,566	1,718,264	2,251,566	1,718,264	533,302
Total	\$ 19,810,173	\$ 3,458,630	\$ 3,049,466	\$ 2,878,264	\$ 22,859,639	\$ 6,336,894	\$ 16,522,745

The City's total debt increased by \$ 16,522,745 during the current fiscal year. The following are the reasons for the overall increase.

The City issued \$16,830,230 in general obligation bonds this year for the construction of a new police station. The City entered a Clean Water State Revolving Fund Loan agreement in 2020. The amount drawn thus far, which includes an additional draw of \$533,302 this year, is for the design phase of required Wastewater Treatment Plant improvements. This amount was largely offset by the regularly scheduled principal reductions on the bonded debt.

The City has maintained a "AA" rating from Standard & Poor's. For more detailed information regarding long-term debt please refer to Note 4 in the Notes to the Financial Statements.

Economic Factors and Next Year's Budget

The 2024/2025 Budget combines the intent to remain conservative with operating costs while preparing for significant capital projects necessary due to growth. Contracts have been approved for construction of a new wastewater treatment plant to be funded through a USDA loan program, and a new police station funded by a voter-approved bond is currently under construction.

We will continue to ensure the conservative approaches to all spending remain in play and that the correct staffing is 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 2024/2025 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, Finance Director
City of Molalla
PO Box 248
Molalla, Oregon 97038

BASIC FINANCIAL STATEMENTS

CITY OF MOLALLA
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ 33,670,355	\$ 8,963,825	\$ 42,634,180
Accounts receivables	621,347	750,336	1,371,683
Property tax receivables	177,024	-	177,024
Loan receivable	200,000	-	200,000
Prepaid items	33,852	-	33,852
Net other postemployment benefit asset	127,119	40,695	167,814
Capital assets:			
Capital assets, nondepreciable	5,940,102	3,979,165	9,919,267
Capital assets, net of accumulated depreciation	<u>11,407,877</u>	<u>17,061,966</u>	<u>28,469,843</u>
 Total assets	 <u>52,177,676</u>	 <u>30,795,987</u>	 <u>82,973,663</u>
Deferred outflows of resources			
Pension related items	1,136,959	363,973	1,500,932
Other postemployment benefit related items	<u>477</u>	<u>153</u>	<u>630</u>
 Total deferred outflows of resources	 <u>1,137,436</u>	 <u>364,126</u>	 <u>1,501,562</u>
Liabilities			
Accounts payable and accrued liabilities	483,357	363,160	846,517
Accrued interest payable	84,422	24,034	108,456
Deposits	46,860	-	46,860
Long-term liabilities:			
Due within one year	768,920	445,618	1,214,538
Due in more than one year	<u>21,696,263</u>	<u>3,458,552</u>	<u>25,154,815</u>
 Total liabilities	 <u>23,079,822</u>	 <u>4,291,364</u>	 <u>27,371,186</u>
Deferred inflows of resources			
Refunded debt charges	-	8,428	8,428
Pension related items	175,452	56,168	231,620
Other postemployment benefit related items	<u>21,189</u>	<u>6,784</u>	<u>27,973</u>
 Total deferred inflows of resources	 <u>196,641</u>	 <u>71,380</u>	 <u>268,021</u>
Net position			
Net investment in capital assets	12,796,415	18,168,281	30,964,696
Restricted for:			
Highways and streets	3,652,061	-	3,652,061
Library	3,395,586	-	3,395,586
Urban renewal projects	3,309,817	-	3,309,817
System development	3,698,029	2,108,289	5,806,318
Capital projects	15,945,418	-	15,945,418
Debt service	-	217,109	217,109
Net OPEB	127,119	40,695	167,814
Unrestricted	<u>(12,885,796)</u>	<u>6,262,995</u>	<u>(6,622,801)</u>
 Total net position	 <u>\$ 30,038,649</u>	 <u>\$ 26,797,369</u>	 <u>\$ 56,836,018</u>

CITY OF MOLALLA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

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	\$ 1,413,510	\$ 53,622	\$ 36,095	\$ -	\$ (1,323,793)	\$ -	\$ (1,323,793)
Public safety	4,481,759	318,068	95,912	-	(4,067,779)	-	(4,067,779)
Highways and streets	1,702,198	209,394	259,758	281,542	(951,504)	-	(951,504)
Culture and recreation	1,216,138	13,778	1,156,727	215,693	170,060	-	170,060
Community development	544,691	44,165	-	95,000	(405,526)	-	(405,526)
Interest	120,896	-	-	-	(120,896)	-	(120,896)
Total governmental activities	9,479,192	639,027	1,548,492	592,235	(6,699,438)	-	(6,699,438)
Business-type activities:							
Water	1,765,526	2,175,279	-	115,391	-	525,144	525,144
Sewer	2,473,990	4,395,678	-	141,694	-	2,063,382	2,063,382
Stormwater	284,657	368,763	-	31,917	-	116,023	116,023
Total business-type activities	4,524,173	6,939,720	-	289,002	-	2,704,549	2,704,549
Totals	\$ 14,003,365	\$ 7,578,747	\$ 1,548,492	\$ 881,237	(6,699,438)	2,704,549	(3,994,889)
General revenues:							
Taxes levied for:							
General purposes					3,984,767	-	3,984,767
Specific purposes					947,156	-	947,156
Franchise fees					575,824	-	575,824
Fuel taxes					808,385	-	808,385
Grants and contributions not restricted to specific programs					470,991	-	470,991
Unrestricted investment earnings					1,037,642	489,693	1,527,335
Miscellaneous					41,839	6,712	48,551
Transfers					674,138	(674,138)	-
Total general revenues and transfers					8,540,742	(177,733)	8,363,009
Change in net position					1,841,304	2,526,816	4,368,120
Net position - beginning					28,197,345	24,270,553	52,467,898
Net position - ending					\$ 30,038,649	\$ 26,797,369	\$ 56,836,018

CITY OF MOLALLA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General	Library	Street	Urban Renewal Agency	Police Station Capital Project	Total Nonmajor Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 3,383,432	\$ 3,405,907	\$ 3,546,124	\$ 3,077,991	\$ 16,197,009	\$ 4,059,892	\$ 33,670,355
Accounts receivables	421,177	1,230	198,940	-	-	-	621,347
Property tax receivables	144,540	-	-	32,484	-	-	177,024
Loans receivable	-	-	-	200,000	-	-	200,000
Prepaid items	33,852	-	-	-	-	-	33,852
Total assets	\$ 3,983,001	\$ 3,407,137	\$ 3,745,064	\$ 3,310,475	\$ 16,197,009	\$ 4,059,892	\$ 34,702,578
Liabilities							
Accounts payable and accrued liabilities	\$ 126,554	\$ 11,551	\$ 93,003	\$ 658	\$ 251,591	\$ -	\$ 483,357
Consumer deposits	46,860	-	-	-	-	-	46,860
Total liabilities	173,414	11,551	93,003	658	251,591	-	530,217
Deferred inflows of resources							
Unavailable revenue - franchise fees	140,550	-	90,000	-	-	-	230,550
Unavailable revenue - property taxes	113,871	-	-	25,508	-	-	139,379
Total deferred inflows of resources	254,421	-	90,000	25,508	-	-	369,929
Fund balances							
Nonspendable	33,852	-	-	200,000	-	-	233,852
Restricted:							
Highways and streets	-	-	3,562,061	-	-	-	3,562,061
Library	-	3,395,586	-	-	-	-	3,395,586
Urban renewal projects	-	-	-	3,084,309	-	-	3,084,309
System development	-	-	-	-	-	3,698,029	3,698,029
Capital projects	-	-	-	-	15,945,418	-	15,945,418
Committed:							
Police department	-	-	-	-	-	7,723	7,723
Fleet replacement	-	-	-	-	-	354,140	354,140
Assigned:							
Capital projects	135,881	-	-	-	-	-	135,881
Unassigned	3,385,433	-	-	-	-	-	3,385,433
Total fund balances	3,555,166	3,395,586	3,562,061	3,284,309	15,945,418	4,059,892	33,802,432
Total liabilities, deferred inflows of resources and fund balances	\$ 3,983,001	\$ 3,407,137	\$ 3,745,064	\$ 3,310,475	\$ 16,197,009	\$ 4,059,892	\$ 34,702,578

CITY OF MOLALLA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2024

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

Total fund balances - total governmental funds		\$	33,802,432
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			17,347,979
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			127,119
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			1,136,959
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			477
Other assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds			
Property taxes		139,379	
Franchise fees		230,550	
Total unavailable revenues		369,929	369,929
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			(175,452)
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			(21,189)
Long term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds			
Bonds payable		(18,860,048)	
Premium liability		(950,125)	
Net pension liability		(2,358,999)	
Compensated absences		(296,011)	
Accrued interest payable		(84,422)	
Total long-term liabilities		(22,549,605)	(22,549,605)
Net position of governmental activities			\$ 30,038,649

CITY OF MOLALLA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	General	Library	Street	Urban Renewal Agency	Police Station Capital Project	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Revenues								
Property taxes	\$ 3,967,457	\$ -	\$ -	\$ 941,991	\$ -	\$ -	\$ -	\$ 4,909,448
Franchise fees	346,774	-	180,000	-	-	-	-	526,774
Licenses, permits and fees	70,667	-	209,394	-	-	-	-	280,061
Fines and forfeitures	252,538	4,450	-	-	-	-	-	256,988
Charges for services	99,825	2,153	-	-	-	-	-	101,978
Donations	155,697	2,570	-	-	-	-	5,631	163,898
System development charges	-	-	-	-	-	-	395,560	395,560
Intergovernmental	591,165	1,151,337	259,758	-	-	-	50,000	2,052,260
Fuel taxes	-	-	808,385	-	-	-	-	808,385
Interest	158,575	153,859	114,952	154,362	272,216	-	183,678	1,037,642
Miscellaneous	36,710	744	4,056	-	-	-	329	41,839
Total revenues	5,679,408	1,315,113	1,576,545	1,096,353	272,216	-	635,198	10,574,833
Expenditures								
Current:								
General government	1,402,635	-	-	-	-	-	-	1,402,635
Public safety	4,066,839	-	-	-	312,558	-	2,411	4,381,808
Highways and streets	-	-	860,563	-	-	-	-	860,563
Culture and recreation	177,256	972,827	-	-	-	-	-	1,150,083
Community development	284,810	-	-	10,108	-	-	-	294,918
Debt service:								
Principal	-	-	-	444,900	-	-	-	444,900
Interest	-	-	-	87,311	-	-	-	87,311
Capital outlay	629,945	-	449,923	197,696	844,470	-	376,617	2,498,651
Total expenditures	6,561,485	972,827	1,310,486	740,015	1,157,028	-	379,028	11,120,869
Excess (deficiency) of revenues over expenditures	(882,077)	342,286	266,059	356,338	(884,812)	-	256,170	(546,036)
Other financing sources (uses)								
Issuance of long-term obligations	-	-	-	-	16,830,230	-	-	16,830,230
Transfers in	1,513,119	-	1,440,714	-	-	-	544,009	3,497,842
Transfers out	(87,141)	(91,226)	(106,720)	(5,701)	-	-	(2,985,322)	(3,276,110)
Total other financing sources (uses)	1,425,978	(91,226)	1,333,994	(5,701)	16,830,230	-	(2,441,313)	17,051,962
Net change in fund balances	543,901	251,060	1,600,053	350,637	15,945,418	-	(2,185,143)	16,505,926
Fund balances at beginning of year, as previously presented	3,011,265	3,144,526	1,962,008	2,933,672	-	1,841,462	4,403,573	17,296,506
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-	-	(1,841,462)	1,841,462	-
Fund balances at beginning of year, as restated	3,011,265	3,144,526	1,962,008	2,933,672	-	-	6,245,035	17,296,506
Fund balance at end of year	\$ 3,555,166	\$ 3,395,586	\$ 3,562,061	\$ 3,284,309	\$ 15,945,418	\$ -	\$ 4,059,892	\$ 33,802,432

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, 2024

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

Net change in fund balances - total governmental funds		\$ 16,505,926
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	2,884,501	
Depreciation	<u>(1,159,691)</u>	1,724,810
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		
		(60,116)
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		
		34,791
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Taxes	22,475	
Franchise fees	<u>49,050</u>	71,525
Proceeds from issuance of debt is a revenue in the governmental funds, but increases the long-term obligations in the statement of net position.		
		(16,830,230)
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	(67,372)	
Changes in compensated absences	(16,717)	
Amortization of bond premiums	<u>33,787</u>	(50,302)
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>444,900</u>
Change in net position of governmental activities		<u>\$ 1,841,304</u>

CITY OF MOLALLA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	Business-type Activities			
	Water	Sewer	Total Nonmajor Funds	Total Enterprise Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 3,821,776	\$ 4,378,294	\$ 763,755	\$ 8,963,825
Receivables, net	266,011	442,725	41,600	750,336
Total current assets	<u>4,087,787</u>	<u>4,821,019</u>	<u>805,355</u>	<u>9,714,161</u>
Noncurrent assets				
Capital assets				
Capital assets, nondepreciable	389,308	3,409,640	180,217	3,979,165
Capital assets, net of accumulated depreciation	8,257,363	7,115,490	1,689,113	17,061,966
Total capital assets	8,646,671	10,525,130	1,869,330	21,041,131
Net other postemployment benefits asset	17,683	19,055	3,957	40,695
Total noncurrent assets	<u>8,664,354</u>	<u>10,544,185</u>	<u>1,873,287</u>	<u>21,081,826</u>
Total assets	<u>12,752,141</u>	<u>15,365,204</u>	<u>2,678,642</u>	<u>30,795,987</u>
Deferred outflows of resources				
Pension related items	158,154	170,427	35,392	363,973
Other postemployment benefit related items	66	72	15	153
Total deferred outflows of resources	<u>158,220</u>	<u>170,499</u>	<u>35,407</u>	<u>364,126</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	256,099	54,500	52,561	363,160
Accrued interest payable	-	24,034	-	24,034
Compensated absences	41,027	30,909	7,682	79,618
Bonds payable	-	366,000	-	366,000
Total current liabilities	<u>297,126</u>	<u>475,443</u>	<u>60,243</u>	<u>832,812</u>
Noncurrent liabilities				
Compensated absences	10,257	7,727	1,921	19,905
Bonds payable	-	431,900	-	431,900
Loans payable	-	2,251,566	-	2,251,566
Net pension liability	328,142	353,607	73,432	755,181
Total noncurrent liabilities	<u>338,399</u>	<u>3,044,800</u>	<u>75,353</u>	<u>3,458,552</u>
Total liabilities	<u>635,525</u>	<u>3,520,243</u>	<u>135,596</u>	<u>4,291,364</u>
Deferred inflows of resources				
Refunded debt charges	-	8,428	-	8,428
Pension related items	24,406	26,300	5,462	56,168
Other postemployment benefit related items	2,948	3,176	660	6,784
Total deferred inflows of resources	<u>27,354</u>	<u>37,904</u>	<u>6,122</u>	<u>71,380</u>
Net position				
Net investment in capital assets	8,932,724	7,503,633	1,731,924	18,168,281
Restricted for:				
System development	471,108	1,296,432	340,749	2,108,289
Debt service	-	217,109	-	217,109
Net OPEB	17,683	19,055	3,957	40,695
Unrestricted	2,825,967	2,941,327	495,701	6,262,995
Total net position	<u>\$ 12,247,482</u>	<u>\$ 11,977,556</u>	<u>\$ 2,572,331</u>	<u>\$ 26,797,369</u>

CITY OF MOLALLA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2024

	Business-type Activities			Totals Enterprise Funds
	Water	Sewer	Total Nonmajor Funds	
Operating revenues				
Charges for services	\$ 2,175,279	\$ 4,395,678	\$ 368,763	\$ 6,939,720
Total operating revenues	<u>2,175,279</u>	<u>4,395,678</u>	<u>368,763</u>	<u>6,939,720</u>
Operating expenses				
Personnel services	803,334	849,596	173,287	1,826,217
Materials and services	589,117	1,323,422	59,285	1,971,824
Depreciation	328,121	269,266	52,085	649,472
Total operating expenses	<u>1,720,572</u>	<u>2,442,284</u>	<u>284,657</u>	<u>4,447,513</u>
Operating income (loss)	<u>454,707</u>	<u>1,953,394</u>	<u>84,106</u>	<u>2,492,207</u>
Nonoperating revenues (expenses)				
Interest income	132,774	327,291	29,628	489,693
Miscellaneous	3,351	3,361	-	6,712
Loss on sale of capital assets	-	(44,954)	-	(44,954)
Interest expense	-	(31,706)	-	(31,706)
Total nonoperating revenue (expenses)	<u>136,125</u>	<u>253,992</u>	<u>29,628</u>	<u>419,745</u>
Income (loss) before capital contributions and transfers	590,832	2,207,386	113,734	2,911,952
Capital contributions	115,391	141,694	173,389	430,474
Transfers in	480,501	-	197,608	678,109
Transfers out	(244,099)	(544,114)	(111,628)	(899,841)
Transfers out - non-cash	(557,482)	(36,396)	-	(593,878)
Change in net position	385,143	1,768,570	373,103	2,526,816
Net position - beginning	<u>11,862,339</u>	<u>10,208,986</u>	<u>2,199,228</u>	<u>24,270,553</u>
Net position - ending	<u>\$ 12,247,482</u>	<u>\$ 11,977,556</u>	<u>\$ 2,572,331</u>	<u>\$ 26,797,369</u>

CITY OF MOLALLA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2024

	Business-type Activities			
	Water	Sewer	Total Nonmajor Funds	Total Enterprise Funds
Cash flows from operating activities				
Receipts from customers	\$ 2,189,096	\$ 4,400,983	\$ 363,191	\$ 6,953,270
Payments to suppliers	(354,247)	(1,313,559)	(60,838)	(1,728,644)
Payments to employees	(790,474)	(850,278)	(175,462)	(1,816,214)
Net cash provided by (used in) operating activities	<u>1,044,375</u>	<u>2,237,146</u>	<u>126,892</u>	<u>3,408,413</u>
Cash flows from noncapital financing activities				
Miscellaneous	3,351	3,361	-	6,712
Transfers in	480,501	-	197,608	678,109
Transfers out	(244,099)	(544,114)	(111,628)	(899,841)
Net cash provided by (used in) noncapital financing activities	<u>239,753</u>	<u>(540,753)</u>	<u>85,980</u>	<u>(215,020)</u>
Cash flows from capital and related financing activities				
System development charges received	115,391	141,694	31,917	289,002
Acquisition of capital assets	(621,341)	(848,844)	(104,238)	(1,574,423)
Issuance of long-term obligations	-	533,302	-	533,302
Principal paid on long-term obligations	-	(362,100)	-	(362,100)
Interest paid on long-term obligations	-	(17,284)	-	(17,284)
Net cash provided by (used in) capital and related financing activities	<u>(505,950)</u>	<u>(553,232)</u>	<u>(72,321)</u>	<u>(1,131,503)</u>
Cash flows from investing activities				
Interest on investments	132,774	327,291	29,628	489,693
Net increase (decrease) in cash and cash equivalents	910,952	1,470,452	170,179	2,551,583
Cash and cash equivalents - beginning of year	<u>2,910,824</u>	<u>2,907,842</u>	<u>593,576</u>	<u>6,412,242</u>
Cash and cash equivalents - end of year	<u>\$ 3,821,776</u>	<u>\$ 4,378,294</u>	<u>\$ 763,755</u>	<u>\$ 8,963,825</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 454,707	\$ 1,953,394	\$ 84,106	\$ 2,492,207
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	328,121	269,266	52,085	649,472
(Increase) decrease in assets and deferred outflows				
Receivables, net	13,817	5,305	(5,572)	13,550
Net other postemployment benefits asset	(4,124)	(4,494)	(714)	(9,332)
Deferred outflows - pension related items	11,689	11,969	5,223	28,881
Deferred outflows - other postemployment benefit related items	137	146	34	317
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued liabilities	234,870	9,863	(1,553)	243,181
Compensated absences payable	13,485	(673)	731	13,543
Net pension liability	48,403	53,193	6,537	108,133
Deferred inflows - pension related items	(56,113)	(60,170)	(13,793)	(130,076)
Deferred inflows - other postemployment benefit related items	(617)	(653)	(193)	(1,463)
Net cash provided by (used in) operating activities	<u>\$ 1,044,375</u>	<u>\$ 2,237,146</u>	<u>\$ 126,892</u>	<u>\$ 3,408,413</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS				
Capital assets transferred to governmental activities	\$ (557,482)	\$ (36,396)	\$ -	\$ (593,878)
Contributed assets from governmental activities	<u>-</u>	<u>-</u>	<u>141,472</u>	<u>141,472</u>
Total noncash transactions	<u>\$ (557,482)</u>	<u>\$ (36,396)</u>	<u>\$ 141,472</u>	<u>\$ (452,406)</u>

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 - Police* – accounts for the construction of and equipment acquisition associated with the new police station.

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 proprietary fund types:

- *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.

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 acquisition (fair market) 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 period in which they are incurred. 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.

Premiums and discounts on bonded debt issuance

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflow / inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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.

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, represent an acquisition of net assets that applies to future periods 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 and liabilities 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – NEWLY ISSUED ACCOUNTING STANDARDS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The statement establishes accounting and financial reporting requirements for a) accounting changes and b) the correction of an error in previously issued financial statements (error correction).

The following changes within the reporting entity to reclassify previously major funds to nonmajor are as follows:

	Capital Projects - Police	Nonmajor Governmental
June 30, 2023, as previously reported	\$ 1,841,462	\$ 4,403,573
Change from major to nonmajor fund	(1,841,462)	1,841,462
June 30, 2023, as restated	\$ -	\$ 6,245,035

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City’s cash and cash equivalents and investments at June 30, 2024 are as follows:

Deposits with financial institutions	\$ 988,515
State of Oregon Local Government Investment Pool	41,644,365
Cash on hand	1,300
Total cash and cash equivalents	\$ 42,634,180

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.

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

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, 2024, none of the City's deposits with financial institutions were exposed to custodial credit risk.

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.

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

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

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, 2024, are shown below:

	Governmental Activities / Funds					Business-type Activities / Proprietary Funds			
	General	Library	Street	Urban Renewal Agency	Total Governmental Funds	Water	Sewer	Nonmajor Stormwater	Total Proprietary Funds
User charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,414	\$ 461,716	\$ 43,386	\$ 782,516
Accounts	421,177	1,230	198,940	-	621,347	-	-	-	-
Property taxes	144,540	-	-	32,484	177,024	-	-	-	-
Loans	-	-	-	200,000	200,000	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	(11,403)	(18,991)	(1,786)	(32,180)
Total	\$565,717	\$ 1,230	\$198,940	\$232,484	\$ 998,371	\$266,011	\$ 442,725	\$ 41,600	\$ 750,336

Court fines in the amount of \$2,514,510 are not included in the Governmental/General Fund receivable balance due to the uncertainty of collections.

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

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

	Balances July 1, 2023	Additions	Deletions and Reclassification	Balances June 30, 2024
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 1,584,290	\$ -	\$ -	\$ 1,584,290
Construction in progress	<u>2,731,175</u>	<u>2,716,720</u>	<u>(1,092,083)</u>	<u>4,355,812</u>
Total capital assets not being depreciated	<u>4,315,465</u>	<u>2,716,720</u>	<u>(1,092,083)</u>	<u>5,940,102</u>
Capital assets being depreciated				
Land Improvements	1,938,273	-	207,370	2,145,643
Buildings	3,201,050	32,214	389,341	3,622,605
Infrastructure	25,937,457	-	370,129	26,307,586
Machinery and Equipment	1,074,517	62,334	-	1,136,851
Vehicles	<u>1,420,043</u>	<u>198,476</u>	<u>-</u>	<u>1,618,519</u>
Total capital assets being depreciated	<u>33,571,340</u>	<u>293,024</u>	<u>966,840</u>	<u>34,831,204</u>
Less accumulated depreciation for:				
Land Improvements	601,102	57,063	-	658,165
Buildings	1,048,777	81,789	-	1,130,566
Infrastructure	19,557,595	836,621	-	20,394,216
Machinery and Equipment	413,311	51,636	-	464,947
Vehicles	<u>642,851</u>	<u>132,582</u>	<u>-</u>	<u>775,433</u>
Total accumulated depreciation	<u>22,263,636</u>	<u>1,159,691</u>	<u>-</u>	<u>23,423,327</u>
Total capital assets being depreciated, net	<u>11,307,704</u>	<u>(866,667)</u>	<u>966,840</u>	<u>11,407,877</u>
Governmental activities capital assets, net	<u>\$ 15,623,169</u>	<u>\$ 1,850,053</u>	<u>\$ (125,243)</u>	<u>\$ 17,347,979</u>

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

<i>Governmental activities:</i>	
General government	\$ 92,295
Public safety	83,685
Highway and streets	849,972
Culture and recreation	71,089
Community development	<u>62,650</u>
Total depreciation expense - governmental activities	<u>\$ 1,159,691</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, 2024 is as follows:

	<u>Balances</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions and</u> <u>Reclassification</u>	<u>Balances</u> <u>June 30, 2024</u>
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 727,509	\$ -	\$ -	\$ 727,509
Construction in progress	<u>2,372,681</u>	<u>943,975</u>	<u>(65,000)</u>	<u>3,251,656</u>
Total capital assets not being depreciated	<u>3,100,190</u>	<u>943,975</u>	<u>(65,000)</u>	<u>3,979,165</u>
Capital assets being depreciated				
Land Improvements	223,302	-	-	223,302
Buildings	8,406,499	65,000	141,472	8,612,971
Infrastructure	18,679,618	-	(35,678)	18,643,940
Machinery and Equipment	2,490,388	112,302	(47,361)	2,555,329
Vehicles	<u>607,583</u>	<u>-</u>	<u>-</u>	<u>607,583</u>
Total capital assets being depreciated	<u>30,407,390</u>	<u>177,302</u>	<u>58,433</u>	<u>30,643,125</u>
Less accumulated depreciation for:				
Land Improvements	146,291	3,224	-	149,515
Buildings	3,064,635	230,990	-	3,295,625
Infrastructure	7,467,694	313,097	(784)	7,780,007
Machinery and Equipment	1,747,152	87,320	(13,377)	1,821,095
Vehicles	<u>520,076</u>	<u>14,841</u>	<u>-</u>	<u>534,917</u>
Total accumulated depreciation	<u>12,945,848</u>	<u>649,472</u>	<u>(14,161)</u>	<u>13,581,159</u>
Total capital assets being depreciated, net	<u>17,461,542</u>	<u>(472,170)</u>	<u>72,594</u>	<u>17,061,966</u>
Business-type activities capital assets, net	<u>\$ 20,561,732</u>	<u>\$ 471,805</u>	<u>\$ 7,594</u>	<u>\$ 21,041,131</u>

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

Business-type activities:

Water	\$ 328,121
Sewer	269,266
Stormwater	<u>52,085</u>
Total depreciation expense - business-type activities	<u>\$ 649,472</u>

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – UNAVAILABLE REVENUE

As of June 30, 2024, 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			
	General	Street	Urban Renewal Agency	
Franchise fees	\$ 140,550	\$ 90,000	-	\$ 230,550
Property taxes	<u>113,871</u>	<u>-</u>	<u>25,508</u>	<u>139,379</u>
Total unavailable revenue	<u>\$ 254,421</u>	<u>\$ 90,000</u>	<u>\$ 25,508</u>	<u>\$ 369,929</u>

NOTE 8 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2024 were as follows:

	Outstanding July 1, 2023	Additions	Reductions	Outstanding June 30, 2024	Due Within One Year
<u>Governmental activities</u>					
Long-term debt					
General obligation bonds:					
URA - 2015 Full Faith and Credit	\$ 1,515,000	\$ -	\$ 200,000	\$ 1,315,000	\$ 225,000
URA - 2020 Full Faith and Credit Refunding	1,792,700	-	244,900	1,547,800	248,500
2024 General Obligation Bond	-	15,997,248	-	15,997,248	-
Unamortized premium	<u>150,930</u>	<u>832,982</u>	<u>33,787</u>	<u>950,125</u>	<u>58,611</u>
Total long-term debt	3,458,630	16,830,230	478,687	19,810,173	532,111
Other long-term obligations					
Compensated absences	\$ 279,294	\$ 296,011	\$ 279,294	\$ 296,011	\$ 236,809
Net pension liability	<u>1,964,741</u>	<u>394,258</u>	<u>-</u>	<u>2,358,999</u>	<u>-</u>
Total long-term obligations - governmental activities	<u>\$ 5,702,665</u>	<u>\$ 17,520,499</u>	<u>\$ 757,981</u>	<u>\$ 22,465,183</u>	<u>\$ 768,920</u>
	Outstanding July 1, 2023	Additions	Reductions	Outstanding June 30, 2024	Due Within One Year
<u>Business-type activities</u>					
Long-term debt					
General obligation bonds:					
2020 Full Faith and Credit Refunding	\$ 1,160,000	\$ -	\$ 362,100	\$ 797,900	\$ 366,000
Direct borrowing:					
Clean Water State Revolving Loan	<u>1,718,264</u>	<u>533,302</u>	<u>-</u>	<u>2,251,566</u>	<u>-</u>
Total long-term debt	2,878,264	533,302	362,100	3,049,466	366,000
Other long-term obligations					
Compensated absences	85,980	99,523	85,980	99,523	79,618
Net pension liability	<u>647,048</u>	<u>108,133</u>	<u>-</u>	<u>755,181</u>	<u>-</u>
Total long-term obligations - business-type activities	<u>\$ 3,611,292</u>	<u>\$ 740,958</u>	<u>\$ 448,080</u>	<u>\$ 3,904,170</u>	<u>\$ 445,618</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%.

2024 General Obligation Bond – The City issued \$15,997,248 of general obligation bonds secured by the City’s full faith and credit, funded annually by a special tax levy. Interest on the bonds range from 4% - 5% depending on maturity dates.

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, 2024, 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		2024 General Obligation Bond		Unamortized Premium	Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Amortization	Principal	Interest
2025	\$ 225,000	\$ 52,600	\$ 248,500	\$ 23,062	\$ -	\$ 739,445	\$ 58,611	\$ 532,111	\$ 815,107
2026	250,000	43,600	252,200	19,360	170,000	599,550	58,611	730,811	662,510
2027	260,000	33,600	256,000	15,602	220,000	592,750	58,611	794,611	641,952
2028	280,000	23,200	259,800	11,787	260,000	583,950	58,611	858,411	618,937
2029	300,000	12,000	263,700	7,916	295,000	573,550	56,469	915,169	593,466
2030-34	-	-	267,600	3,987	2,145,000	2,655,750	165,495	2,578,095	2,659,737
2035-39	-	-	-	-	3,605,000	2,028,000	165,495	3,770,495	2,028,000
2040-44	-	-	-	-	2,422,248	4,182,280	165,495	2,587,743	4,182,280
2045-49	-	-	-	-	6,880,000	866,200	162,727	7,042,727	866,200
	<u>\$ 1,315,000</u>	<u>\$ 165,000</u>	<u>\$ 1,547,800</u>	<u>\$ 81,714</u>	<u>\$ 15,997,248</u>	<u>\$ 12,821,475</u>	<u>\$ 950,125</u>	<u>\$ 19,810,173</u>	<u>\$ 13,068,189</u>

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

Future maturities of long-term obligations (continued)

Business-type activities:

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.

Fiscal Year	2020 Full Faith and Credit		Total	
	Refunding		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 366,000	\$ 11,888	\$ 366,000	\$ 11,888
2026	141,900	6,436	141,900	6,436
2027	144,000	4,322	144,000	4,322
2028	146,000	2,176	146,000	2,176
	<u>\$ 797,900</u>	<u>\$ 24,822</u>	<u>\$ 797,900</u>	<u>\$ 24,822</u>

NOTE 9 – INTERFUND TRANSACTIONS

The interfund transfers during the year ended June 30, 2024, were as follows:

	Transfers in					Transfers in				Total
	Governmental activities					Business-type activities				
	General	Street	Capital Projects - Police	Governmental non-cash	Nonmajor governmental	Water	Sewer	Stormwater (nonmajor)		
Transfers out:										
<u>Governmental activities</u>										
General	\$ -	\$ -	\$ -	\$ -	\$ 87,141	\$ -	\$ -	\$ -	\$ -	\$ 87,141
Library	91,226	-	-	-	-	-	-	-	-	91,226
Street	68,420	-	-	-	38,300	-	-	-	-	106,720
Urban Renewal Agency	5,701	-	-	-	-	-	-	-	-	5,701
Nonmajor governmental	943,449	1,440,714	-	-	88,813	375,501	-	136,845	-	2,985,322
Governmental non-cash	-	-	-	-	-	34,106	139,491	157,129	-	330,726
<u>Business-type activities</u>										
Water	119,241	-	-	557,482	24,858	-	-	-	-	701,581
Sewer	262,275	-	-	36,396	276,839	5,000	-	-	-	580,510
Stormwater (nonmajor)	22,807	-	-	-	28,058	-	-	-	-	50,865
	<u>\$ 1,513,119</u>	<u>\$ 1,440,714</u>	<u>\$ -</u>	<u>\$ 593,878</u>	<u>\$ 544,009</u>	<u>\$ 414,607</u>	<u>\$ 139,491</u>	<u>\$ 293,974</u>	<u>\$ -</u>	<u>\$ 4,939,792</u>

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 9 – INTERFUND TRANSACTIONS (Continued)

The primary purpose for significant transfers includes the following:

- The Capital Projects fund closed and transferred residual balances to the following funds:
 - General \$868,449
 - Street \$590,714
 - Combined Water \$512,346
 - Non major funds \$116,999
- Street fund received \$850,000 from non-major funds for capital expenditures
- The Water fund had non-cash transfers to the governmental funds totaling \$557,482 for assets placed in service.
- Governmental funds had non-cash transfers to Water, Sewer, and nonmajor Stormwater totaling \$330,726 for capital assets placed in service.

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: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

Description of benefit terms

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

PERS Pension (Chapter 238) (Tier 1/Tier 2 retirement benefit)

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

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

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.

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 for general service members and age 55 for police and fire members 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)

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

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

Pension benefits: 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 and fire: 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.

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 238.360 monthly benefits are adjusted annually through cost-of-living changes.

Contributions and funding policy

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, 2021 actuarial valuation.

Tier 1/Tier 2 employer contribution rates are 14.67% and the OPSRP employer contribution rates are 9.54% for general service employees. Police and fire employee OPSRP rates are 14.33%. Employer contributions for the year ended June 30, 2024 were \$577,829.

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.

At June 30, 2023, the City's proportion was 0.01662609%, which was a decrease of 0.00043105% from its proportion measured as of June 30, 2022.

Pension expense

For the year ended June 30, 2024, the City recognized pension expense of \$67,054.

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.

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

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2024, 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	\$ 152,293	\$ 12,348
Changes in assumptions	276,645	2,063
Net difference between projected and actual earnings on pension plan investments	55,975	-
Changes in proportionate share	144,232	177,409
Differences between contributions and proportionate share of system contributions	293,958	39,800
Contributions subsequent to the measurement date	577,829	-
	\$ 1,500,932	\$ 231,620

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$577,829 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:		
2025	\$	205,787
2026		(7,778)
2027		340,011
2028		131,279
2029		22,184
	\$	691,483

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

Actuarial methods and assumptions used in developing the total pension liability

The total pension liability measured as of June 30, 2023 was based on an actuarial valuation as of December 31, 2021 using the following methods and assumptions:

Experience study report	2020, published July 20, 2021
Actuarial cost method	Entry age normal
Inflation rate	2.4%
Long-term expected rate of return	6.9%
Discount rate	6.9%
Administrative expenses – Tier 1/Tier 2	\$59 million per year added to normal cost and allocated between Tier One/Tier Two and OPSRP based on valuation payroll
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>

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

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

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 required a one-time re-amortization of Tier One/Tier Two UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which set actuarially determined contribution rates for the 2021-2023 biennium. Future Tier One/Tier Two UAL gains or losses will be amortized over 20 years. The closed period amortization under Senate Bill 1049 will continue to decline, and has 20 years remaining as of the December 31, 2021 valuation.

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	30.00%
Private equity	20.00%
Real estate	12.50%
Real assets	7.50%
Diversifying strategies	7.50%
Risk parity	2.50%
	100.00%

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 January 2023 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.

<u>Long-Term Expected Rate of Return</u> ¹	Target Allocation	Annual Arithmetic Return ²	20-Year	
			Annualized Geometric Mean	Annual Standard Deviation
Asset Class				
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.5	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

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 January 25, 2023.

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.

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 67 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 67 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, 2020 valuation.

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 (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	1% Lower	Current Discount Rate	1% Higher
Proportionate share of net pension liability	\$ 5,144,040	\$ 3,114,180	\$ 1,415,403

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

Contributions

Starting July 1, 2020, Senate Bill 1049 required a portion of 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 \$3,333 per month on January 1, 2022) 0.65 percent (if OPSRP member) or 2.4 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% of covered payroll to the IAP. Contributions for the year ended June 30, 2024 were \$265,080.

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 Annual Comprehensive Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-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.

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

Other Postemployment Healthcare benefits

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

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, 2021 actuarial valuation.

The City contributed 0.05% 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, 2024, the City made contributions in the amount of \$154 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, 2024, the City reported an (asset) of \$(167,814) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2021. 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, 2023, the City's proportion was 0.04583002%, which was an increase of 0.01020256% from its proportion measured as of June 30, 2022.

CITY OF MOLALLA
NOTES TO FINANCIAL STATEMENTS

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

OPEB expense

For the year ended June 30, 2024, the City recognized OPEB expense(revenue) of \$(45,115).

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, 2023, 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 net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

At June 30, 2024, 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	\$ -	\$ 4,213
Changes in assumptions	-	1,809
Net difference between projected and actual earnings on investments	476	-
Change in proportionate share	-	21,951
City's contributions subsequent to the measurement date	154	-
	\$ 630	\$ 27,973

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 \$154 will be recognized as an adjustment to the net OPEB (asset) / liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:			
2025		\$	(25,494)
2026			(10,430)
2027			6,202
2028			2,224
2029			-
			-
		\$	(27,497)

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 27.5% of the time while disabled retirees are assumed to participate 15% 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 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)	\$ (152,543)	\$ (167,814)	\$ (180,916)

NOTE 13 – OREGON TEAMSTER EMPLOYER’S TRUST PLAN

The Oregon Teamster Employer’s Trust Plan (the Trust) is a cost-sharing, multiple-employer post 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.

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

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, 2024, the Trust has 17 employees participating in the Trust.

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, 2025. The City’s total contributions to the Trust for the year ended June 30, 2024 were \$9,916.

NOTE 14 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

As of June 30, 2024, 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	\$ 3,698,029
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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	2,317,330
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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, 2024 has been abated by \$16,107, of which \$3,088 relates to the Urban Renewal Agency.

NOTE 16 – COMMITMENTS

At June 30, 2023, the City has contract commitments on the Police Facility project totaling \$320,716, the Molalla Waterline project totaling \$838,664, and Yeltus Park improvements totaling \$179,468. The Police Facility project is expected to cost \$16,800,000 in total over the next few years.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent to June 30, 2024, a new Clean Water State Revolving Fund (CWSRF) Loan in the amount of \$33,250,000 was entered into for construction of the upgraded Wastewater Treatment Plant. An additional \$335,876 has been drawn down on the existing loan.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOLALLA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2024

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 3,975,678	\$ 3,975,678	\$ 3,995,958	\$ 20,280
Franchise fees	293,650	293,650	346,232	52,582
Licenses, permits and fees	56,840	56,840	70,076	13,236
Fines and forfeitures	155,000	155,000	172,753	17,753
Charges for services	694,581	694,581	669,495	(25,086)
Intergovernmental	526,600	526,600	536,955	10,355
Donations	1,700	1,700	119,853	118,153
Interest	95,182	95,182	158,575	63,393
Miscellaneous	15,000	15,000	29,535	14,535
Total revenues	5,814,231	5,814,231	6,099,432	285,201
Expenditures				
Administration	1,358,478	1,617,678	1,616,876	802
Police	3,819,170	4,120,170	3,983,019	137,151
Municipal court	232,985	237,985	237,014	971
City council	69,810	77,810	63,502	14,308
Parks	195,669	608,366	474,085	134,281
Planning	324,719	324,719	277,972	46,747
Contingency	1,500,000	1,239,800	-	1,239,800
Total expenditures	7,500,831	8,226,528	6,652,468	1,574,060
Excess (deficiency) of revenues over expenditures	(1,686,600)	(2,412,297)	(553,036)	1,859,261
Other financing sources (uses)				
Transfers in	-	725,697	943,449	217,752
Total other financing sources (uses)	-	725,697	943,449	217,752
Net change in fund balance	(1,686,600)	(1,686,600)	390,413	2,077,013
Fund balance at beginning of year	2,564,850	2,564,850	2,976,331	411,481
Fund balance at end of year	\$ 878,250	\$ 878,250	3,366,744	\$ 2,488,494
Reconciliation to generally accepted accounting principles				
Accounts receivable			421,177	
Property tax receivable			144,540	
Prepaid items			33,852	
Accounts payable			(60,549)	
Accrued payroll			(96,177)	
Unavailable revenue - franchise fees			(140,550)	
Unavailable revenue - property taxes			(113,871)	
Fund balance at end of year, GAAP Basis			\$ 3,555,166	

CITY OF MOLALLA
LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2024

	Budget		Actual	Variance
	Original	Final		
Revenues				
Fines and forfeitures	\$ 2,000	\$ 2,000	\$ 3,949	\$ 1,949
Charges for services	1,300	1,300	2,153	853
Intergovernmental	1,155,000	1,155,000	1,151,337	(3,663)
Donations	1,250	1,250	2,570	1,320
Interest	76,989	76,989	153,859	76,870
Miscellaneous	300	300	15	(285)
Total revenues	<u>1,236,839</u>	<u>1,236,839</u>	<u>1,313,883</u>	<u>77,044</u>
Expenditures				
Library	3,718,087	3,718,087	1,065,462	2,652,625
Contingency	400,000	400,000	-	400,000
Total expenditures	<u>4,118,087</u>	<u>4,118,087</u>	<u>1,065,462</u>	<u>3,052,625</u>
Net change in fund balance	(2,881,248)	(2,881,248)	248,421	3,129,669
Fund balance at beginning of year	<u>3,093,589</u>	<u>3,093,589</u>	<u>3,157,486</u>	<u>63,897</u>
Fund balance at end of year	<u>\$ 212,341</u>	<u>\$ 212,341</u>	3,405,907	<u>\$ 3,193,566</u>
Reconciliation to generally accepted accounting principles				
Accounts receivable			1,230	
Accrued payroll			(6,607)	
Accounts payable			(4,944)	
Fund balance at end of year, GAAP Basis			<u>\$ 3,395,586</u>	

CITY OF MOLALLA
STREET FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2024

	Budget		Actual	Variance
	Original	Final		
Revenues				
Franchise fees	\$ 180,000	\$ 180,000	\$ 180,000	\$ -
Licenses, permits and fees	210,000	210,000	211,561	1,561
Intergovernmental	-	-	259,758	259,758
Fuel taxes	815,000	815,000	810,401	(4,599)
Interest	36,337	36,337	114,952	78,615
Miscellaneous	-	-	189,389	189,389
Total revenues	<u>1,241,337</u>	<u>1,241,337</u>	<u>1,766,061</u>	<u>524,724</u>
Expenditures				
Street				
Operations	1,067,926	2,987,454	1,314,527	1,672,927
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>1,567,926</u>	<u>3,487,454</u>	<u>1,314,527</u>	<u>2,172,927</u>
Excess (deficiency) of revenues over expenditures	<u>(326,589)</u>	<u>(2,246,117)</u>	<u>451,534</u>	<u>2,697,651</u>
Other financing sources (uses)				
Transfers in	-	1,919,528	1,440,714	(478,814)
Transfers out	(348,300)	(348,300)	(38,300)	310,000
Total other financing sources (uses)	<u>(348,300)</u>	<u>1,571,228</u>	<u>1,402,414</u>	<u>(168,814)</u>
Net change in fund balance	(674,889)	(674,889)	1,853,948	2,528,837
Fund balance at beginning of year	<u>1,681,916</u>	<u>1,681,916</u>	<u>1,692,176</u>	<u>10,260</u>
Fund balance at end of year	<u>\$ 1,007,027</u>	<u>\$ 1,007,027</u>	3,546,124	<u>\$ 2,539,097</u>
Reconciliation to generally accepted accounting principles				
Accounts receivable			198,940	
Accounts payable			(74,312)	
Accrued payroll			(18,691)	
Unavailable revenue - franchise fees			<u>(90,000)</u>	
Fund balance at end of year, GAAP Basis			<u>\$ 3,562,061</u>	

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, 2024

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 922,500	\$ 922,500	\$ 947,913	\$ 25,413
Interest	77,024	77,024	154,362	77,338
Total revenues	999,524	999,524	1,102,275	102,751
Expenditures				
Urban renewal	2,409,278	2,409,278	641,800	1,767,478
Debt service	532,211	532,211	532,211	-
Contingency	9,300	9,300	-	9,300
Total expenditures	2,950,789	2,950,789	1,174,011	1,776,778
Net change in fund balance	(1,951,265)	(1,951,265)	(71,736)	1,879,529
Fund balance at beginning of year	2,501,265	2,501,265	3,149,727	648,462
Fund balance at end of year	\$ 550,000	\$ 550,000	3,077,991	\$ 2,527,991
Reconciliation to generally accepted accounting principles				
Property tax receivables			32,484	
Loans receivable			200,000	
Accounts payable			(658)	
Unavailabe revenue - property taxes			(25,508)	
Fund balance at end of year, GAAP Basis			\$ 3,284,309	

CITY OF MOLALLA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETARY INFORMATION

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds as required by Oregon Local Budget Law. The basis of budgeting for all major funds is the modified cash basis.

The resolution authorizing appropriations for each fund sets the legal level of control by which the expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Expenditure categories of fund operations, capital outlay, debt service, operating transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget, with some exceptions. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriations transfers between the legal levels of control within a fund. Such transfers require approval by the City Council.

The following changes to budget were recognized during the year:

- On February 28, 2024, the City Council authorized a transfer of appropriations from the Capital Projects – Police fund and increased appropriations for General fund parks and administration departments and Street fund operations.
- On May 8, 2024, The City Council authorized a transfer of appropriations from the Capital Projects – Police fund to the General fund police department.
- On June 26, 2024, the City Council approved adjustments to the General fund increasing administration, police, municipal court, and council, and decreasing contingency.
- On June 28, 2024, the City Council approved an adjustment to the General fund increasing parks and decreasing administration.

During the year, the City closed the Capital Projects fund.

NOTE 2 - RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO BUDGETARY BASIS

The budget of the City is prepared differently from accounting principles generally accepted in the United States of America (GAAP). Therefore, the schedules of revenues, expenditures and changes in fund balances (budgetary basis) – budget and actual for the General Fund and each Major Special Revenue Fund 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 schedules:

CITY OF MOLALLA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 2 - RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO BUDGETARY BASIS (Continued)

	<u>General</u>	<u>Library</u>	<u>Street</u>	<u>URA</u>
Net change in fund balances - generally accepted accounting principles basis	<u>\$ 543,901</u>	<u>\$ 251,060</u>	<u>\$ 1,600,053</u>	<u>\$ 350,637</u>
Revenues:				
(Increase) decrease in property taxes and other receivables susceptible to accrual, recognized as revenues on the generally accepted accounting principles basis	(204,942)	(1,230)	189,516	(199,243)
Increase (decrease) in unavailable revenues	<u>55,265</u>	<u>-</u>	<u>-</u>	<u>5,165</u>
	<u>(149,677)</u>	<u>(1,230)</u>	<u>189,516</u>	<u>(194,078)</u>
Expenditures:				
Increase (decrease) in accounts and accrued expenditures and deposits recognized as expenditures on the generally accepted accounting principles basis	<u>(3,811)</u>	<u>(1,409)</u>	<u>64,379</u>	<u>(228,295)</u>
Net change in fund balances - budgetary basis	<u>\$ 390,413</u>	<u>\$ 248,421</u>	<u>\$ 1,853,948</u>	<u>\$ (71,736)</u>

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

	<u>General</u>	<u>Library</u>	<u>Street</u>	<u>URA</u>
Beginning fund balances - generally accepted accounting principles basis	<u>\$ 3,011,265</u>	<u>\$ 3,144,526</u>	<u>\$ 1,962,008</u>	<u>\$ 2,933,672</u>
Differences in revenue recognition	(161,619)	-	(388,456)	(33,241)
Differences in expenditure recognition	<u>126,685</u>	<u>12,960</u>	<u>118,624</u>	<u>249,296</u>
Beginning fund balance - budgetary basis	<u>\$ 2,976,331</u>	<u>\$ 3,157,486</u>	<u>\$ 1,692,176</u>	<u>\$ 3,149,727</u>
Ending fund balances - generally accepted accounting principles basis	<u>\$ 3,555,166</u>	<u>\$ 3,395,586</u>	<u>\$ 3,562,061</u>	<u>\$ 3,284,309</u>
Differences in revenue recognition	(311,296)	(1,230)	(198,940)	(232,484)
Differences in expenditures recognition	<u>122,874</u>	<u>11,551</u>	<u>183,003</u>	<u>26,166</u>
Ending fund balance - budgetary basis	<u>\$ 3,366,744</u>	<u>\$ 3,405,907</u>	<u>\$ 3,546,124</u>	<u>\$ 3,077,991</u>

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
2023	0.01662609%	\$ 3,114,180	\$ 4,473,010	70%	85%
2022	0.01705714%	2,611,789	4,334,032	60%	85%
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%

Notes to schedule

Changes in Benefit Terms and Assumptions

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

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. There were no changes for the years ended June 30, 2022 or 2023.

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
2024	\$ 577,829	\$ 577,829	\$ -	\$ 4,915,182	11.76%
2023	649,928	649,928	-	4,473,010	14.53%
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%

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
2023	0.04583002%	\$ (167,814)	\$ 4,473,010	-4%	202%
2022	0.03562746%	(126,597)	4,334,032	-3%	195%
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%

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

Notes to schedule

Changes in Actuarial Assumptions Used to Determine Contributions:

	December 31, 2021 July 2023 - June 2025	December 31, 2019 July 2021 - June 2023	December 31, 2017 July 2019 - June 2021	December 31, 2015 July 2017 - June 2019	December 31, 2013 July 2016 - June 2017
Actuarial valuation Effective:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method:	Level percentage of payroll closed 10 years	Level percentage of payroll closed 10 years	Level percentage of payroll closed 10 years	Level percentage of payroll closed 10 years	Level percentage of payroll closed 10 years
Amortization period:	10 years	10 years	10 years	10 years	10 years
Asset valuation method:	Market value	Market value	Market value	Market value	Market value
Remaining amortization periods:	10 years	10 years	10 years	20 years	20 years
Actuarial assumptions:					
Inflation rate	2.40 percent	2.40 percent	2.50 percent	2.50 percent	2.75 percent
Health cost trend rates	None	None	None	None	None
Projected salary increase	3.40 percent	3.40 percent	3.50 percent	3.50 percent	3.75 percent
Investment rate of return	6.90 percent	6.90 percent	7.20 percent	7.20 percent	7.75 percent

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
2024	\$ 154	\$ 154	\$ -	\$ 4,915,182	0.00%
2023	903	903	-	4,473,010	0.02%
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%

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

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)
2024	\$ 9,916	\$ 9,916	-
2023	10,249	10,249	-
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	-

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

**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

CITY OF MOLALLA
POLICE STATION CAPITAL PROJECT FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2024

	Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 272,216	\$ 272,216
Total revenues	-	272,216	272,216
Expenditures			
Materials and services	-	312,558	(312,558) *
Capital outlay	-	592,879	(592,879) *
Total expenditures	-	905,437	(905,437)
Excess (deficiency) of revenues over expenditures	-	(633,221)	(633,221)
Other financing sources (uses)			
Issuance of long-term obligations	-	16,830,230	16,830,230
Total other financing sources (uses)	-	16,830,230	16,830,230
Net change in fund balance	-	16,197,009	16,197,009
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	16,197,009	\$ 16,197,009
Reconciliation to generally accepted accounting principles			
Accounts payable		(251,591)	
Fund balance at end of year, GAAP Basis		\$ 15,945,418	

*Per ORS 294.338(4), appropriations associated with a bond approved by the voters and sold during a budget period do not result in an over expenditure of appropriations.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Combining statements for all individual nonmajor special revenue and capital project funds are reported in this section. The combined totals are reported in the combining nonmajor governmental fund statements. Fund statements for major special revenue funds are reported in the basic financial statements.

Schedules of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) – Budget and Actual are also presented in this section for each individual nonmajor special revenue fund. Budget and actual comparisons for major special revenue funds are reported in the basic financial statements.

Nonmajor Special Revenue Funds

Police Department Restricted Revenue Fund – This fund accounts for revenues received that are restricted for public safety and associated expenditures.

CAPITAL PROJECTS FUNDS

Nonmajor Capital Projects Funds

Parks System Development Fund – This fund is financed through a system of development charges levied on all new construction in the City. Revenues are used for improvement to City parks.

Capital Projects – This fund accounts for major construction projects or equipment acquisition. During fiscal year 2023-24, this fund was closed.

Transportation Systems Development Fund – This fund is financed through a system development charge levied on all new construction in the City. Revenues are used for improvements to City transportation systems.

Fleet Replacement Fund – This fund accounts for revenue and expenditures associated with purchases and replacement of vehicles.

CITY OF MOLALLA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue		Total Nonmajor
	Police		Governmental
	Department		Funds
	Restricted	Total Nonmajor	
	Revenue	Capital Projects	
Assets			
Cash and cash equivalents	\$ 7,723	\$ 4,052,169	\$ 4,059,892
Total assets	\$ 7,723	\$ 4,052,169	\$ 4,059,892
Fund balances			
Restricted for:			
System development	\$ -	\$ 3,698,029	\$ 3,698,029
Police department	7,723	-	7,723
Committed for:			
Fleet replacement	-	354,140	354,140
Total fund balances	\$ 7,723	\$ 4,052,169	\$ 4,059,892

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	<u>Special Revenue</u>		
	<u>Police</u>		
	<u>Department</u>		<u>Total Nonmajor</u>
	<u>Restricted</u>	<u>Total Nonmajor</u>	<u>Governmental</u>
	<u>Revenue</u>	<u>Capital Projects</u>	<u>Funds</u>
Revenues			
Donations	\$ 5,631	\$ -	\$ 5,631
System development charges	-	395,560	395,560
Intergovernmental	50,000	-	50,000
Interest	381	183,297	183,678
Miscellaneous	329	-	329
	<u>56,341</u>	<u>578,857</u>	<u>635,198</u>
Total revenues			
Expenditures			
Current			
Public safety	2,411	-	2,411
Capital outlay	-	376,617	376,617
	<u>2,411</u>	<u>376,617</u>	<u>379,028</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>53,930</u>	<u>202,240</u>	<u>256,170</u>
Other financing sources (uses)			
Transfers in	-	544,009	544,009
Transfers out	(50,000)	(2,935,322)	(2,985,322)
	<u>(50,000)</u>	<u>(2,391,313)</u>	<u>(2,441,313)</u>
Total other financing sources (uses)			
Net change in fund balances	<u>3,930</u>	<u>(2,189,073)</u>	<u>(2,185,143)</u>
Fund balances at beginning of year, as previously presented	3,793	4,399,780	4,403,573
Change within financial reporting entity (major to nonmajor fund)	-	1,841,462	1,841,462
	<u>3,793</u>	<u>6,241,242</u>	<u>6,245,035</u>
Fund balances at beginning of year, as restated			
Fund balance at end of year	<u>\$ 7,723</u>	<u>\$ 4,052,169</u>	<u>\$ 4,059,892</u>

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

	Parks System Development Charges	Transportation System Development Charges	Fleet Replacement	Total
Assets				
Cash and cash equivalents	\$ 1,904,535	\$ 1,793,494	\$ 354,140	\$ 4,052,169
Total assets	<u>\$ 1,904,535</u>	<u>\$ 1,793,494</u>	<u>\$ 354,140</u>	<u>\$ 4,052,169</u>
Fund balances				
Restricted for:				
System development	\$ 1,904,535	\$ 1,793,494	-	\$ 3,698,029
Committed for:				
Fleet replacement	-	-	354,140	354,140
Total fund balances	<u>\$ 1,904,535</u>	<u>\$ 1,793,494</u>	<u>\$ 354,140</u>	<u>\$ 4,052,169</u>

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2024

	Parks System Development Charges	Capital Projects	Transportation System Development Charges	Fleet Replacement	Total
Revenues					
System development charges	\$ 114,017	\$ -	\$ 281,543	\$ -	\$ 395,560
Interest	86,678	-	70,614	26,005	183,297
Total revenues	<u>200,695</u>	<u>-</u>	<u>352,157</u>	<u>26,005</u>	<u>578,857</u>
Expenditures					
Capital outlay	-	-	-	376,617	376,617
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,617</u>	<u>376,617</u>
Excess (deficiency) of revenues over expenditures	<u>200,695</u>	<u>-</u>	<u>352,157</u>	<u>(350,612)</u>	<u>202,240</u>
Other financing sources (uses)					
Transfers in	-	168,860	116,999	258,150	544,009
Transfers out	(75,000)	(2,010,322)	(850,000)	-	(2,935,322)
Total other financing sources (uses)	<u>(75,000)</u>	<u>(1,841,462)</u>	<u>(733,001)</u>	<u>258,150</u>	<u>(2,391,313)</u>
Net change in fund balances	<u>125,695</u>	<u>(1,841,462)</u>	<u>(380,844)</u>	<u>(92,462)</u>	<u>(2,189,073)</u>
Fund balances at beginning of year, as previously presented	1,778,840	-	2,174,338	446,602	4,399,780
Change within financial reporting entity (major to nonmajor fund)	-	1,841,462	-	-	1,841,462
Fund balances at beginning of year, as restated	<u>1,778,840</u>	<u>1,841,462</u>	<u>2,174,338</u>	<u>446,602</u>	<u>6,241,242</u>
Fund balance at end of year	<u>\$ 1,904,535</u>	<u>\$ -</u>	<u>\$ 1,793,494</u>	<u>\$ 354,140</u>	<u>\$ 4,052,169</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 50,000	\$ 50,000	\$ -
Donations	4,750	5,631	881
Interest	65	381	316
Miscellaneous	<u>300</u>	<u>329</u>	<u>29</u>
 Total revenues	 <u>55,115</u>	 <u>56,341</u>	 <u>1,226</u>
Expenditures			
Police Department	<u>7,466</u>	<u>2,411</u>	<u>5,055</u>
 Total expenditures	 <u>7,466</u>	 <u>2,411</u>	 <u>5,055</u>
 Excess (deficiency) of revenues over expenditures	 <u>47,649</u>	 <u>53,930</u>	 <u>6,281</u>
Other financing sources (uses)			
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(50,000)</u>	 <u>(50,000)</u>	 <u>-</u>
 Net change in fund balance	 (2,351)	 3,930	 6,281
 Fund balance at beginning of year	 <u>2,351</u>	 <u>3,793</u>	 <u>1,442</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 7,723</u>	 <u>\$ 7,723</u>

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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 75,000	\$ 114,017	\$ 39,017
Interest	<u>32,593</u>	<u>86,678</u>	<u>54,085</u>
Total revenues	<u>107,593</u>	<u>200,695</u>	<u>93,102</u>
Other financing sources (uses)			
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	32,593	125,695	93,102
Fund balance at beginning of year	<u>1,449,581</u>	<u>1,778,840</u>	<u>329,259</u>
Fund balance at end of year	<u>\$ 1,482,174</u>	<u>\$ 1,904,535</u>	<u>\$ 422,361</u>

CITY OF MOLALLA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 211,670	\$ -	\$ (211,670)
Interest	<u>57,232</u>	<u>-</u>	<u>(57,232)</u>
Total revenues	<u>268,902</u>	<u>-</u>	<u>(268,902)</u>
Other financing sources (uses)			
Transfers in	23,927,284	-	(23,927,284)
Transfers out	<u>(25,487,509)</u>	<u>(2,010,322)</u>	<u>23,477,187</u>
Total other financing sources (uses)	<u>(1,560,225)</u>	<u>(2,010,322)</u>	<u>(450,097)</u>
Net change in fund balance	(1,291,323)	(2,010,322)	(718,999)
Fund balance at beginning of year	<u>1,348,555</u>	<u>2,010,322</u>	<u>661,767</u>
Fund balance at end of year	<u>\$ 57,232</u>	<u>\$ -</u>	<u>\$ (57,232)</u>

CITY OF MOLALLA
STREET SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 150,000	\$ 281,543	\$ 131,543
Interest	46,794	70,614	23,820
Total revenues	<u>196,794</u>	<u>352,157</u>	<u>155,363</u>
Other financing sources (uses)			
Transfers in	-	116,999	116,999
Transfers out	<u>(850,000)</u>	<u>(850,000)</u>	-
Total other financing sources (uses)	<u>(850,000)</u>	<u>(733,001)</u>	<u>116,999</u>
Net change in fund balance	(653,206)	(380,844)	272,362
Fund balance at beginning of year	<u>2,081,187</u>	<u>2,174,338</u>	<u>93,151</u>
Fund balance at end of year	<u>\$ 1,427,981</u>	<u>\$ 1,793,494</u>	<u>\$ 365,513</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, 2024

	Budget	Actual	Variance
Revenues			
Interest	\$ 13,258	\$ 26,005	\$ 12,747
Total revenues	13,258	26,005	12,747
Expenditures			
Fleet replacement	659,262	376,617	282,645
Total expenditures	659,262	376,617	282,645
Excess (deficiency) of revenues over expenditures	(646,004)	(350,612)	295,392
Other financing sources (uses)			
Transfers in	258,150	258,150	-
Total other financing sources (uses)	258,150	258,150	-
Net change in fund balance	(387,854)	(92,462)	295,392
Fund balance (deficit) at beginning of year	387,854	446,602	58,748
Fund balance at end of year	\$ -	\$ 354,140	\$ 354,140

ENTERPRISE FUNDS

Enterprise funds are used to account for the acquisition, operations, maintenance and debt service of governmental facilities and services which are entirely or predominately self-supporting by user charges. Enterprise funds use the economic resources measurement focus and accrual accounting to report the results of operations.

Schedules of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis) – Budget and Actual are presented in this section for each individual enterprise fund.

Major Enterprise Funds

Water – The Water Fund presented as a major fund in the basic financial statements consists of two separately budgeted funds as follows:

Water Fund –This fund accounts for the provision of water services to 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.

Water System Development Fund – This fund is financed through a system development charge levied on all new construction in the City. Revenues are used for improvements to water systems.

Sewer – The Sewer Fund presented as a major fund in the basic financial statements consists of three separately budgeted funds as follows:

Sewer Fund –This fund accounts for the provision of water services to 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.

Sewer System Development Fund – This fund is financed through a system development charge levied on all new construction in the City. Revenues are used for improvements to sewer systems.

Sewer Debt Retirement Fund – This fund accounts for the debt service related to the 2020 Full Faith and Credit Refunding bond.

CWSRF Fund – This fund accounts for the debt service related to the Clean Water State Revolving Loan Fund loan.

Nonmajor Enterprise Funds

The nonmajor enterprise funds presented on the basic financial statements are two separately budgeted funds for the Stormwater system as follows:

Stormwater Fund – This fund accounts for the provision of stormwater services to residents of the City. Activities of the fund include administration, operations and maintenance of the stormwater system and billing and collection activities. The primary source of revenue is user fees and charges.

Stormwater System Development Fund – This fund is financed through a system development charge levied on all new construction in the City. Revenues are used for improvements to stormwater systems.

CITY OF MOLALLA
COMBINING STATEMENT OF NET POSITION
WATER FUND
June 30, 2024

	<u>Water</u>	<u>Water System Development Charges</u>	<u>Total Water Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 3,350,668	\$ 471,108	\$ 3,821,776
Receivables, net	<u>266,011</u>	<u>-</u>	<u>266,011</u>
Total current assets	<u>3,616,679</u>	<u>471,108</u>	<u>4,087,787</u>
Noncurrent assets			
Capital assets:			
Capital assets, nondepreciable	389,308	-	389,308
Capital assets, net of accumulated depreciation	<u>8,257,363</u>	<u>-</u>	<u>8,257,363</u>
Total capital assets	8,646,671	-	8,646,671
Net other postemployment benefits asset	<u>17,683</u>	<u>-</u>	<u>17,683</u>
Total noncurrent assets	<u>8,664,354</u>	<u>-</u>	<u>8,664,354</u>
Total assets	<u>12,281,033</u>	<u>471,108</u>	<u>12,752,141</u>
Deferred outflows of resources			
Pension related items	158,154	-	158,154
Other postemployment benefit related items	<u>66</u>	<u>-</u>	<u>66</u>
Total deferred outflows of resources	<u>158,220</u>	<u>-</u>	<u>158,220</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	256,099	-	256,099
Compensated absences	<u>41,027</u>	<u>-</u>	<u>41,027</u>
Total current liabilities	<u>297,126</u>	<u>-</u>	<u>297,126</u>
Noncurrent liabilities			
Compensated absences	10,257	-	10,257
Net pension liability	<u>328,142</u>	<u>-</u>	<u>328,142</u>
Total noncurrent liabilities	<u>338,399</u>	<u>-</u>	<u>338,399</u>
Total liabilities	<u>635,525</u>	<u>-</u>	<u>635,525</u>
Deferred inflows of resources			
Pension related items	24,406	-	24,406
Other postemployment benefit related items	<u>2,948</u>	<u>-</u>	<u>2,948</u>
Total deferred inflows of resources	<u>27,354</u>	<u>-</u>	<u>27,354</u>
Net position			
Net investment in capital assets	8,932,724	-	8,932,724
Restricted for system development	-	471,108	471,108
Other purposes	17,683	-	17,683
Unrestricted	<u>2,825,967</u>	<u>-</u>	<u>2,825,967</u>
Total net position	<u>\$ 11,776,374</u>	<u>\$ 471,108</u>	<u>\$ 12,247,482</u>

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER FUND
Year Ended June 30, 2024

	Water System		Total Water Fund
	Water	Development Charges	
Operating revenues			
Charges for services	\$ 2,175,279	\$ -	\$ 2,175,279
Operating expenses			
Personnel services	803,334	-	803,334
Materials and services	589,117	-	589,117
Depreciation	328,121	-	328,121
Total operating expenses	1,720,572	-	1,720,572
Operating income (loss)	454,707	-	454,707
Nonoperating revenues (expenses)			
Interest income	115,891	16,883	132,774
Miscellaneous	3,351	-	3,351
Total nonoperating revenue (expenses)	119,242	16,883	136,125
Income (loss) before capital contributions and transfers	573,949	16,883	590,832
Capital contributions	-	115,391	115,391
Transfers in	408,960	71,541	480,501
Transfers out	(144,099)	(100,000)	(244,099)
Transfers out - non-cash	(557,482)	-	(557,482)
Change in net position	281,328	103,815	385,143
Net position - beginning	11,495,046	367,293	11,862,339
Net position - ending	\$ 11,776,374	\$ 471,108	\$ 12,247,482

CITY OF MOLALLA
COMBINING STATEMENT OF CASH FLOWS
WATER FUND
Year Ended June 30, 2024

	Water	Water System Development Charges	Total Water Fund
Cash flows from operating activities			
Receipts from customers	\$ 2,189,096	\$ -	\$ 2,189,096
Payments to suppliers	(354,247)	-	(354,247)
Payments to employees	(790,474)	-	(790,474)
	<u>1,044,375</u>	<u>-</u>	<u>1,044,375</u>
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities			
Miscellaneous	3,351	-	3,351
Transfers in	408,960	71,541	480,501
Transfers out	(144,099)	(100,000)	(244,099)
	<u>268,212</u>	<u>(28,459)</u>	<u>239,753</u>
Net cash provided by (used in) noncapital financing activities			
Cash flows from capital and related financing activities			
System development charges received	-	115,391	115,391
Acquisition of capital assets	(621,341)	-	(621,341)
	<u>(621,341)</u>	<u>115,391</u>	<u>(505,950)</u>
Net cash provided by (used in) capital and related financing activities			
Cash flows from investing activities			
Interest on investments	115,891	16,883	132,774
	<u>115,891</u>	<u>16,883</u>	<u>132,774</u>
Net increase (decrease) in cash and cash equivalents	807,137	103,815	910,952
Cash and cash equivalents - beginning of year	2,543,531	367,293	2,910,824
	<u>2,543,531</u>	<u>367,293</u>	<u>2,910,824</u>
Cash and cash equivalents - end of year	<u>\$ 3,350,668</u>	<u>\$ 471,108</u>	<u>\$ 3,821,776</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 454,707	\$ -	\$ 454,707
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	328,121	-	328,121
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	13,817	-	13,817
Net other postemployment benefits asset	(4,124)	-	(4,124)
Deferred outflows - pension related items	11,689	-	11,689
Deferred outflows - other postemployment benefit related items	137	-	137
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	234,870	-	234,870
Compensated absences	13,485	-	13,485
Net pension liability	48,403	-	48,403
Pension related items	(56,113)	-	(56,113)
Deferred inflows - other postemployment benefit related items	(617)	-	(617)
	<u>1,044,375</u>	<u>-</u>	<u>1,044,375</u>
Net cash provided by (used in) operating activities	<u>\$ 1,044,375</u>	<u>\$ -</u>	<u>\$ 1,044,375</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS			
Capital assets transferred to governmental activities	\$ (557,482)	\$ -	\$ (557,482)

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, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 2,515,000	\$ 2,515,000	\$ 2,189,497	\$ (325,503)
Interest	52,053	52,053	115,891	63,838
Miscellaneous	-	-	2,950	2,950
Total revenues	<u>2,567,053</u>	<u>2,567,053</u>	<u>2,308,338</u>	<u>(258,715)</u>
Expenditures				
Water				
Operations	1,457,608	2,797,608	1,888,436	909,172
Contingency	500,000	465,000	-	465,000
Total expenditures	<u>1,957,608</u>	<u>3,262,608</u>	<u>1,888,436</u>	<u>1,374,172</u>
Excess (deficiency) of revenues over expenditures	<u>609,445</u>	<u>(695,555)</u>	<u>419,902</u>	<u>1,115,457</u>
Other financing sources (uses)				
Transfers in	5,000	1,310,000	408,960	(901,040)
Transfers out	<u>(1,176,725)</u>	<u>(1,176,725)</u>	<u>(21,725)</u>	<u>1,155,000</u>
Total other financing sources (uses)	<u>(1,171,725)</u>	<u>133,275</u>	<u>387,235</u>	<u>253,960</u>
Net change in fund balance	(562,280)	(562,280)	807,137	1,369,417
Fund balance at beginning of year	<u>2,619,156</u>	<u>2,619,156</u>	<u>2,543,531</u>	<u>(75,625)</u>
Fund balance at end of year	<u>\$ 2,056,876</u>	<u>\$ 2,056,876</u>	3,350,668	<u>\$ 1,293,792</u>
Reconciliation to generally accepted accounting principles				
Receivable, net			266,011	
Capital assets, net			8,646,671	
Net OPEB asset			17,683	
Deferred outflows related to pension			158,154	
Deferred outflows related to OPEB			66	
Deferred inflows related to pension			(24,406)	
Deferred inflows related to OPEB			(2,948)	
Accounts payable			(256,099)	
Compensated absences			(51,284)	
Net pension liability			<u>(328,142)</u>	
Net position at end of year, GAAP Basis			<u>\$ 11,776,374</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, 2024

	Budget	Actual	Variance
Revenues			
System development charges	\$ 66,000	\$ 115,391	\$ 49,391
Interest	<u>6,479</u>	<u>16,883</u>	<u>10,404</u>
 Total revenues	 <u>72,479</u>	 <u>132,274</u>	 <u>59,795</u>
Other financing sources (uses)			
Transfers in	-	71,541	71,541
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(100,000)</u>	 <u>(28,459)</u>	 <u>71,541</u>
 Net change in fund balance	 (27,521)	 103,815	 131,336
 Fund balance at beginning of year	 <u>266,895</u>	 <u>367,293</u>	 <u>100,398</u>
 Fund balance at end of year	 <u>\$ 239,374</u>	 <u>\$ 471,108</u>	 <u>\$ 231,734</u>

CITY OF MOLALLA
COMBINING STATEMENT OF NET POSITION
SEWER FUND
June 30, 2024

	Sewer	Sewer System Development Charges	Sewer Debt Retirement	Total Sewer Fund
Assets				
Current assets				
Cash and cash equivalents	\$ 2,588,411	\$ 1,505,473	\$ 284,410	\$ 4,378,294
Receivables, net	442,725	-	-	442,725
Total current assets	<u>3,031,136</u>	<u>1,505,473</u>	<u>284,410</u>	<u>4,821,019</u>
Noncurrent assets				
Capital assets:				
Capital assets, nondepreciable	3,409,640	-	-	3,409,640
Capital assets, net of accumulated depreciation	7,115,490	-	-	7,115,490
Total capital assets	10,525,130	-	-	10,525,130
Net other postemployment benefits asset	19,055	-	-	19,055
Total noncurrent assets	<u>10,544,185</u>	<u>-</u>	<u>-</u>	<u>10,544,185</u>
 Total assets	 <u>13,575,321</u>	 <u>1,505,473</u>	 <u>284,410</u>	 <u>15,365,204</u>
Deferred outflows of resources				
Pension related items	170,427	-	-	170,427
Other postemployment benefit related items	72	-	-	72
Total deferred outflows of resources	<u>170,499</u>	<u>-</u>	<u>-</u>	<u>170,499</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	54,500	-	-	54,500
Accrued interest payable	24,034	-	-	24,034
Compensated absences	30,909	-	-	30,909
Bonds payable	366,000	-	-	366,000
Total current liabilities	<u>475,443</u>	<u>-</u>	<u>-</u>	<u>475,443</u>
Noncurrent liabilities				
Compensated absences	7,727	-	-	7,727
Bonds payable	431,900	-	-	431,900
Loans payable	2,251,566	-	-	2,251,566
Net pension liability	353,607	-	-	353,607
Total noncurrent liabilities	<u>3,044,800</u>	<u>-</u>	<u>-</u>	<u>3,044,800</u>
Total liabilities	<u>3,520,243</u>	<u>-</u>	<u>-</u>	<u>3,520,243</u>
Deferred inflows of resources				
Refunded debt charges	8,428	-	-	8,428
Pension related items	26,300	-	-	26,300
Other postemployment benefit related items	3,176	-	-	3,176
Total deferred inflows of resources	<u>37,904</u>	<u>-</u>	<u>-</u>	<u>37,904</u>
Net position				
Net investment in capital assets	7,503,633	-	-	7,503,633
Restricted for:				
System development	-	1,296,432	-	1,296,432
Debt service	217,109	-	-	217,109
Other purposes	19,055	-	-	19,055
Unrestricted	2,447,876	209,041	284,410	2,941,327
Total net position	<u>\$ 10,187,673</u>	<u>\$ 1,505,473</u>	<u>\$ 284,410</u>	<u>\$ 11,977,556</u>

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
SEWER FUND
Year Ended June 30, 2024

	<u>Sewer</u>	<u>Sewer System Development Charges</u>	<u>Sewer Debt Retirement</u>	<u>Eliminations</u>	<u>Total Sewer Fund</u>
Operating revenues					
Charges for services	\$ 4,395,678	\$ -	\$ -	\$ -	\$ 4,395,678
Operating expenses					
Personnel services	849,596	-	-	-	849,596
Materials and services	1,323,422	-	-	-	1,323,422
Depreciation	269,266	-	-	-	269,266
Total operating expenses	2,442,284	-	-	-	2,442,284
Operating income (loss)	1,953,394	-	-	-	1,953,394
Nonoperating revenues (expenses)					
Interest income	252,633	67,347	7,311	-	327,291
Miscellaneous	3,361	-	-	-	3,361
Interest expense	(31,706)	-	-	-	(31,706)
Loss on sale of capital assets	(44,954)	-	-	-	(44,954)
Total nonoperating revenues (expenses)	179,334	67,347	7,311	-	253,992
Income (loss) before capital contributions and transfers	2,132,728	67,347	7,311	-	2,207,386
Capital contributions	-	141,694	-	-	141,694
Transfers in	-	-	254,392	(254,392)	-
Transfers out	(798,506)	-	-	254,392	(544,114)
Transfers out - non-cash	(36,396)	-	-	-	(36,396)
Change in net position	1,297,826	209,041	261,703	-	1,768,570
Net position - beginning	8,889,847	1,296,432	22,707	-	10,208,986
Net position - ending	\$ 10,187,673	\$ 1,505,473	\$ 284,410	\$ -	\$ 11,977,556

CITY OF MOLALLA
COMBINING STATEMENT OF CASH FLOWS
SEWER FUND
Year Ended June 30, 2024

	Sewer	Sewer System Development Charges	Sewer Debt Retirement	Eliminations	Total Sewer Fund
Cash flows from operating activities					
Receipts from customers	\$ 4,400,983	\$ -	\$ -	\$ -	\$ 4,400,983
Payments to suppliers	(1,313,559)	-	-	-	(1,313,559)
Payments to employees	(850,278)	-	-	-	(850,278)
Net cash provided by (used in) operating activities	<u>2,237,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,237,146</u>
Cash flows from noncapital financing activities					
Miscellaneous	3,361	-	-	-	3,361
Transfers in	-	-	254,392	(254,392)	-
Transfers out	(798,506)	-	-	254,392	(544,114)
Net cash provided by (used in) noncapital financing activities	<u>(795,145)</u>	<u>-</u>	<u>254,392</u>	<u>-</u>	<u>(540,753)</u>
Cash flows from capital and related financing activities					
System development charges received	-	141,694	-	-	141,694
Acquisition of capital assets	(848,844)	-	-	-	(848,844)
Issuance of long-term obligations	533,302	-	-	-	533,302
Principal paid on long-term obligations	(362,100)	-	-	-	(362,100)
Interest paid on long-term obligations	(17,284)	-	-	-	(17,284)
Net cash provided by (used in) capital and related financing activities	<u>(694,926)</u>	<u>141,694</u>	<u>-</u>	<u>-</u>	<u>(553,232)</u>
Cash flows from investing activities					
Interest on investments	252,633	67,347	7,311	-	327,291
Net increase (decrease) in cash and cash equivalents	999,708	209,041	261,703	-	1,470,452
Cash and cash equivalents - beginning of year	1,588,703	1,296,432	22,707	-	2,907,842
Cash and cash equivalents - end of year	<u>\$ 2,588,411</u>	<u>\$ 1,505,473</u>	<u>\$ 284,410</u>	<u>\$ -</u>	<u>\$ 4,378,294</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 1,953,394	\$ -	\$ -	\$ -	\$ 1,953,394
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	269,266	-	-	-	269,266
(Increase) decrease in assets and deferred outflows of resources					
Receivables, net	5,305	-	-	-	5,305
Net other postemployment benefits asset	(4,494)	-	-	-	(4,494)
Deferred outflows - pension related items	11,969	-	-	-	11,969
Deferred outflows - other postemployment benefit related items	146	-	-	-	146
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable and accrued liabilities	9,863	-	-	-	9,863
Compensated absences payable	(673)	-	-	-	(673)
Net pension liability	53,193	-	-	-	53,193
Deferred inflows - pension related items	(60,170)	-	-	-	(60,170)
Deferred inflows - other postemployment benefit related items	(653)	-	-	-	(653)
Net cash provided by (used in) operating activities	<u>\$ 2,237,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,237,146</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS					
Capital assets transferred to governmental activities	\$ (36,396)	\$ -	\$ -	\$ -	\$ (36,396)

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, 2024

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 4,143,000	\$ 4,143,000	\$ 4,401,376	\$ 258,376
Interest	38,196	38,196	252,633	214,437
Miscellaneous	1,000	1,000	3,000	2,000
Total revenues	4,182,196	4,182,196	4,657,009	474,813
Expenditures				
Sewer				
Operations	2,977,786	4,127,786	3,351,916	775,870
Contingency	800,000	800,000	-	800,000
Total expenditures	3,777,786	4,927,786	3,351,916	1,575,870
Excess (deficiency) of revenues over expenditures	404,410	(745,590)	1,305,093	2,050,683
Other financing sources (uses)				
Issuance of long-term obligations	21,226,521	21,226,521	533,302	(20,693,219)
Transfers in	-	22,376,521	-	(22,376,521)
Transfers out	(22,137,022)	(43,363,543)	(838,687)	42,524,856
Total other financing sources (uses)	(910,501)	239,499	(305,385)	(544,884)
Net change in fund balance	(506,091)	(506,091)	999,708	1,505,799
Fund balance at beginning of year	2,103,522	2,103,522	1,588,703	(514,819)
Fund balance at end of year	\$ 1,597,431	\$ 1,597,431	2,588,411	\$ 990,980
Reconciliation to generally accepted accounting principles				
Accounts receivable, net			442,725	
Capital assets, net			10,525,130	
Net OPEB asset			19,055	
Deferred outflows related to pension			170,427	
Deferred outflows related to OPEB			72	
Accounts payable			(54,500)	
Accrued interest payable			(24,034)	
Compensated absences			(38,636)	
Bonds payable			(797,900)	
Loans payable			(2,251,566)	
Net pension liability			(353,607)	
Refunded debt charges			(8,428)	
Deferred inflows related to pension			(26,300)	
Deferred inflows related to OPEB			(3,176)	
Net position at end of year, GAAP Basis			\$ 10,187,673	

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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 205,000	\$ 141,694	\$ (63,306)
Interest	<u>25,036</u>	<u>67,347</u>	<u>42,311</u>
Total revenues	<u>230,036</u>	<u>209,041</u>	<u>(20,995)</u>
Expenditures			
Sewer			
Materials and services	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	180,036	209,041	29,005
Fund balance at beginning of year	<u>1,118,446</u>	<u>1,296,432</u>	<u>177,986</u>
Fund balance at end of year	<u>\$ 1,298,482</u>	<u>\$ 1,505,473</u>	<u>\$ 206,991</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ 1,838	\$ 7,311	\$ 5,473
Total revenues	<u>1,838</u>	<u>7,311</u>	<u>5,473</u>
Expenditures			
Debt Service	<u>442,482</u>	<u>379,384</u>	<u>63,098</u>
Total expenditures	<u>442,482</u>	<u>379,384</u>	<u>63,098</u>
Excess (deficiency) of revenues over expenditures	<u>(440,644)</u>	<u>(372,073)</u>	<u>68,571</u>
Other financing sources (uses)			
Transfers in	<u>633,776</u>	<u>633,776</u>	<u>-</u>
Total other financing sources (uses)	<u>633,776</u>	<u>633,776</u>	<u>-</u>
Net change in fund balance	193,132	261,703	68,571
Fund balance at beginning of year	<u>22,706</u>	<u>22,707</u>	<u>1</u>
Fund balance at end of year	<u>\$ 215,838</u>	<u>\$ 284,410</u>	<u>\$ 68,572</u>

CITY OF MOLALLA
WWTP UPGRADE PROJECT - SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures			
Capital outlay	\$ 20,226,521	\$ -	\$ 20,226,521
Total expenditures	<u>20,226,521</u>	<u>-</u>	<u>20,226,521</u>
Other financing sources (uses)			
Transfers in	21,226,521	-	(21,226,521)
Transfers out	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>
Total other financing sources (uses)	<u>20,226,521</u>	<u>-</u>	<u>(20,226,521)</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MOLALLA
COMBINING STATEMENT OF NET POSITION
NONMAJOR - STORMWATER FUNDS
June 30, 2024

	Stormwater	Stormwater System Development Charges	Total Nonmajor Stormwater Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 423,006	\$ 340,749	\$ 763,755
Receivables, net	41,600	-	41,600
Total current assets	<u>464,606</u>	<u>340,749</u>	<u>805,355</u>
Noncurrent assets			
Capital assets			
Capital assets, nondepreciable	180,217	-	180,217
Capital assets, net of accumulated depreciation	1,689,113	-	1,689,113
Total capital assets	1,869,330	-	1,869,330
Net other postemployment benefits asset	3,957	-	3,957
Total noncurrent assets	<u>1,873,287</u>	<u>-</u>	<u>1,873,287</u>
Total assets	<u>2,337,893</u>	<u>340,749</u>	<u>2,678,642</u>
Deferred outflows of resources			
Pension related items	35,392	-	35,392
Other postemployment benefit related items	15	-	15
Total deferred outflows of resources	<u>35,407</u>	<u>-</u>	<u>35,407</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	52,561	-	52,561
Compensated absences	7,682	-	7,682
Total current liabilities	<u>60,243</u>	<u>-</u>	<u>60,243</u>
Noncurrent liabilities			
Compensated absences	1,921	-	1,921
Net pension liability	73,432	-	73,432
Total noncurrent liabilities	<u>75,353</u>	<u>-</u>	<u>75,353</u>
Total liabilities	<u>135,596</u>	<u>-</u>	<u>135,596</u>
Deferred inflows of resources			
Pension related items	5,462	-	5,462
Other postemployment benefit related items	660	-	660
Total deferred inflows of resources	<u>6,122</u>	<u>-</u>	<u>6,122</u>
Net position			
Net investment in capital assets	1,731,924	-	1,731,924
Restricted for system development	-	340,749	340,749
Other purposes	3,957	-	3,957
Unrestricted	495,701	-	495,701
Total net position	<u>\$ 2,231,582</u>	<u>\$ 340,749</u>	<u>\$ 2,572,331</u>

CITY OF MOLALLA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR - STORMWATER FUNDS
Year Ended June 30, 2024

	Stormwater	Stormwater System Development Charges	Total Nonmajor Stormwater Fund
Operating revenues			
Charges for services	\$ 368,763	\$ -	\$ 368,763
Operating expenses			
Personnel services	173,287	-	173,287
Materials and services	59,285	-	59,285
Depreciation	52,085	-	52,085
Total operating expenses	284,657	-	284,657
Operating income (loss)	84,106	-	84,106
Nonoperating revenues (expenses)			
Interest income	20,290	9,338	29,628
Total nonoperating revenue (expenses)	20,290	9,338	29,628
Operating income (loss) before capital contributions and transfers	104,396	9,338	113,734
Capital contributions	141,472	31,917	173,389
Transfers in	60,763	136,845	197,608
Transfers out	(50,865)	(60,763)	(111,628)
Change in net position	255,766	117,337	373,103
Net position - beginning	1,975,816	223,412	2,199,228
Net position - ending	\$ 2,231,582	\$ 340,749	\$ 2,572,331

CITY OF MOLALLA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR - STORMWATER FUNDS
Year Ended June 30, 2024

	Stormwater	Stormwater System Development Charges	Total Nonmajor Stormwater Fund
Cash flows from operating activities			
Receipts from customers	\$ 363,191	\$ -	\$ 363,191
Payments to suppliers	(60,838)	-	(60,838)
Payments to employees	(175,462)	-	(175,462)
Net cash provided by (used in) operating activities	<u>126,892</u>	<u>-</u>	<u>126,892</u>
Cash flows from noncapital financing activities			
Transfers in	60,763	136,845	197,608
Transfers out	(50,865)	(60,763)	(111,628)
Net cash provided by (used in) noncapital financing activities	<u>9,898</u>	<u>76,082</u>	<u>85,980</u>
Cash flows from capital and related financing activities			
System development charges received	-	31,917	31,917
Acquisition of capital assets	(104,238)	-	(104,238)
Net cash provided by (used in) capital and related financing activities	<u>(104,238)</u>	<u>31,917</u>	<u>(72,321)</u>
Cash flows from investing activities			
Interest on investments	20,290	9,338	29,628
Net increase (decrease) in cash and cash equivalents	52,842	117,337	170,179
Cash and cash equivalents - beginning of year	370,164	223,412	593,576
Cash and cash equivalents - end of year	<u>\$ 423,006</u>	<u>\$ 340,749</u>	<u>\$ 763,755</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 84,106	\$ -	\$ 84,106
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	52,085	-	52,085
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(5,572)	-	(5,572)
Net other postemployment benefits asset	(714)	-	(714)
Deferred outflows - pension related items	5,223	-	5,223
Deferred outflows - other postemployment benefit related items	34	-	34
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(1,553)	-	(1,553)
Compensated absences payable	731	-	731
Net pension liability	6,537	-	6,537
Deferred inflows - pension related items	(13,793)	-	(13,793)
Deferred inflows - other postemployment benefit related items	(193)	-	(193)
Net cash provided by (used in) operating activities	<u>\$ 126,892</u>	<u>\$ -</u>	<u>\$ 126,892</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS			
Contributed assets from governmental activities	\$ 141,472	\$ -	\$ 141,472

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, 2024

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 355,000	\$ 363,191	\$ 8,191
Interest	<u>7,573</u>	<u>20,290</u>	<u>12,717</u>
Total revenues	<u>362,573</u>	<u>383,481</u>	<u>20,908</u>
Expenditures			
Stormwater			
Operations	484,630	365,002	119,628
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>584,630</u>	<u>365,002</u>	<u>219,628</u>
Excess (deficiency) of revenues over expenditures	<u>(222,057)</u>	<u>18,479</u>	<u>240,536</u>
Other financing sources (uses)			
Transfers in	160,763	60,763	(100,000)
Transfers out	<u>(26,400)</u>	<u>(26,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>134,363</u>	<u>34,363</u>	<u>(100,000)</u>
Net change in fund balance	(87,694)	52,842	140,536
Fund balance at beginning of year	<u>374,698</u>	<u>370,164</u>	<u>(4,534)</u>
Fund balance at end of year	<u>\$ 287,004</u>	423,006	<u>\$ 136,002</u>
Reconciliation to generally accepted accounting principles			
Accounts receivable, net		41,600	
Capital assets, net		1,869,330	
Net OPEB asset		3,957	
Deferred outflows related to pension		35,392	
Deferred outflows related to OPEB		15	
Accounts payable		(52,561)	
Compensated absences		(9,603)	
Net pension liability		(73,432)	
Deferred inflows related to pension		(5,462)	
Deferred inflows related to OPEB		<u>(660)</u>	
Net position at end of year, GAAP Basis		<u>\$ 2,231,582</u>	

CITY OF MOLALLA
STORMWATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND (NONMAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 78,500	\$ 31,917	\$ (46,583)
Interest	<u>3,353</u>	<u>9,338</u>	<u>5,985</u>
Total revenues	<u>81,853</u>	<u>41,255</u>	<u>(40,598)</u>
Other financing sources (uses)			
Transfers in	-	136,845	136,845
Transfers out	<u>(60,763)</u>	<u>(60,763)</u>	<u>-</u>
Total other financing sources (uses)	<u>(60,763)</u>	<u>76,082</u>	<u>136,845</u>
Net change in fund balance	21,090	117,337	96,247
Fund balance at beginning of year	<u>153,966</u>	<u>223,412</u>	<u>69,446</u>
Fund balance at end of year	<u>\$ 175,056</u>	<u>\$ 340,749</u>	<u>\$ 165,693</u>

STATISTICAL SECTION

STATISTICAL SECTION

This section of the City'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 City'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 City's financial performance and well-being have changed over time.	81 - 85
<i>Revenue Capacity</i> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	86 - 89
<i>Debt Capacity</i> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	90 - 94
<i>Demographic and Economic Information</i> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	95 - 96
<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.	97 - 99

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities										
Net investment in capital assets	\$ 12,796,415	\$ 11,745,536	\$ 9,704,248	\$ 8,380,772	\$ 10,309,574	\$ 10,305,834	\$ 8,609,061	\$ 8,658,502	\$ 8,731,352	\$ 12,453,245
Restricted	30,128,030	12,107,520	10,926,081	8,891,455	5,527,674	5,700,235	4,587,201	3,511,668	4,445,288	2,976,327
Unrestricted	(12,885,796)	4,344,289	2,868,238	4,166,139	3,998,388	3,701,073	3,287,686	2,590,056	2,354,161	1,788,198
Total governmental activities net position	\$ 30,038,649	\$ 28,197,345	\$ 23,498,567	\$ 21,438,366	\$ 19,835,636	\$ 19,707,142	\$ 16,483,948	\$ 14,760,226	\$ 15,530,801	\$ 17,217,770
Business-type activities										
Net investment in capital assets	\$ 18,168,281	\$ 17,673,354	\$ 15,526,339	\$ 15,033,589	\$ 14,386,314	\$ 11,681,554	\$ 10,812,541	\$ 10,103,432	\$ 8,036,493	\$ 7,678,396
Restricted	2,366,093	1,909,844	1,673,867	1,579,989	1,824,071	3,295,698	2,921,729	2,703,957	3,022,290	1,990,122
Unrestricted	6,262,995	4,687,355	5,133,072	4,476,620	3,367,651	3,431,323	2,873,004	2,774,379	2,288,774	2,204,417
Total business-type activities net position	\$ 26,797,369	\$ 24,270,553	\$ 22,333,278	\$ 21,090,198	\$ 19,578,036	\$ 18,408,575	\$ 16,607,274	\$ 15,581,768	\$ 13,347,557	\$ 11,872,935
Primary government										
Net investment in capital assets	\$ 30,964,696	\$ 29,418,890	\$ 25,230,587	\$ 22,799,972	\$ 24,695,888	\$ 21,987,388	\$ 19,421,602	\$ 18,761,934	\$ 16,767,845	\$ 20,131,641
Restricted	32,494,123	14,017,364	12,599,948	10,471,444	7,351,745	8,995,933	7,508,930	6,215,625	7,467,578	4,966,449
Unrestricted	(6,622,801)	9,031,644	8,001,310	8,642,759	7,366,039	7,132,396	6,160,690	5,364,435	4,642,935	3,992,615
Total primary government activities net position	\$ 56,836,018	\$ 52,467,898	\$ 45,831,845	\$ 41,914,175	\$ 39,413,672	\$ 38,115,717	\$ 33,091,222	\$ 30,341,994	\$ 28,878,358	\$ 29,090,705

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental Activities:										
General government	\$ 1,413,510	\$ 1,441,529	\$ 2,205,232	\$ 902,446	\$ 1,392,703	\$ 1,038,867	\$ 1,488,976	\$ 1,635,670	\$ 1,361,581	\$ 1,231,553
Public safety	4,481,759	3,826,634	3,276,964	3,707,070	3,216,141	2,912,022	2,542,513	2,548,515	2,550,779	2,044,240
Highways and streets	1,702,198	1,751,296	556,359	1,663,710	1,614,153	1,546,056	1,531,912	1,535,395	1,495,701	1,368,643
Culture and recreation	1,216,138	1,049,101	1,952,616	1,472,861	1,197,912	1,012,008	932,989	663,121	2,761,986	-
Community development	544,691	417,449	308,145	532,877	79,797	22,365	46,008	138,463	180,315	866,407
Interest on long-term debt	120,896	71,112	94,334	49,345	64,677	67,456	74,565	75,892	103,971	37,579
Total governmental activities	\$ 9,479,192	\$ 8,557,121	\$ 8,393,650	\$ 8,328,309	\$ 7,565,383	\$ 6,598,774	\$ 6,616,963	\$ 6,597,056	\$ 8,454,333	\$ 5,548,422
Business-type activities:										
Water operations	\$ 1,765,526	\$ 1,551,845	\$ 1,370,377	\$ 1,953,198	\$ 1,354,806	\$ 906,594	\$ 1,156,816	\$ 910,285	\$ 1,359,442	\$ 1,223,534
Sewer operations	2,473,990	2,857,409	2,724,856	2,839,574	2,664,811	2,040,174	2,237,350	2,091,846	2,085,566	2,457,600
Storm water operations	284,657	280,099	230,567	84,995	338,031	175,680	258,864	116,548	329,046	102,813
Total business-type activities	\$ 4,524,173	\$ 4,689,353	\$ 4,325,800	\$ 4,877,767	\$ 4,357,648	\$ 3,122,448	\$ 3,653,030	\$ 3,118,679	\$ 3,774,054	\$ 3,783,947
Total Expenses	\$ 14,003,365	\$ 13,246,474	\$ 12,719,450	\$ 13,206,076	\$ 11,923,031	\$ 9,721,222	\$ 10,269,993	\$ 9,715,735	\$ 12,228,387	\$ 9,332,369
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 53,622	\$ 78,385	\$ 45,638	\$ 1,082,896	\$ 714,977	\$ 475,441	\$ 708,068	\$ 700,437	\$ 728,984	\$ 769,780
Public safety	318,068	208,130	208,213	-	-	-	-	-	-	208,997
Highways and streets	209,394	210,468	231,633	829,782	155,421	544,297	259,922	154,094	433,458	-
Culture and recreation	13,778	10,397	9,406	138	11,456	17,111	17,654	19,800	452,649	-
Community development	44,165	75,975	85,803	114,768	78,021	833,581	437,080	213,699	-	87,204
Operating grants and contributions	1,548,492	2,176,675	1,680,579	359,203	92,415	60,015	47,332	15,489	5,576	23,877
Capital grants and contributions	592,235	2,294,958	2,153,813	54,300	-	-	-	-	-	-
Total Governmental Activities	\$ 2,779,754	\$ 5,054,988	\$ 4,415,085	\$ 2,441,087	\$ 1,052,290	\$ 1,930,445	\$ 1,470,056	\$ 1,103,519	\$ 1,620,667	\$ 1,089,858
Business-type activities:										
Charges for services										
Water	\$ 2,175,279	\$ 2,188,755	\$ 1,753,420	\$ 2,103,961	\$ 1,943,296	\$ 2,311,332	\$ 2,028,290	\$ 1,815,514	\$ 2,007,391	\$ 1,527,794
Sewer operations	4,395,678	4,083,894	3,502,150	3,723,379	3,169,550	3,378,742	2,848,764	2,418,392	2,757,245	1,775,320
Storm water operations	368,763	347,845	330,291	413,063	321,049	404,812	319,148	198,601	242,993	123,352
Operating grants and contributions	-	-	-	9,588	-	-	-	-	-	-
Capital grants and contributions	289,002	747,970	207,299	-	-	-	-	-	-	-
Total Business-type Activities	\$ 7,228,722	\$ 7,368,464	\$ 5,793,160	\$ 6,249,991	\$ 5,433,895	\$ 6,094,886	\$ 5,196,202	\$ 4,432,507	\$ 5,007,629	\$ 3,426,466
Total Program Revenues	\$ 10,008,476	\$ 12,423,452	\$ 10,208,245	\$ 8,691,078	\$ 6,486,185	\$ 8,025,331	\$ 6,666,258	\$ 5,536,026	\$ 6,628,296	\$ 4,516,324
Net (Expense)/Revenue										
Governmental Activities	\$ (6,699,438)	\$ (3,502,133)	\$ (3,978,565)	\$ (5,887,222)	\$ (6,513,093)	\$ (4,668,329)	\$ (5,146,907)	\$ (5,493,537)	\$ (6,833,666)	\$ (4,458,564)
Business-type activities	2,704,549	2,679,111	1,467,360	1,372,224	1,076,247	2,972,438	1,543,172	1,313,828	1,233,575	(357,481)
Total Net (Expense)/Revenue	\$ (3,994,889)	\$ (823,022)	\$ (2,511,205)	\$ (4,514,998)	\$ (5,436,846)	\$ (1,695,891)	\$ (3,603,735)	\$ (4,179,709)	\$ (5,600,091)	\$ (4,816,045)

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Revenues										
Governmental Activities:										
Taxes:										
Property taxes	\$ 3,984,767	\$ 3,850,047	\$ 3,686,812	\$ 4,186,467	\$ 3,944,268	\$ 3,707,861	\$ 3,503,079	\$ 3,148,271	\$ 3,072,480	\$ 2,954,828
Public service taxes and state revenue sharing	947,156	895,786	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	575,824	478,598	468,159	367,257	431,304	396,780	494,405	401,267	363,384	364,723
Fuel taxes	808,385	806,306	807,914	*	*	*	*	*	*	*
Unrestricted grants and contributions	470,991	434,326	456,599	*	*	*	*	*	*	*
Interest and investment earnings	1,037,642	693,686	125,314	168,889	337,842	380,044	208,982	121,451	62,437	54,350
Miscellaneous revenues	41,839	243,491	88,642	14,119	49,872	110,124	46,904	75,514	56,868	116,582
Transfers in (out)	674,138	798,671	286,544	-	-	1,235,545	583,257	(782,644)	(121,034)	(400,000)
Total Governmental Activities	\$ 8,540,742	\$ 8,200,911	\$ 6,653,155	\$ 6,875,563	\$ 6,801,327	\$ 7,891,523	\$ 6,848,807	\$ 4,722,962	\$ 4,903,604	\$ 5,009,499
Business-type activities:										
Interest and investment earnings	\$ 489,693	\$ -	\$ -	\$ -	\$ 337,842	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	6,712	56,835	62,264	139,938	93,214	64,408	63,946	44,841	37,039	10,601
Transfers in (out)	(674,138)	(798,671)	(286,544)	-	-	(1,235,545)	(583,257)	782,644	121,034	400,000
Total Business-type Activities	\$ (177,733)	\$ (741,836)	\$ (224,280)	\$ 139,938	\$ 431,056	\$ (1,171,137)	\$ (519,311)	\$ 827,485	\$ 158,073	\$ 410,601
Total primary government	\$ 8,363,009	\$ 7,459,075	\$ 6,428,875	\$ 7,015,501	\$ 7,232,383	\$ 6,720,386	\$ 6,329,496	\$ 5,550,447	\$ 5,061,677	\$ 5,420,100
Change in Net Position										
Governmental Activities	\$ 1,841,304	\$ 4,698,778	\$ 2,674,590	\$ 988,341	\$ 288,234	\$ 3,223,194	\$ 1,701,900	\$ (770,575)	\$ (1,930,062)	\$ 550,935
Business-type Activity	2,526,816	1,937,275	1,243,080	1,512,162	1,507,303	1,801,301	1,023,861	2,141,313	1,391,648	53,120
Total Change in Net Position	\$ 4,368,120	\$ 6,636,053	\$ 3,917,670	\$ 2,500,503	\$ 1,795,537	\$ 5,024,495	\$ 2,725,761	\$ 1,370,738	\$ (538,414)	\$ 604,055

* Previously reported in other categories

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Nonspendable	\$ 33,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	135,881	-	-	-	-	-	-	-	-	-
Unassigned	3,385,433	3,011,265	3,660,620	3,470,175	3,115,275	2,756,155	1,967,938	1,441,381	1,133,000	952,596
Total general fund	<u>\$ 3,555,166</u>	<u>\$ 3,011,265</u>	<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>
All other governmental funds										
Nonspendable	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	29,685,403	11,997,177	10,813,325	8,860,471	5,527,674	5,700,235	4,587,201	3,511,668	4,445,288	5,423,234
Committed	361,863	2,288,064	693,268	2,059,053	1,858,871	1,781,899	1,655,471	1,529,407	1,395,999	-
Assigned	-	-	-	-	-	-	-	-	-	1,280,657
Unassigned	-	-	-	209,610	(41,902)	-	-	-	-	-
Total all other governmental funds	<u>\$ 30,247,266</u>	<u>\$ 14,285,241</u>	<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>

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUES										
Property taxes	\$ 4,909,448	\$ 4,771,973	\$ 4,384,932	\$ 4,276,637	\$ 3,840,270	\$ 3,813,808	\$ 3,483,362	\$ 3,140,786	\$ 3,059,889	\$ 3,308,927
Franchise fees	526,774	478,598	443,159	414,214	420,041	390,897	398,334	362,652	370,634	
Licenses, permits and fees	280,061	296,435	282,647	272,729	72,495	44,284	72,495	64,868	120,968	53,053
Intergovernmental	2,052,260	3,625,748	4,100,474	2,172,224	2,072,929	2,033,364	2,009,380	1,771,723	1,491,767	1,919,016
Fuel taxes	808,385	806,306	807,914	*	*	*	*	*	*	*
Fines and forfeitures**	256,988	152,892	154,731	240,515	9,179	14,201	14,676	16,921	18,031	19,218
Charges for services**	101,978	134,028	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
Interest revenue	1,037,642	693,686	125,314	168,889	337,842	380,044	208,982	121,451	62,437	54,350
Miscellaneous revenue	41,839	243,491	88,642	14,119	49,872	110,124	46,904	75,514	117,079	114,429
Contributions and donations	163,898	12,313	108,752	60,900	11,557	24,499	28,584	8,947	1,760	2,153
System development charges	395,560	1,267,898	81,765	944,550	233,442	1,377,878	697,002	367,793	864,688	501,981
Total Revenues	\$ 10,574,833	\$ 12,483,368	\$ 10,721,645	\$ 9,487,170	\$ 7,773,244	\$ 8,658,682	\$ 7,617,018	\$ 6,575,645	\$ 6,724,233	\$ 6,653,909
EXPENDITURES										
Current:										
General government	\$ 1,402,635	\$ 1,266,205	\$ 2,168,966	\$ 1,008,221	\$ 1,260,822	\$ 1,115,455	\$ 1,191,682	\$ 911,656	\$ 793,643	\$ 816,142
Public safety	4,381,808	3,881,244	3,278,318	3,240,292	2,994,324	2,774,880	2,491,805	2,395,215	2,216,160	2,175,759
Highways and streets	860,563	912,659	565,249	732,343	632,273	616,949	598,546	642,319	590,042	536,001
Culture and recreation	1,150,083	1,128,440	1,016,225	998,753	1,054,556	989,664	924,408	628,401	986,494	-
Community development	294,918	352,199	300,939	464,207	15,022	1,474	24,977	116,878	107,257	926,187
Capital Outlay	2,498,651	6,101,023	3,915,384	2,319,832	3,926,051	2,066,059	931,029	2,086,109	2,230,981	1,255,341
Debt Service:										
Principal	444,900	441,300	417,800	423,600	222,606	207,606	230,885	185,000	145,000	
Interest	87,311	98,907	109,650	72,587	90,576	94,461	96,194	101,898	136,856	66,838
Total Expenditures	\$ 11,120,869	\$ 14,181,977	\$ 11,772,531	\$ 9,259,835	\$ 10,196,230	\$ 7,866,548	\$ 6,489,526	\$ 7,067,476	\$ 7,206,433	\$ 5,776,268
Excess (Deficiency) of Revenues over Expenditures	\$ (546,036)	\$ (1,698,609)	\$ (1,050,886)	\$ 227,335	\$ (2,422,986)	\$ 792,134	\$ 1,127,492	\$ (491,831)	\$ (482,200)	\$ 877,641
OTHER FINANCING SOURCES (USES)										
Issuance of debt	\$ 16,830,230	\$ -		\$ 2,530,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer in	3,497,842	6,384,451	3,048,415	2,453,894	3,745,057	1,990,615	862,089	-	345,000	3,143,156
Transfers out	(3,276,110)	(2,556,549)	(1,429,625)	(1,072,238)	(941,332)	(755,070)	(278,832)	-	(545,000)	(487,500)
Total Other Financing Sources (Uses)	\$ 17,051,962	\$ 3,827,902	\$ 1,618,790	\$ 3,912,056	\$ 2,803,725	\$ 1,235,545	\$ 583,257	\$ -	\$ (200,000)	\$ 2,655,656
Net change in fund balances	\$ 16,505,926	\$ 2,129,293	\$ 567,904	\$ 4,139,391	\$ 380,739	\$ 2,027,679	\$ 1,710,749	\$ (491,831)	\$ (682,200)	\$ 3,533,297
Debt service as a percentage of noncapital expenditures	6.91%	5.15%	5.14%	5.45%	3.00%	4.53%	4.94%	3.93%	3.47%	1.15%

* Previously reported in other categories

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

*** Beginning 2022, grant revenues 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		Ratio 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		
	2024	\$ 772,509,695	\$ 1,571,699,627	\$ 4,077,552	\$ 7,808,180	\$ 18,664,589	\$ 18,664,589	\$ 41,521,555	\$ 41,596,274	\$ 836,773,391		
2023	743,658,300	1,502,754,845	3,746,024	6,710,150	16,011,786	16,011,786	44,263,400	44,352,742	807,679,510	1,569,829,523	51.5%	6.04
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

Source: Clackamas County Assessor's Office

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

<u>Fiscal year Ended June 30</u>	<u>City of Molalla/Urban Renewal</u>	<u>Molalla River School District</u>	<u>Clackamas CC & ESD</u>	<u>Clackamas County</u>	<u>Molalla FD 73</u>	<u>Other Taxing Districts</u>	<u>Total</u>
2024	\$ 6.06	\$ 4.33	\$ 1.10	\$ 3.14	\$ 1.69	\$ 0.36	\$ 16.68
2023	6.04	4.34	1.10	3.15	1.69	0.36	16.68
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

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	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Molalla Telephone Co	\$ 24,786,705	1	2.96%	\$ 20,177,800	1	3.88%
Molalla MC Investors LLC	18,454,218	2	2.21%	13,625,122	2	2.62%
Stoneplace Apartments LLC	18,282,760	3	2.18%	13,066,324	3	2.51%
Pacific Fibre Products Inc	17,033,926	4	2.04%			
Quanex Custom Components	10,623,639	5	1.27%			
Portland Gen Elec Co	7,296,000	6	0.87%	3,485,000	8	0.67%
Cascade Place LLC	7,196,366	7	0.86%			
Northwest Natural Gas Co	6,719,000	8	0.80%			
Hi-Valley Development Corp	5,224,138	9	0.62%	4,003,868	6	0.77%
Cascade Center Molalla LLC	4,998,426	10	0.60%			
Brentwood Acquisition Corp				6,522,499	4	1.25%
Welltower Landlord Group LLC				4,536,865	5	0.87%
MSRE LLC				3,798,797	7	0.73%
Oliva Steven J & Janice D				3,171,966	9	0.61%
Brown Richard K				3,010,365	10	0.58%
Subtotal	<u>120,615,178</u>		<u>14.41%</u>	<u>75,398,606</u>		<u>14.50%</u>
All other	<u>716,158,213</u>		<u>85.59%</u>	<u>444,466,380</u>		<u>85.50%</u>
Total	<u>\$ 836,773,391</u>		<u>100.00%</u>	<u>\$ 519,864,986</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
2024	\$ 5,070,622	\$ 4,830,404	95.26%	\$ 65,974	4,896,378	96.56%	\$ 149,514	\$ 155,701	3.07%
2023	4,882,537	4,674,071	95.73%	90,824	4,764,895	97.59%	148,714	125,026	2.56%
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%

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)	General Obligation Bonds (1)	Loans/Notes	Enterprise Bonds (1)	Enterprise Loans/Notes				
2024	\$ 2,988,218	\$ 16,821,955	\$ -	\$ 797,900	\$ 2,251,566	\$ 22,859,639	*	10,489	\$ 2,179
2023	3,458,630	-	-	1,160,000	1,718,264	6,336,894	*	10,335	613
2022	3,925,442	-	-	1,518,000	831,641	6,275,083	1.83%	10,208	615
2021	4,368,754	-	-	1,871,600	208,572	6,448,926	2.06%	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

*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)	General Obligation Bonds (1)	Less: Restricted Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2024	\$ 3,786,118	\$ 16,821,955	\$ -	\$ 20,608,073	1.26%	1,965
2023	4,467,700	-	-	4,467,700	0.28%	432
2022	5,443,442	-	-	5,443,442	0.41%	533
2021	6,240,354	-	-	6,240,354	0.52%	630
2020	3,687,466	-	-	3,687,466	0.33%	373
2019	4,117,978	-	-	4,117,978	0.41%	428
2018	4,523,490	-	-	4,523,490	0.51%	471
2017	5,279,002	-	-	5,279,002	0.62%	581
2016	6,039,514	-	-	6,039,514	0.81%	676
2015	6,740,026	-	-	6,740,026	1.01%	764

(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, 2024

Government Unit:	Net Property Tax Backed Debt	Estimated Percent within City	City of Molalla Pro Rata Share
Clackamas Community College	\$ 117,601,792	1.91%	\$ 2,245,724
Clackamas County	100,575,000	1.40%	\$ 1,405,636
Clackamas County ESD	26,603,764	1.45%	\$ 386,499
Clackamas County SD 35 (Molalla River)	10,965,000	35.81%	\$ 3,926,095
Clackamas Soil & Water Conservation	5,035,000	1.40%	\$ 70,369
Molalla RFPD 73	755,000	42.09%	\$ 317,784
 Subtotal, overlapping debt	 <u>261,535,556</u>		 <u>8,352,107</u>
City of Molalla direct debt	<u>16,821,955</u>	100%	<u>16,821,955</u>
Total	<u><u>\$ 278,357,511</u></u>		<u><u>\$ 25,174,062</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 taxpayers 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Real Market Value of Taxable Property	\$ 1,639,768,670	\$ 1,569,829,523	\$ 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
Percentage limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Statutory debt limit (1)	49,193,060	47,094,886	40,003,723	35,922,222	33,713,247	30,364,429	26,649,232	25,650,207	22,337,387	19,993,646
Outstanding debt	16,821,955	4,467,700	5,267,000	6,038,400	3,687,466	3,694,911	4,101,932	4,630,793	4,839,324	5,135,137
Legal Debt Margin	<u>\$ 32,371,105</u>	<u>\$ 42,627,186</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	34.20%	9.49%	13.17%	16.81%	10.94%	12.17%	15.39%	18.05%	21.66%	25.68%

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(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	
2024	\$ 2,177,835	\$ 1,048,957	\$ 1,128,878	\$ -	\$ -	N/A
2023	2,075,579	1,404,499	671,080	-	-	N/A
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)

Sewer Revenue Bonds

Fiscal year Ended June 30	Charges for Sewer Service	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
2024	\$ 4,344,385	\$ 2,549,257	\$ 1,795,128	\$ 362,100	\$ 17,284	4.73
2023	3,985,315	2,920,495	1,064,820	358,000	22,618	2.80
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	10,908	4.45
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)

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)
2024	10,489	*	*	*	*	3.7%
2023	10,335	*	*	*	*	3.5%
2022	10,208	33.6	\$ 33,627	\$ 343,264,416	1,917	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%

*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	2023			2014		
	Average Employees	Rank	Percentage of Total City Employment	Average Employees	Rank	Percentage of Total City Employment
Agriculture, Forestry, Fishing and Hunting	584	1	20.23%	508	1	20.33%
Retail Trade	444	2	15.38%	384	2	15.37%
Accommodation and Food Services	370	3	12.82%	249	6	9.96%
Local Government (including schools)	345	4	11.95%	292	4	11.68%
Manufacturing	266	5	9.21%	306	3	12.24%
Private Educational Services; Health Care and Social Assistance	252	6	8.73%	273	5	10.92%
Other Services	145	7	5.02%	142	7	5.68%
Construction	115	8	3.98%			
Wholesale Trade	86	9	2.98%	82	9	3.28%
Transportation and Warehousing	78	10	2.70%	101	8	4.04%
Finance & Insurance			-	76	10	3.04%
Subtotal	2,685		93.00%	2,413		96.56%
All other	202		7.00%	86		3.44%
Total	2,887		100.00%	2,499		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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administration/Council	7.82	7.00	6.00	5.00	5.00	4.75	4.75	6.00	5.00	4.00
Police Services	22.40	20.00	19.00	18.50	17.00	18.50	17.00	16.00	14.00	13.00
Parks	1.15	1.00	0.86	0.86	1.00	1.00	1.00	1.00	0.00	0.00
Planning	1.52	1.50	2.50	2.50	2.50	1.00	1.00	1.00	0.00	0.00
Municipal Court	1.50	1.00	1.00	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Library	8.70	8.70	8.70	8.20	8.20	8.40	7.00	5.00	5.00	3.00
Public Works (Street, Storm, Water Sewer)	18.94	16.50	18.50	18.50	15.76	15.62	15.30	14.00	12.00	13.00
	62.03	55.70	56.56	54.31	50.21	50.27	47.05	44.00	37.00	34.00

Source: City Records

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

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety										
Citations	1,176	762	673	721	763	642	*	*	*	*
Arrests	410	312	404	212	347	298	*	*	*	*
Code enforcement cases opened	362	109	66	105	22	*	*	*	*	*
Code enforcement cases closed	357	106	66	105	22	*	*	*	*	*
Culture and recreation										
Library circulation										
Materials	167,086	162,934	159,571	109,237	163,673	215,289	217,268	248,674	273,269	289,500
Downloads/Streaming	26,260	23,311	21,519	20,631	20,283	15,803	13,072	11,037	10,872	7,563
Program Participation	9,370	10,727	6,831	3,549	6,724	9,412	4,397	4,917	4,993	4,993
Park reservations	107	101	77	15	26	25	*	*	*	*
Community Development										
Land use decisions/authorizations issued	109	183	136	198	89	102	*	*	*	*
Single-family units permitted	6	1	8	20	11	11	*	*	*	*
Multi-family units permitted	43	153	217	8	40	2	*	*	*	*
Commercial/industrial units permitted	2	9	1	7	6	4	*	*	*	*
Public Works										
Work orders completed	2,879	3,433	4,170	3,906	4,105	3,948	3,773	*	*	*
Linear feet of sewer line cleaned	7,868	13,961	11,616	9,727	9,727	9,733	*	*	*	*
Local road feet paved/resurfaced	6,019	4,780	3,780	1,300	33	*	*	*	*	*
Potholes filled	580	465	552	279	360	385	254	*	*	*
Sewer TV inspected (LF)	6,700	2,605	5,280	1,500	*	*	*	*	*	*
Manholes repaired	10	38	20	105	-	101	*	*	*	*
Laterals repaired	8	34	10	9	4	*	*	*	*	*
Water										
Water usage billed (cubic feet)	39,939,729	39,775,335	36,479,822	40,862,016	*	*	*	*	*	*
Water meters installed	20	68	81	39	31	122	*	*	*	*
Drinking water produced (gallons)	383,756,000	397,445,400	312,211,703	325,626,159	349,201,849	379,959,591	382,572,480	*	*	*
Service orders processed	464	828	713	807	625	820	689	*	*	*
Water meters read	35,818	35,829	32,892	35,853	35,453	26,622	*	*	*	*
Water Main Replaced (linear feet)	-	1,700	-	-	-	*	*	*	*	*
Wastewater										
Biosolids removed (dry tons)	447.78	1,234.84	419.27	411.46	280.00	866.34	*	*	*	*
Wastewater recycled (gallons)	105,603,000	137,188,000	125,891,000	114,091,000	112,303,000	110,279,000	*	*	*	*
Sewer Main Replaced (linear feet)	-	1,580	-	2,900	200	*	*	*	*	*

Source: City records

*Statistics unavailable

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

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	22	21	21	20	20	19	*	*	*	*
Highways and streets										
Streets (center lane miles)	36.04	35.77	35.7	35.5	35.5	35.5	*	*	*	*
Streetlights	803	795	780	*	*	*	*	*	*	*
Culture and recreation										
Parks acreage	73.76	73.2	73.2	66.1	66.1	66.73	*	*	*	*
Playgrounds/skate parks	11	11	11	10	10	10	*	*	*	*
Library facility	1	1	1	1	1	1	1	1	1	1
Sanitary sewer										
Sewer EDU's	4,175	4,480	3,841	*	*	*	*	*	*	*
Sewer lines (miles)	34.26	34	33.95	32.62	32.62	32.47	*	*	*	*
Pump stations	5	5	5	5	6	6	*	*	*	*
Water										
Number of water meters	3,057	3,058	2,939	2,918	2,905	2,889	*	*	*	*
Water lines (miles)	42.33	42.07	42.07	41.51	41.51	41.34	*	*	*	*
Water storage capacity (gallons)	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	*	*	*	*

Source: City records

*Statistics unavailable

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COMPLIANCE SECTION

**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, 2024, and have issued our report thereon dated December 4, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

Honorable Mayor and Council Members
City of Molalla
Independent Auditor's Report Required by
Oregon State Regulations
December 4, 2024

ORS Chapter 294.358 – resources and requirements preceding years

Amounts reported in the 2024-25 budget for certain funds did not agree to actual fiscal year 2021-2022 and 2022-2023 amounts as follows:

- 1st and 2nd preceding year's resources and requirements did not agree for the Capital Projects fund
- 2nd preceding year's requirements did not agree for the Water SDC and Park SDC funds
- 1st preceding year requirements did not agree for the Stormwater and Stormwater SDC funds

OAR 162-10-0230 Internal Control Over Financial Reporting

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

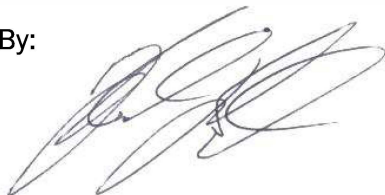
Restriction on Use

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

December 4, 2024

By:



Bradley G. Bingenheimer, Partner