



**CITY OF CONDON**  
**Gilliam County, Oregon**

ANNUAL FINANCIAL REPORT

June 30, 2023



**CITY OF CONDON  
Gilliam County, Oregon**

**CITY OFFICIALS**

June 30, 2023

**MAYOR**

Jim Hassing  
PO Box 462  
Condon, Oregon 97823

**CITY COUNCIL**

Mike Cronk (term ended 12/31/2022)

Tom Fatland

Dustan Hall (term began 1/1/2023)

Donald Jamieson

Jeremy Kirby

Dawn Parm

Jan Stinchfield

All councilors receive mail at the City's address below.

**CITY ADMINISTRATOR**

Kathryn Greiner  
128 S. Main Street  
Condon, Oregon 97823

**CITY OF CONDON**  
**Gilliam County, Oregon**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

The Honorable Jim Hassing, Mayor, and Members of the City Council  
City of Condon  
Condon, Oregon 97823

### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the remaining fund information of the City of Condon, Gilliam County, Oregon as of June 30, 2023, and the respective changes in financial position 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Condon, Gilliam County, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter - Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2023, the City adopted new accounting guidance: GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 99, *Omnibus 202*, and Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the City's proportionate share of the net pension liability and City contributions, and the budgetary comparison information on pages 5 through 11, and 53 through 56, respectively, 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 management's discussion and analysis and the schedules of the City's proportionate share of the net pension liability and City contributions 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 management's discussion and analysis and the schedules of the City's proportionate share of the net pension liability and City contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Condon, Gilliam County, Oregon's basic financial statements. The accompanying combining and individual fund financial statements, if applicable, 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 individual fund financial statements, if applicable, 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 other financial schedules 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2023, on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Condon’s internal control over financial reporting and compliance.

**Other Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 1, 2023 on our tests of the City’s compliance with certain provisions of laws and regulations 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.

Accuity, LLC

By:   
\_\_\_\_\_

Glen O. Kearns, CPA

Albany, Oregon  
November 1, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF CONDON**  
**Gilliam County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

As management of the City of Condon, Gilliam County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. It should be read in conjunction with the City's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2023, total net position of the City of Condon amounted to \$10,905,281. Of this amount, \$5,594,545 was invested in capital assets, net of related debt. The remaining balance included \$714,197 restricted for various purposes, and \$4,596,539 of unrestricted net position.
- The City's total net position decreased by \$283,767 during the current fiscal year.
- At June 30, 2023, the City's governmental funds reported combined fund balances of \$5,114,709.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Condon's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the City include water and sewer services.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund Financial Statements**

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the City of Condon 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 available resources, as well as on the balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing 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 financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 14 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, State Street, Development Grant, Equipment Reserve, Water Improvement, and Sewer Improvement Funds, all of which are considered to be major governmental funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**CITY OF CONDON**  
**Gilliam County, Oregon**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The City of Condon adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 14 through 18 of this report.

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two enterprise funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its water and sewer utility operations.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22 through 52 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the City’s proportionate share of the net pension liability and City contributions, and the budgetary comparison information for the General, State Street, and Development Grant Funds. This required supplementary information can be found on pages 53 through 56 of this report.

The combining statements, in connection with nonmajor governmental and proprietary funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 57 through 71 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City’s financial position. At June 30, 2023, the City’s assets exceeded liabilities by \$10,905,281.

**CITY OF CONDON**  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City's Net Position**

The City's net position decreased by \$283,767 during the current fiscal year. This decrease is primarily due to an increase in contributed capital expenses. Condensed statement of net position information is shown below.

**Condensed Statement of Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current assets	\$ 4,600,493	\$ 4,207,909	\$ 574,707	\$ 552,158	\$ 5,175,200	\$ 4,760,067
Restricted assets	803,861	668,415	52,806	52,605	856,667	721,020
Net capital assets	3,284,231	3,714,664	3,040,237	3,106,064	6,324,468	6,820,728
Total assets	8,688,585	8,590,988	3,667,750	3,710,827	12,356,335	12,301,815
<b>Deferred outflows of resources</b>						
	90,478	93,721	90,478	93,720	180,956	187,441
<b>Liabilities</b>						
Current liabilities	365,901	56,961	126,406	69,024	492,307	125,985
Noncurrent liabilities	543,427	515,020	471,527	434,555	1,014,954	949,575
Total liabilities	909,328	571,981	597,933	503,579	1,507,261	1,075,560
<b>Deferred inflows of resources</b>						
	62,375	112,324	62,374	112,324	124,749	224,648
<b>Net position</b>						
Net investment in capital assets	2,878,997	3,292,422	2,715,548	2,772,538	5,594,545	6,064,960
Restricted	661,391	665,573	52,806	52,605	714,197	718,178
Unrestricted	4,266,972	4,042,409	329,567	363,501	4,596,539	4,405,910
Total net position	\$ 7,807,360	\$ 8,000,404	\$ 3,097,921	\$ 3,188,644	\$10,905,281	\$11,189,048

**CITY OF CONDON**  
**Gilliam County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**City's Changes in Net Position**

The condensed statement of activities information shown below explains changes in net position.

**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Program revenues</b>						
Charges for services	\$ 313,184	\$ 130,269	\$ 486,935	\$ 473,330	\$ 800,119	\$ 603,599
Operating grants and contributions	59,964	238,475	-	-	59,964	238,475
Capital grants and contributions	289,669	405,708	-	-	289,669	405,708
Total program revenues	<u>662,817</u>	<u>774,452</u>	<u>486,935</u>	<u>473,330</u>	<u>1,149,752</u>	<u>1,247,782</u>
<b>General revenues</b>						
Taxes	386,978	353,791	-	-	386,978	353,791
Investment earnings	118,685	20,787	17,070	2,303	135,755	23,090
Other	373,723	359,653	-	-	373,723	359,653
Total general revenues	<u>879,386</u>	<u>734,231</u>	<u>17,070</u>	<u>2,303</u>	<u>896,456</u>	<u>736,534</u>
Total revenues	<u>1,542,203</u>	<u>1,508,683</u>	<u>504,005</u>	<u>475,633</u>	<u>2,046,208</u>	<u>1,984,316</u>
<b>Program expenses</b>						
General government	377,638	183,532	-	-	377,638	183,532
Public safety	40,195	42,899	-	-	40,195	42,899
Highways and streets	135,228	50,540	-	-	135,228	50,540
Culture and recreation	188,359	194,642	-	-	188,359	194,642
Contributed capital	469,885	-	-	-	469,885	-
Unallocated depreciation	342,497	346,706	-	-	342,497	346,706
Water	-	-	345,620	293,285	345,620	293,285
Sewer	-	-	430,553	440,423	430,553	440,423
Total program expenses	<u>1,553,802</u>	<u>818,319</u>	<u>776,173</u>	<u>733,708</u>	<u>2,329,975</u>	<u>1,552,027</u>
Transfers	<u>(181,445)</u>	<u>17,900</u>	<u>181,445</u>	<u>(17,900)</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<b>(193,044)</b>	<b>708,264</b>	<b>(90,723)</b>	<b>(275,975)</b>	<b>(283,767)</b>	<b>432,289</b>
<b>Net position - beginning</b>	<u>8,000,404</u>	<u>7,292,140</u>	<u>3,188,644</u>	<u>3,464,619</u>	<u>11,189,048</u>	<u>10,756,759</u>
<b>Net position - ending</b>	<u>\$ 7,807,360</u>	<u>\$ 8,000,404</u>	<u>\$ 3,097,921</u>	<u>\$ 3,188,644</u>	<u>\$ 10,905,281</u>	<u>\$ 11,189,048</u>

**CITY OF CONDON**  
**Gilliam County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$5,114,709. Of this amount, \$998,199 constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$1,176,213. Of this amount, \$1,132,665 constitutes unassigned fund balance.

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the proprietary funds amounted to \$3,097,921 at year-end. Of this amount, \$2,715,548 was invested in capital assets, net of related debt. The remaining balance included \$52,806 restricted for various purposes and \$329,567 of unrestricted net position.

**BUDGETARY HIGHLIGHTS**

Budget amounts shown in the financial statements reflect the original budget amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2023 amounted to \$3,284,231 and \$3,040,237 net of accumulated depreciation, respectively. This investment in capital assets includes land, buildings and structures, equipment and vehicles, land improvements, and infrastructure. The total depreciation expense related to the City's investment in capital assets for its governmental activities and business-type activities during the current fiscal year was \$342,497 and \$288,435, respectively.

Additional information on the City's capital assets can be found on pages 35 through 37 of this report.



**CITY OF CONDON  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**Long-Term Liabilities**

At the end of the current fiscal year, the City had total debt outstanding in the governmental and business-type activities of \$405,234 and \$324,689, respectively. This amount is comprised of general obligation bonds and revenue bonds. The City’s total debt decreased in the governmental and business-type activities by \$17,008 and \$8,837, respectively, during the current fiscal year. Additional information on the City’s long-term liabilities can be found on pages 37 through 39 of this report.

**KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE**

At the time these financial statements were prepared and audited, the City was aware of the following circumstances that could affect its future financial health:

- The City signed over the CGS building to Port of Arlington Environmental Sentry which is a non-profit arm of the Port of Arlington. We are doing some assistance with that project, but all documents and grants are not through the City.
- We are working on housing by moving forward with the Fairway Housing subdivision which is north of the City's golf course.

All of these factors were considered in preparing the City’s budget for the fiscal year 2023-2024.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City’s finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the City Administrator at the following address: P.O. Box 129, Condon, Oregon 97823.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF CONDON**  
**Gilliam County, Oregon**

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 4,236,093	\$ 530,102	\$ 4,766,195
Accounts receivable	358,696	41,899	400,595
Prepaid expenses	5,704	2,706	8,410
Total current assets	4,600,493	574,707	5,175,200
Restricted assets			
Cash and cash equivalents	803,861	52,806	856,667
Capital assets not being depreciated	382,643	232,989	615,632
Capital assets being depreciated, net	2,901,588	2,807,248	5,708,836
Total assets	8,688,585	3,667,750	12,356,335
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	90,478	90,478	180,956
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	286,480	955	287,435
Accrued interest	11,107	7,586	18,693
Compensated absences	47,292	78,858	126,150
Customer deposits	-	29,795	29,795
Unearned revenues - golf course	3,165	-	3,165
Long-term debt, current portion	17,857	9,212	27,069
Total current liabilities	365,901	126,406	492,307
Noncurrent liabilities			
Net pension liability	156,050	156,050	312,100
Long-term debt, less current portion	387,377	315,477	702,854
Total liabilities	909,328	597,933	1,507,261
<b>DEFERRED INFLOWS OF RESOURCES</b>	62,375	62,374	124,749
<b>NET POSITION</b>			
Net investment in capital assets	2,878,997	2,715,548	5,594,545
Restricted	661,391	52,806	714,197
Unrestricted	4,266,972	329,567	4,596,539
Total net position	\$ 7,807,360	\$ 3,097,921	\$ 10,905,281

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

**CITY OF CONDON**  
**Gilliam County, Oregon**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

<b>Functions/Programs</b>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Totals
			Grants and Contributions	Grants and Contributions			
Governmental activities							
General government	\$ 377,638	\$ 15,084	\$ -	\$ 20,000	\$ (342,554)	\$ -	\$ (342,554)
Public safety	40,195	-	-	-	(40,195)	-	(40,195)
Highways and streets	135,228	-	-	-	(135,228)	-	(135,228)
Culture and recreation	188,359	298,100	59,964	269,669	439,374	-	439,374
Capital contributed	469,885	-	-	-	(469,885)	-	(469,885)
Unallocated deprec.	342,497	-	-	-	(342,497)	-	(342,497)
<b>Total governmental activities</b>	<b>\$ 1,553,802</b>	<b>\$ 313,184</b>	<b>\$ 59,964</b>	<b>\$ 289,669</b>	<b>(890,985)</b>	<b>-</b>	<b>(890,985)</b>
Business-type activities							
Water	\$ 345,620	\$ 219,412	\$ -	\$ -	-	(126,208)	(126,208)
Sewer	430,553	267,523	-	-	-	(163,030)	(163,030)
<b>Total business-type activities</b>	<b>\$ 776,173</b>	<b>\$ 486,935</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>(289,238)</b>	<b>(289,238)</b>
General revenues							
Property taxes					287,564	-	287,564
Transient lodging tax					25,884	-	25,884
State highway tax					57,495	-	57,495
Liquor and cigarette taxes					16,035	-	16,035
Franchise fees					335,188	-	335,188
Intergovernmental					6,897	-	6,897
Investment earnings					118,685	17,070	135,755
Miscellaneous					31,638	-	31,638
<b>Total general revenues</b>					<b>879,386</b>	<b>17,070</b>	<b>896,456</b>
Transfers					(181,445)	181,445	-
Change in net position					(193,044)	(90,723)	(283,767)
Net position - beginning					8,000,404	3,188,644	11,189,048
Net position - ending					<b>\$ 7,807,360</b>	<b>\$ 3,097,921</b>	<b>\$ 10,905,281</b>

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

**CITY OF CONDON**  
**Gilliam County, Oregon**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2023

	General Fund	Special Revenue		Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds	
		State Street Fund	Development Grant Fund	Equipment Reserve Fund	Water Improvement Fund			Wastewater Improvement Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 836,362	\$ 137,783	\$ 589,279	\$ 650,303	\$ 846,198	\$ 618,940	\$ 1,361,089	\$ 5,039,954
Accounts receivable	349,845	-	-	-	-	-	8,851	358,696
Prepaid expenses	2,340	-	-	-	414	-	2,950	5,704
Total assets	<u>\$ 1,188,547</u>	<u>\$ 137,783</u>	<u>\$ 589,279</u>	<u>\$ 650,303</u>	<u>\$ 846,612</u>	<u>\$ 618,940</u>	<u>\$ 1,372,890</u>	<u>\$ 5,404,354</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 9,169	\$ 272,249	\$ 4,687	\$ -	\$ -	\$ -	\$ 375	\$ 286,480
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - Golf course revenue	3,165	-	-	-	-	-	-	3,165
<b>FUND BALANCES</b>								
Nonspendable	2,340	-	-	-	414	-	2,950	5,704
Restricted	-	-	584,592	-	-	-	76,799	661,391
Committed	41,208	-	-	650,303	846,198	618,940	1,292,766	3,449,415
Unassigned	1,132,665	(134,466)	-	-	-	-	-	998,199
Total fund balances	<u>1,176,213</u>	<u>(134,466)</u>	<u>584,592</u>	<u>650,303</u>	<u>846,612</u>	<u>618,940</u>	<u>1,372,515</u>	<u>5,114,709</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,188,547</u>	<u>\$ 137,783</u>	<u>\$ 589,279</u>	<u>\$ 650,303</u>	<u>\$ 846,612</u>	<u>\$ 618,940</u>	<u>\$ 1,372,890</u>	<u>\$ 5,404,354</u>

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

**CITY OF CONDON**  
**Gilliam County, Oregon**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2023

<b>Total fund balances</b>		\$ 5,114,709
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:

Cost	5,402,024	
Accumulated depreciation	<u>(2,117,793)</u>	3,284,231

Accounts relating to the City's proportionate share of net pension liability or assets for the Oregon Public Employees Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:

Deferred outflows of resources relating to pension expense	90,478	
Deferred inflows of resources relating to return on pension assets	(62,375)	
Net pension asset (liability)	<u>(156,050)</u>	(127,947)

Long-term liabilities are not due or payable in the current period and are therefore not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:

Accrued interest	(11,107)	
Compensated absences	(47,292)	
Loans payable	<u>(405,234)</u>	<u>(463,633)</u>

<b>Net position of governmental activities</b>		<b>\$ <u>7,807,360</u></b>
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The accompanying notes are an integral part of these financial statements.

**CITY OF CONDON**  
**Gilliam County, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	General Fund	Special Revenue		Capital Projects			Nonmajor Governmental Funds	Total Governmental Funds
		State Street Fund	Development Grant Fund	Equipment Reserve Fund	Water Improvement Fund	Wastewater Improvement Fund		
<b>REVENUES</b>								
Property taxes	\$ 263,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,401	\$ 287,564
State liquor/cigarette taxes	16,035	-	-	-	-	-	-	16,035
Transient lodging taxes	-	-	-	-	-	-	25,884	25,884
Franchise fees	56,090	-	-	-	-	-	-	56,090
Charges for services	-	-	-	-	-	-	5,176	5,176
Licenses, fees, and permits	323,125	-	3,950	-	-	-	-	327,075
Intergovernmental	329,633	57,495	-	-	-	-	26,897	414,025
Grants and contributions	254,073	-	-	-	-	-	-	254,073
Rents and leases	958	-	-	-	-	-	-	958
Investment earnings	26,564	5,449	12,894	19,007	26,741	15,583	37,458	143,696
Miscellaneous	11,627	-	-	-	-	-	-	11,627
<b>Total revenues</b>	<b>1,281,268</b>	<b>62,944</b>	<b>16,844</b>	<b>19,007</b>	<b>26,741</b>	<b>15,583</b>	<b>119,816</b>	<b>1,542,203</b>
<b>EXPENDITURES</b>								
Current								
General government	183,781	-	27,286	-	40,756	67	64,275	316,165
Public safety	97,814	-	-	-	-	-	-	97,814
Highways and streets	-	105,115	-	-	-	-	-	105,115
Culture and recreation	109,924	-	-	-	-	-	16,554	126,478
Debt service	-	-	-	-	-	23,011	36,089	59,100
Capital outlay	-	345,558	-	33,098	220,580	30,743	-	629,979
<b>Total expenditures</b>	<b>391,519</b>	<b>450,673</b>	<b>27,286</b>	<b>33,098</b>	<b>261,336</b>	<b>53,821</b>	<b>116,918</b>	<b>1,334,651</b>
Excess (deficiency) of revenues over (under) expenditures	889,749	(387,729)	(10,442)	(14,091)	(234,595)	(38,238)	2,898	207,552

(continued)

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

**CITY OF CONDON**  
**Gilliam County, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

(continued)	General Fund	Special Revenue		Capital Projects			Nonmajor Governmental Funds	Total Governmental Funds
		State Street Fund	Development Grant Fund	Equipment Reserve Fund	Water Improvement Fund	Wastewater Improvement Fund		
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	10,000	-	250,000	60,000	225,000	205,000	185,000	935,000
Transfers out	<u>(885,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(885,000)</u>
Total other financing sources (uses)	<u>(875,000)</u>	<u>-</u>	<u>250,000</u>	<u>60,000</u>	<u>225,000</u>	<u>205,000</u>	<u>185,000</u>	<u>50,000</u>
Net change in fund balances	14,749	(387,729)	239,558	45,909	(9,595)	166,762	187,898	257,552
Fund balances - beginning	<u>1,161,464</u>	<u>253,263</u>	<u>345,034</u>	<u>604,394</u>	<u>856,207</u>	<u>452,178</u>	<u>1,184,617</u>	<u>4,857,157</u>
Fund balances - ending	<u>\$ 1,176,213</u>	<u>\$ (134,466)</u>	<u>\$ 584,592</u>	<u>\$ 650,303</u>	<u>\$ 846,612</u>	<u>\$ 618,940</u>	<u>\$ 1,372,515</u>	<u>\$ 5,114,709</u>

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



**CITY OF CONDON**  
**Gilliam County, Oregon**

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

For the Year Ended June 30, 2023

<b>Net change in fund balances</b>	\$ 257,552
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.

Expenditures for capital assets	381,949	
Disposals, net	(469,885)	
Current year depreciation expense	<u>(342,497)</u>	(430,433)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(37,693)
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Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Debt principal paid	17,008
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Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.

Pension expense	<u>522</u>
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<b>Change in net position</b>	<b>\$ <u>(193,044)</u></b>
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The accompanying notes are an integral part of these financial statements.

**CITY OF CONDON**  
**Gilliam County, Oregon**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Totals
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 238,751	\$ 291,351	\$ 530,102
Accounts receivable	20,747	21,152	41,899
Prepaid expenses	1,353	1,353	2,706
Total current assets	<u>260,851</u>	<u>313,856</u>	<u>574,707</u>
Restricted assets			
Cash and cash equivalents	29,795	23,011	52,806
Capital assets not being depreciated	146,782	86,207	232,989
Capital assets being depreciated, net	1,168,931	1,638,317	2,807,248
Total assets	<u>1,606,359</u>	<u>2,061,391</u>	<u>3,667,750</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>45,239</u>	<u>45,239</u>	<u>90,478</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	624	331	955
Accrued interest	-	7,586	7,586
Compensated absences	38,476	40,382	78,858
Customer deposits	29,795	-	29,795
Long-term debt, current portion	-	9,212	9,212
Total current liabilities	<u>68,895</u>	<u>57,511</u>	<u>126,406</u>
Noncurrent liabilities			
Net pension liability	78,025	78,025	156,050
Long-term debt, less current portion	-	315,477	315,477
Total noncurrent liabilities	<u>78,025</u>	<u>393,502</u>	<u>471,527</u>
Total liabilities	<u>146,920</u>	<u>451,013</u>	<u>597,933</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>31,187</u>	<u>31,187</u>	<u>62,374</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,315,713	1,399,835	2,715,548
Restricted for various purposes	29,795	23,011	52,806
Unrestricted	127,983	201,584	329,567
Total net position	<u>\$ 1,473,491</u>	<u>\$ 1,624,430</u>	<u>\$ 3,097,921</u>

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

**CITY OF CONDON**  
**Gilliam County, Oregon**

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

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
	Fund	Fund	
Operating revenues			
Charges for services	\$ 219,412	\$ 267,523	\$ 486,935
Operating expenses			
Personnel services	156,755	166,446	323,201
Materials and services	80,659	83,878	164,537
Depreciation	108,206	180,229	288,435
Total operating expenses	345,620	430,553	776,173
Operating income (loss)	(126,208)	(163,030)	(289,238)
Nonoperating revenues (expenses)			
Investment earnings	8,070	9,000	17,070
Income (loss) before contributions and transfers	(118,138)	(154,030)	(272,168)
Transfers in	217,018	39,427	256,445
Transfers out	(30,000)	(45,000)	(75,000)
Change in net position	68,880	(159,603)	(90,723)
Total net position - beginning	1,404,611	1,784,033	3,188,644
Total net position - ending	\$ 1,473,491	\$ 1,624,430	\$ 3,097,921

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

**CITY OF CONDON**  
**Gilliam County, Oregon**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 215,030	\$ 268,506	\$ 483,536
Cash payments for payroll and related costs	(129,873)	(137,658)	(267,531)
Cash payments for operating expenses	(80,279)	(83,646)	(163,925)
Net cash provided (used) by operating activities	<u>4,878</u>	<u>47,202</u>	<u>52,080</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net cash provided (used) by noncapita financing activities	<u>25,000</u>	<u>-</u>	<u>25,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers to other funds for capital acquisitions	<u>(30,000)</u>	<u>(45,000)</u>	<u>(75,000)</u>
Net cash provided (used) by capital and related financing activities	<u>(30,000)</u>	<u>(45,000)</u>	<u>(75,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	<u>8,070</u>	<u>9,000</u>	<u>17,070</u>
Net increase (decrease) in cash and cash equivalents	<u>7,948</u>	<u>11,202</u>	<u>19,150</u>
Cash and cash equivalents - beginning (including \$29,594 and \$23,011 in the Water and Sewer Funds, respectively, reported in restricted accounts)	<u>260,598</u>	<u>303,160</u>	<u>563,758</u>
Cash and cash equivalents - ending (including \$29,795 and \$23,011 in the Water and Sewer Funds, respectively, reported in restricted accounts)	<u>\$ 268,546</u>	<u>\$ 314,362</u>	<u>\$ 582,908</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (126,208)	\$ (163,030)	\$ (289,238)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	108,206	180,229	288,435
(Increase) decrease in accounts receivable	(4,583)	983	(3,600)
(Increase) decrease in deferred outflows of resources	1,621	1,621	3,242
Increase (decrease) in accounts payable	380	232	612
Increase (decrease) in compensated absences	27,144	29,050	56,194
Increase (decrease) in customer deposits	201	-	201
Increase (decrease) in net pension liability	23,092	23,092	46,184
Increase (decrease) in deferred inflows of resources	<u>(24,975)</u>	<u>(24,975)</u>	<u>(49,950)</u>
Net cash provided (used) by operating activities	<u>\$ 4,878</u>	<u>\$ 47,202</u>	<u>\$ 52,080</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The City of Condon, Oregon was incorporated in 1893. The government of the City consists of an elected mayor and six council members. The mayor serves a two-year term and the council members serve four-year terms. The administrative functions of the City are delegated to individuals who report and are responsible to the Mayor and City Council. The City Administrator is the chief financial officer of the City.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds, while the business-type activities incorporate data from enterprise funds. Separate financial statements are provided for all governmental and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds. Separate financial statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Special Revenue Funds

*State Street Fund* – The Housing Rehabilitation Revolving Loan Fund accounts for the repayment of no-interest loans for housing rehabilitation funded by a federal community development block grant. The money may only be used for new no-interest loans to qualified homeowners. The City has a contract with Community Action Team, Inc. (CAT) to identify qualified homeowners for possible loans.

*Development Grant Fund* – The Trust Fund was established in 1997 to account for revenues and expenditures by volunteer groups working under the City’s umbrella, and who have not achieved separate tax-exempt status. The fund is also intended to account for donations for specific projects and to provide a clear accounting for individuals who may be hesitant to donate for fear that their donation might be mixed in with the City’s other general revenues and be overlooked.

Capital Projects Fund

*Equipment Reserve Fund* – The Equipment Reserve Fund accounts for revenues transferred from the General Fund, sale of surplus property, investment earnings, and carryover. The fund is maintained to address the city hall office space needs when appropriate.

*Water Improvement Fund* – The Water System Improvement Fund accounts for the receipt and expenditure of financial resources that are generally restricted for use on the City’s water system.

*Wastewater Improvement Fund* – The Wastewater System Improvement Fund accounts for the receipt and expenditure of financial resources that are generally restricted for use on the City’s sewer system.

The City reports the following major proprietary funds:

Enterprise Funds

*Water Fund* – The Water Fund accounts for the operation and maintenance of the City’s water system.

*Sewer Fund* – The Water Fund accounts for the operation and maintenance of the City’s sewer system.

Additionally, the City reports the following nonmajor governmental funds:

Special Revenue Funds

*Grade School Facility Fund* – The Grade School Facility Fund was established in 2022 to account for revenues and expenditures related to the grade school facility improvement. Primary revenues will be grants.

*State Revenue Sharing Fund* – The State Revenue Sharing Fund accounts for funds received from the State of Oregon. Expenditures are generally for capital outlay items, administration services and the City’s Main Street Project.

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

*Transient Tax Fund* – The Trust Fund was established in 1997 to account for revenues and expenditures by volunteer groups working under the City’s umbrella, and who have not achieved separate tax-exempt status. The fund is also intended to account for donations for specific projects and to provide a clear accounting for individuals who may be hesitant to donate for fear that their donation might be mixed in with the City’s other general revenues and be overlooked.

Debt Service Fund

*Debt Service Fund* – The Debt Service Fund accounts for the repayment of the City’s governmental long-term debt. The primary source of revenue is property taxes. The primary use of the revenue is the repayment of principal and interest on long-term debt.

Capital Projects Funds

*Sewer Reserve Fund* – The Sewer Reserve Fund accounts for the revenue from the City’s timber resources. Proceeds from timber sales benefit the City’s general governmental activities.

*Water Equipment Fund* – The Water Equipment Reserve Fund accounts for revenues related to system development charges from new residences, private donations, and investment earnings. Expenditures are proposed when a new project is identified.

*Sewer Equipment Fund* – The Sewer Equipment Reserve Fund, authorized by ORS 294.525, was established by Ordinance 98-06. This fund accounts for revenues transferred from the General Fund for the purchase of vehicles, vehicle equipment, police and emergency medical equipment, and training facilities. Transfers from the General Fund are proposed and based on an updated analysis, determining the amount to be set aside each year for the replacement of all police equipment over time.

Additionally, the City reports the Memorial Hall Fund, as described below, which is presented in the General Fund for financial statement presentation purposes in accordance with GASB Statement No. 54. A budget and actual statement is presented for this fund in accordance with Oregon Budget Law.

*Memorial Hall Fund* – The Memorial Hall Fund accounts for resources to be used for maintenance and operations of Memorial Hall. The primary source of revenue is transfers from the General Fund.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in preparation of the government-wide financial statements.

Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.



**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activity column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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.

The 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount received during the period or within the availability period for this revenues source (within 60 days of year-end).

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Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government. The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**F. Budgetary Basis of Accounting**

Annual budgets are adopted on the cash basis of accounting for revenues and the modified accrual basis for expenses. The City budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, capital projects, debt service and enterprise funds.

The City begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the City Council by resolution prior to the beginning of the City's fiscal year. The council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, interfund transfers, and operating contingencies are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories, and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets of less than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. During the year there were no supplemental budgets. The City does not use encumbrances, and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

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

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**2. Investments**

State statutes authorize the City to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

**3. Accounts Receivable**

Receivables are recorded as revenue when earned. No allowance for uncollectible accounts has been established, as management deems all receivables collectible.

**4. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment and vehicles	5 - 40
Buildings and improvements	10 - 40
Infrastructure	10 - 40

**5. Deferred Outflows/Inflows of Resources (non-pension related)**

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

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**7. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned, fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**8. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The city council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The city council (council) has by resolution authorized the City Administrator to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. city council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.
- Assigned fund balance - amounts that City intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the city council delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City has not formally adopted a minimum fund balance policy.

**H. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

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**I. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other intentionally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Property taxes attach as an enforceable lien on real property and are levied as of July 1<sup>st</sup>. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 15 days after the respective billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed. 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 collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

**3. Compensated Absences**

Amounts of vested/accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position.

**4. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS.

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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.

**5. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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 proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues not meeting this definition are reported as nonoperating revenues and expenses.

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Cash Deposits with Financial Institutions**

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

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The City participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments.

The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

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Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* – Unadjusted quoted prices for identical investments in active markets.
- *Level 2* – Observable inputs other than quoted market prices; and,
- *Level 3* – Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2023.

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

Investments	<u>Level 2</u>
Oregon Local Government Investment Pool	<u>\$ 5,297,241</u>

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 Local Government Investment Pool. The City has not adopted a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2023, the City had the following investments:

	<u>Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 5,297,241</u>

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.



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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 insurer. 100 percent of the City's investments are in the Oregon Local Government Investment Pool.

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 that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295.

The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The City holds accounts at Bank of Eastern Oregon, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2023, the City's had deposits of \$250,000 insured by the FDIC, and \$110,265 collateralized by the PFCP.

Deposits

The City's deposits and investments at June 30, 2023 are as follows:

Cash on hand	\$ 165
Checking accounts	325,456
Total investments	<u>5,297,241</u>
 Total deposits and investments	 <u><u>\$ 5,622,862</u></u>

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Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 836,362
Equipment Reserve Fund	650,303
Water Improvement Fund	846,198
Wastewater Improvement Fund	618,940
Nonmajor governmental funds	<u>1,284,290</u>
Total governmental activities - unrestricted	<u>4,236,093</u>
Business-type activities - unrestricted	
Water Fund	238,751
Sewer Fund	<u>291,351</u>
Total business-type activities - unrestricted	<u>530,102</u>
Subtotal unrestricted cash and investments	<u>4,766,195</u>
Governmental activities - restricted	
State Street Fund	137,783
Development Grant Fund	589,279
Nonmajor governmental funds	<u>76,799</u>
Total governmental activities - restricted	<u>803,861</u>
Business-type activities - restricted	
Water Fund	29,795
Sewer Fund	<u>23,011</u>
Total business-type activities - restricted	<u>52,806</u>
Subtotal restricted cash and investments	<u>856,667</u>
Total cash and investments	<u><u>\$ 5,622,862</u></u>

Restricted cash is for tourism promotion, street maintenance and development, land conservation, debt service, and utility customer deposits.

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**B. Capital Assets**

Governmental capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land and improvements	\$ 68,620	\$ -	\$ (46,120)	\$ 22,500
Construction in progress	20,698	339,445	-	360,143
Total capital assets not being depreciated	89,318	339,445	(46,120)	382,643
Capital assets being depreciated				
Buildings	2,168,537	8,000	(941,700)	1,234,837
Vehicles and equipment	747,968	34,504	(67,988)	714,484
Infrastructure	3,070,060	-	-	3,070,060
Total capital assets being depreciated	5,986,565	42,504	(1,009,688)	5,019,381
Less accumulated depreciation for:				
Buildings	(1,068,564)	(185,377)	517,935	(736,006)
Vehicles and equipment	(612,364)	(18,664)	67,988	(563,040)
Infrastructure	(680,291)	(138,456)	-	(818,747)
Total accumulated depreciation	(2,361,219)	(342,497)	585,923	(2,117,793)
Total capital assets being depreciated, net	3,625,346	(299,993)	(423,765)	2,901,588
Governmental activities capital assets, net	\$ 3,714,664	\$ 39,452	\$ (469,885)	\$ 3,284,231

Governmental capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land and improvements	\$ 22,500	\$ -	\$ 22,500
Construction in progress	360,143	-	360,143
Buildings	1,234,837	(736,006)	498,831
Vehicles and equipment	714,484	(563,040)	151,444
Infrastructure	3,070,060	(818,747)	2,251,313
Total governmental activities capital assets	\$ 5,402,024	\$ (2,117,793)	\$ 3,284,231

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Business-type capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land and improvements	\$ 111,233	\$ -	\$ -	\$ 111,233
Construction in progress	<u>23,624</u>	<u>121,756</u>	<u>(23,624)</u>	<u>121,756</u>
Total capital assets not being depreciated	<u>134,857</u>	<u>121,756</u>	<u>(23,624)</u>	<u>232,989</u>
Capital assets being depreciated				
Buildings	100,269	-	-	100,269
Vehicles and equipment	300,062	-	-	300,062
Infrastructure	<u>9,366,690</u>	<u>124,476</u>	<u>-</u>	<u>9,491,166</u>
Total capital assets being depreciated	<u>9,767,021</u>	<u>124,476</u>	<u>-</u>	<u>9,891,497</u>
Less accumulated depreciation for				
Buildings	(75,877)	(2,081)	-	(77,958)
Vehicles and equipment	(267,133)	(9,902)	-	(277,035)
Infrastructure	<u>(6,452,804)</u>	<u>(276,452)</u>	<u>-</u>	<u>(6,729,256)</u>
Total accumulated depreciation	<u>(6,795,814)</u>	<u>(288,435)</u>	<u>-</u>	<u>(7,084,249)</u>
Total capital assets being depreciated, net	<u>2,971,207</u>	<u>(163,959)</u>	<u>-</u>	<u>2,807,248</u>
Business-type activities capital assets, net	<u>\$ 3,106,064</u>	<u>\$ (42,203)</u>	<u>\$ (23,624)</u>	<u>\$ 3,040,237</u>

Business-type capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Business-type activities			
Land and improvements	\$ 111,233	\$ -	\$ 111,233
Construction in progress	121,756	-	121,756
Buildings	100,269	(77,958)	22,311
Vehicles and equipment	300,062	(277,035)	23,027
Water system	<u>9,491,166</u>	<u>(6,729,256)</u>	<u>2,761,910</u>
Total business-type activities capital assets	<u>\$ 10,124,486</u>	<u>\$ (7,084,249)</u>	<u>\$ 3,040,237</u>

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For the governmental activities, depreciation was not charged to specific functions or programs of the City. Capital assets of the City’s governmental activities are for the use of the entire City and are therefore unallocated. Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
Unallocated depreciation expense	<u>\$ 342,497</u>
Business-type activities	
Water	108,206
Sewer	<u>180,229</u>
Total business-type activities	<u>\$ 288,435</u>

**C. Long-Term Liabilities**

**1. Changes in Long-Term Liabilities**

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General Obligation							
Installment Sewer Bond	3.35%	\$ 664,000	\$ 422,242	\$ -	\$ 17,008	\$ 405,234	\$ 17,857
Business-type activities							
Sewer Revenue Bond	4.25%	<u>438,970</u>	<u>333,526</u>	<u>-</u>	<u>8,837</u>	<u>324,689</u>	<u>9,212</u>
Total		<u>\$1,102,970</u>	<u>\$ 755,768</u>	<u>\$ -</u>	<u>\$ 25,845</u>	<u>\$ 729,923</u>	<u>\$ 27,069</u>

**2. Legal Debt Limit**

The City’s legal annual debt service limit (as defined by Oregon Revised Statutes 478.410) as of June 30, 2023 was approximately \$1,643,972. The City’s legal debt service limit is 3.00% of the real market value of property within the City.

**3. Governmental Activity General Obligation Bonds**

General obligation bonds are direct obligations that pledge the full faith and credit of the City and are payable from ad valorem debt service levy proceeds. The City’s outstanding general obligation bonds represent funding primarily for building improvement projects. Interest is fixed at 3.35%. Principal and interest are due annually on December 18. The Debt Service Fund has traditionally been used to liquidate long-term debt related to the general obligation bonds. The general obligation bond requires a loan reserve of \$21,052 which is maintained in the Debt Service Fund.

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**4. Business-Type Activity Revenue Bonds**

Revenue bonds are direct obligations that pledge the full faith and credit of the City and are payable from sewer utility revenue proceeds. The City's outstanding revenue bonds represent funding primarily for system improvement projects. Principal and interest are due annually on December 28. The Wastewater Improvement Fund has traditionally been used to liquidate long-term debt related to the revenue bonds. The revenue bond requires a loan reserve of \$23,011 which is maintained in the Sewer Fund.

**5. Governmental Activity Future Maturities of Long-Term Liabilities**

Year Ending June 30	General Obligation Bond		
	Principal	Interest	Total
2024	\$ 17,857	\$ 18,232	\$ 36,089
2025	18,660	17,429	36,089
2026	19,500	16,589	36,089
2027	20,378	15,711	36,089
2028	21,295	14,794	36,089
2029-2033	121,739	58,706	180,445
2034-2038	151,709	28,736	180,445
2039	34,096	1,993	36,089
	<u>\$ 405,234</u>	<u>\$ 172,190</u>	<u>\$ 577,424</u>

**6. Business-Type Activity Future Maturities of Long-Term Liabilities**

Year Ending June 30	Sewer Revenue Bond		
	Principal	Interest	Total
2024	\$ 9,212	\$ 13,799	\$ 23,011
2025	9,604	13,408	23,012
2026	10,012	12,999	23,011
2027	10,437	12,574	23,011
2028	10,881	12,130	23,011
2029-2033	61,747	53,309	115,056
2034-2038	76,032	39,024	115,056
2039-2043	93,622	21,434	115,056
2044-2045	43,142	2,766	45,908
	<u>\$ 324,689</u>	<u>\$ 181,443</u>	<u>\$ 506,132</u>

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**7. Governmental and Business-type Activities - Interest Expense**

Interest expense is reported on the statement of activities as follows:

Governmental activities	
General government	\$ <u>32,407</u>
Business-type activities	
Sewer	\$ <u>14,175</u>

**D. Compensated Absences**

Changes in the City's compensated absences during the year ended June 30, 2023 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities	\$ <u>9,599</u>	\$ <u>37,693</u>	\$ -	\$ <u>47,292</u>
Business-type activities	\$ <u>22,664</u>	\$ <u>56,194</u>	\$ -	\$ <u>78,858</u>

**E. Interfund Transfers**

Interfund transfers made during the year for future expenses consisted of:

	Transfers in:						
	Development Grant Fund	Water Improvement Fund	Sewer Improvement Fund	Equipment Reserve Fund	Nonmajor Governmental Funds	Water Fund	
Transfers out:							
Governmental activities							
General Fund	\$ 250,000	\$ 225,000	\$ 200,000	\$ 20,000	\$ 155,000	\$ 25,000	\$ 875,000
Business-type activities							
Water Fund	-	-	-	20,000	10,000	-	30,000
Sewer Fund	-	-	5,000	20,000	20,000	-	45,000
Total	<u>\$ 250,000</u>	<u>\$ 225,000</u>	<u>\$ 205,000</u>	<u>\$ 60,000</u>	<u>\$ 185,000</u>	<u>\$ 25,000</u>	<u>\$ 950,000</u>

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

**F. Constraints on Fund Balances**

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	State Streets Fund	Development Grant Sharing	Equipment Reserve Fund	Water Improvement Fund	Wastewater Improvement Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:								
Nonspendable:								
Prepaid balances	\$ 2,340	\$ -	\$ -	\$ -	\$ 414	\$ -	\$ 2,950	\$ 5,704
Restricted:								
Street maint & imp	-	-	-	-	-	-	-	-
Land conservation and development	-	-	584,592	-	-	-	-	584,592
Tourism	-	-	-	-	-	-	43,174	43,174
Debt Service	-	-	-	-	-	-	33,625	33,625
Committed:								
Main street projects	-	-	-	-	-	-	524,827	524,827
Equipment purchases	-	-	-	650,303	-	-	239,033	889,336
Water system upgrade and repair	-	-	-	-	846,198	-	-	846,198
Sewer replacement	-	-	-	-	-	-	387,263	387,263
Sewer system upgrade and repair	-	-	-	-	-	618,940	-	618,940
Memorial Hall needs	41,208	-	-	-	-	-	-	41,208
Grade school facility needs	-	-	-	-	-	-	141,643	141,643
Unassigned	1,132,665	(134,466)	-	-	-	-	-	998,199
Total fund balances	<u>\$ 1,176,213</u>	<u>\$ (134,466)</u>	<u>\$ 584,592</u>	<u>\$ 650,303</u>	<u>\$ 846,612</u>	<u>\$ 618,940</u>	<u>\$ 1,372,515</u>	<u>\$ 5,114,709</u>



**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

**III. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

*General Information about the Pension Plan*

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan (Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2022, there were 939 participating employers.

*Plan Membership*

As of June 30, 2022, there were 11,413 active plan members, 129,376 retired plan members or their beneficiaries currently receiving benefits, 8,372 inactive plan members entitled to but not yet receiving benefits, for a total of 149,161 Tier One members.

For Tier Two members, as of June 30, 2022, there were 27,056 active plan members, 20,720 retired plan members or their beneficiaries currently receiving benefits, 13,335 inactive plan members entitled to but not yet receiving benefits, for a total of 61,111.

As of June 30, 2021, there were 136,785 active plan members, 8,311 retired plan members or their beneficiaries currently receiving benefits, 7,520 inactive plan members entitled to but not yet receiving benefits, and 18,263 inactive plan members not eligible for refund or retirements, for a total of 170,879 OPSRP Pension Program members.

*Plan Benefits*

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

**Tier One/Tier Two Retirement Benefit (Chapter 238)** - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

*Pension Benefits*

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under 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. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

*Death Benefits*

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

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

*Disability Benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

**CITY OF CONDON**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

*Benefit Changes after Retirement*

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

**OPSRP Defined Benefit Pension Program (OPSRP DB)** – This Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

*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:

Police and Fire – 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

*Death Benefits*

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

*Disability Benefits*

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

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

*Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

**OPSRP Individual Account Program (OPSRP IAP)** - Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

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

*Death Benefits*

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

*Contributions*

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation, which became effective July 20, 2021. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the City has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2023 were \$52,817.

Annual Comprehensive Financial Report (ACFR)

Additional disclosures related to Oregon PERS not applicable to specific employers are available by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700, or can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective June 30, 2022 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Health retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> 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><b>Disabled retirees:</b> 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 reported amounts 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 on the 2020 Experience Study, which reviewed experience for the four-year period ended December 31, 2020. There were no differences between the assumptions and plan provisions used for June 30, 2022 measurement date calculations compared to those shown above.

*Actuarial Methods and Assumptions*

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. 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.

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Depletion Date Projection*

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

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

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

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

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2022 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

OIC Target and Actual Investment Allocation as of June 30, 2022

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation<sup>2</sup></u>
Debt Securities	15.0%	25.0%	20.0%	19.8%
Public Equity	25.0%	35.0%	30.0%	21.2%
Real Estate	7.5%	17.5%	12.5%	13.6%
Private Equity	15.0%	27.5%	20.0%	28.0%
Risk Parity	0.0%	3.5%	2.5%	2.0%
Real Assets	2.5%	10.0%	7.5%	7.9%
Diversifying Strategies	2.5%	10.0%	7.5%	4.9%
Opportunity Portfolio <sup>1</sup>	0.0%	5.0%	0.0%	2.6%
Total			100.0%	100.0%

<sup>1</sup>Opportunity Portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets.

<sup>2</sup> Based on the actual investment value at 6/30/2022.

<sup>3</sup> October 2021, the Alternative Portfolio was split into Real Assets and Diversifying Strategies.



**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

At June 30, 2023, the City reported a liability of \$312,100 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the City's proportion was 0.0020838%. For the year ended June 30, 2022, the City recognized pension expense of \$46,516. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,150	\$ (1,946)
Changes of assumptions	48,970	(446)
Net difference between projected and actual earnings on investments	-	(55,797)
Changes in proportionate share	32,263	(40,226)
Differences between employer contributions and employer's proportionate share of system contributions	31,757	(26,334)
Total (prior to post-MD contributions)	128,140	(124,749)
Contributions subsequent to the MD	52,816	-
Total (subsequent to post-MD contributions)	\$ 180,956	\$ (124,749)

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2022 measurement period is 5.5 years.

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Employer subsequent year ends:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (1,339)
2nd Fiscal Year	(4,651)
3rd Fiscal Year	(19,957)
4th Fiscal Year	28,462
5th Fiscal Year	875

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

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

City's proportionate share of the net pension liability (asset):

1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
\$ 553,482	\$ 312,100	\$ 110,074

*Changes Subsequent to the Measurement Date*

We are not aware of any changes subsequent to the June 20, 2022 measurement date that meet this requirement and thus would require a brief description under GASB standard.

**C. Related Party Transactions**

The City regularly enters into transactions with businesses owned or managed by three councilors for routine goods and services. Expenses paid by the City to these related entities amounted to \$10,829 for the year ended June 30, 2023.

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

**D. Commitments**

On August 5, 2020, the City executed a purchase & sale agreement with Condon School District for the acquisition of the elementary school and the related land. In April 2021, the City had a Phase I Environmental Site Assessment (ESA) conducted by Maul Foster Alongi. The ESA determined that due to the date of construction of the building, the potential for asbestos-containing material and lead-based paint is high.

The ESA also identified the existence of one 6,000-gallon storage tank (UST) and one 8,000-gallon UST, containing heating oil, located between the original portion of the school building and the northern classroom wing. Considering the age of the USTs, the assessment determined that petroleum releases have occurred at the property.

As of June 30, 2023, the City has not determined the potential environmental remediation costs associated with the property.

**E. New Pronouncements**

For the fiscal year ended June 30, 2023, the City implemented the following new accounting standards:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements* - This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

GASB Statement No. 99, *Omnibus 2022*. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to lease implementation, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

GASB Statement No. 101, *Compensated Absences*. This statement was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**CITY OF CONDON**  
**Gilliam County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

The City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 99, Omnibus 2022. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to financial guarantees and classification of derivatives.

GASB Statement No. 100, Accounting Changes and Error Corrections. This statement was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

**F. Commitments**

During the year, the City signed construction contracts with multiple vendors. As of June 30, 2023, the City was committed to ongoing construction contracts totaling \$258,299.

**G. Subsequent Events**

Management has evaluated subsequent events through November 1, 2023, which was the date that the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (ASSET) AND CITY CONTRIBUTIONS

OREGON PERS SYSTEM

**Schedule of the Proportionate Share of the Net Pension Liability**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a % of covered payroll	Plan fiduciary net position as a % of the total pension liability
2015	0.0041345%	\$ (93,727)	\$ 261,558	-49%	103.59%
2016	0.0029684%	\$ 170,432	\$ 194,581	250%	91.88%
2017	0.0023437%	\$ 351,836	\$ 177,621	260%	80.53%
2018	0.0024942%	\$ 336,216	\$ 207,251	204%	83.12%
2019	0.0025984%	\$ 393,617	\$ 232,737	209%	82.07%
2020	0.0023147%	\$ 400,393	\$ 200,593	233%	80.20%
2021	0.0017976%	\$ 392,292	\$ 193,664	255%	75.79%
2022	0.0018362%	\$ 219,732	\$ 207,456	129%	87.60%
2023	0.0020383%	\$ 312,100	\$ 233,875	133%	84.50%

**Schedule of Contributions**

	Contractually required contribution	Contributions in relation to the contractually required contribution liability (NPL)	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a \$ of covered payroll
2015	\$ 63,792	\$ (63,792)	\$ -	\$ 194,581	19.00%
2016	\$ 79,303	\$ (79,303)	\$ -	\$ 276,463	21.00%
2017	\$ 84,328	\$ (84,328)	\$ -	\$ 265,969	22.00%
2018	\$ 65,080	\$ (65,080)	\$ -	\$ 184,444	32.00%
2019	\$ 62,913	\$ (62,913)	\$ -	\$ 250,041	39.00%
2020	\$ 114,931	\$ (114,931)	\$ -	\$ 221,620	42.00%
2021	\$ 60,326	\$ (60,326)	\$ -	\$ 274,155	41.00%
2022	\$ 59,708	\$ (59,708)	\$ -	\$ 222,851	32.00%
2023	\$ 52,817	\$ (52,817)	\$ -	\$ 170,680	30.95%

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis	Adjustments	GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 265,000	\$ (1,837)	\$ 263,163	\$ -	\$ 263,163
State liquor taxes	20,000	(4,454)	15,546	-	15,546
State cigarette taxes	1,000	(511)	489	-	489
Franchise fees	337,500	(281,410)	56,090	-	56,090
Licenses, fees, and permits	1,000	322,125	323,125	-	323,125
Intergovernmental	335,000	(5,367)	329,633	-	329,633
Grants and contributions	150,000	104,073	254,073	-	254,073
Charges for services	17,500	(17,500)	-	-	-
Rents and leases	26,000	(25,642)	358	600	958
Investment earnings	10,000	15,011	25,011	1,553	26,564
Miscellaneous	5,500	6,127	11,627	-	11,627
Total revenues	<u>1,168,500</u>	<u>110,615</u>	<u>1,279,115</u>	<u>2,153</u>	<u>1,281,268</u>
<b>EXPENDITURES</b>					
Administration	265,700	(103,932)	161,768	22,013	183,781
Police	30,500	(9,305)	21,195	-	21,195
Fire	33,000	(14,000)	19,000	-	19,000
Golf	139,250	(72,824)	66,426	-	66,426
Parks	42,200	(10,598)	31,602	-	31,602
Swimming pool	107,300	(37,785)	69,515	-	69,515
Contingency	265,550	(265,550)	-	-	-
Total expenditures	<u>883,500</u>	<u>(513,994)</u>	<u>369,506</u>	<u>22,013</u>	<u>391,519</u>
Excess (deficiency) of revenues over (under) expenditures	285,000	624,609	909,609	(19,860)	889,749
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(885,000)	-	(885,000)	10,000	(875,000)
Net change in fund balance	(600,000)	624,609	24,609	(9,860)	14,749
Fund balance - beginning	<u>600,000</u>	<u>510,394</u>	<u>1,110,394</u>	<u>51,070</u>	<u>1,161,464</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,135,003</u>	<u>\$ 1,135,003</u>	<u>\$ 41,210</u>	<u>\$ 1,176,213</u>

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

STATE STREETS FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Intergovernmental	\$ 55,000	2,495	\$ 57,495
Grants and contributions	700,000	(700,000)	-
Investment earnings	2,500	2,949	5,449
Total revenues	757,500	(694,556)	62,944
<b>EXPENDITURES</b>			
Highways and streets	917,500	(466,827)	450,673
Excess (deficiency) of revenues over (under) expenditures	(160,000)	(227,729)	(387,729)
Fund balance - beginning	160,000	93,263	253,263
Fund balance - ending	\$ -	\$ (134,466)	\$ (134,466)



**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

DEVELOPMENT GRANT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
<b>REVENUES</b>					
Charges for services	\$ 1,000	2,950	\$ 3,950	\$ -	\$ 3,950
Grants and contributions	250,000	(250,000)	-	-	-
Investment earnings	1,000	11,894	12,894	-	12,894
Total revenues	<u>252,000</u>	<u>(235,156)</u>	<u>16,844</u>	<u>-</u>	<u>16,844</u>
<b>EXPENDITURES</b>					
Culture and recreation	<u>927,000</u>	<u>(899,714)</u>	<u>27,286</u>	<u>-</u>	<u>27,286</u>
Excess (deficiency) of revenues over (under) expenditures	(675,000)	664,558	(10,442)	-	(10,442)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Net change in fund balance	(425,000)	664,558	239,558	-	239,558
Fund balance - beginning	<u>425,000</u>	<u>(79,966)</u>	<u>345,034</u>	<u>-</u>	<u>345,034</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 584,592</u>	<u>\$ 584,592</u>	<u>\$ -</u>	<u>\$ 584,592</u>

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CITY OF CONDON**  
**Gilliam County, Oregon**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Grade School Facility Fund	State Revenue Sharing Fund	Transient Tax Fund		Sewer Reserve Fund	Water Equipment Fund	Sewer Equipment Fund	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 141,643	\$ 524,078	\$ 35,904	\$ 33,625	\$ 386,806	\$ 104,305	\$ 134,728	\$ 1,361,089
Accounts receivable	-	1,124	7,270	-	457	-	-	8,851
Prepaid items	2,950	-	-	-	-	-	-	2,950
Total assets	<u>\$ 144,593</u>	<u>\$ 525,202</u>	<u>\$ 43,174</u>	<u>\$ 33,625</u>	<u>\$ 387,263</u>	<u>\$ 104,305</u>	<u>\$ 134,728</u>	<u>\$ 1,372,890</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375
<b>FUND BALANCES</b>								
Nonspendable	2,950	-	-	-	-	-	-	2,950
Restricted	-	-	43,174	33,625	-	-	-	76,799
Committed	141,643	524,827	-	-	387,263	104,305	134,728	1,292,766
Total fund balances	<u>144,593</u>	<u>524,827</u>	<u>43,174</u>	<u>33,625</u>	<u>387,263</u>	<u>104,305</u>	<u>134,728</u>	<u>1,372,515</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 144,593</u>	<u>\$ 525,202</u>	<u>\$ 43,174</u>	<u>\$ 33,625</u>	<u>\$ 387,263</u>	<u>\$ 104,305</u>	<u>\$ 134,728</u>	<u>\$ 1,372,890</u>

**CITY OF CONDON**  
**Gilliam County, Oregon**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Grade School Facility Fund	State Revenue Sharing Fund	Transient Tax Fund		Sewer Reserve Fund	Water Equipment Fund	Sewer Equipment Fund	
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ 24,401	\$ -	\$ -	\$ -	\$ 24,401
Transient lodging taxes	-	-	25,884	-	-	-	-	25,884
Charges for services	-	-	-	-	5,176	-	-	5,176
Intergovernmental	20,000	6,897	-	-	-	-	-	26,897
Investment earnings	1,340	16,223	853	1,028	11,331	2,889	3,794	37,458
Total revenues	<u>21,340</u>	<u>23,120</u>	<u>26,737</u>	<u>25,429</u>	<u>16,507</u>	<u>2,889</u>	<u>3,794</u>	<u>119,816</u>
<b>EXPENDITURES</b>								
Current								
General government	26,747	37,528	-	-	-	-	-	64,275
Culture and recreation	-	-	16,554	-	-	-	-	16,554
Debt services	-	-	-	36,089	-	-	-	36,089
Total expenditures	<u>26,747</u>	<u>37,528</u>	<u>16,554</u>	<u>36,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,918</u>
Excess (deficiency) of revenues over (under) expenditures	(5,407)	(14,408)	10,183	(10,660)	16,507	2,889	3,794	2,898
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	150,000	5,000	-	10,000	-	10,000	10,000	185,000
Net change in fund balances	144,593	(9,408)	10,183	(660)	16,507	12,889	13,794	187,898
Fund balances - beginning	-	534,235	32,991	34,285	370,756	91,416	120,934	1,184,617
Fund balances - ending	<u>\$ 144,593</u>	<u>\$ 524,827</u>	<u>\$ 43,174</u>	<u>\$ 33,625</u>	<u>\$ 387,263</u>	<u>\$ 104,305</u>	<u>\$ 134,728</u>	<u>\$ 1,372,515</u>

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

CONDON GRADE SCHOOL BUILDING/FACILITY FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Rentals	\$ 5,000	\$ (5,000)	\$ -
Grants and contributions	1,100,000	(1,080,000)	20,000
Investment earnings	500	840	1,340
Total revenues	1,105,500	(1,084,160)	21,340
<b>EXPENDITURES</b>			
General government	1,255,600	(1,228,853)	26,747
Excess (deficiency) of revenues over (under) expenditures	(150,100)	144,693	(5,407)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	150,000	-	150,000
Net change in fund balance	(100)	144,693	144,593
Fund balance - beginning	100	(100)	-
Fund balance - ending	\$ -	\$ 144,593	\$ 144,593

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL

STATE REVENUE SHARING FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Fees and charges	\$ 10,500	\$ (10,500)	\$ -
Intergovernmental	7,500	(603)	6,897
Grants and contributions	10,000	(10,000)	-
Investment earnings	10,000	6,223	16,223
Total revenues	38,000	(14,880)	23,120
<b>EXPENDITURES</b>			
General government	543,000	(505,472)	37,528
Excess (deficiency) of revenues over (under) expenditures	(505,000)	490,592	(14,408)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,000	-	5,000
Net change in fund balance	(500,000)	490,592	(9,408)
Fund balance - beginning	500,000	34,235	534,235
Fund balance - ending	\$ -	\$ 524,827	\$ 524,827

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

TRANSIENT TAX FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Transient room taxes	\$ 22,500	\$ 3,384	\$ 25,884
Investment earnings	500	353	853
Total revenues	23,000	3,737	26,737
<b>EXPENDITURES</b>			
Culture and recreation	48,000	(31,446)	16,554
Excess (deficiency) of revenues over (under) expenditures	(25,000)	35,183	10,183
Fund balance - beginning	25,000	7,991	32,991
Fund balance - ending	\$ -	\$ 43,174	\$ 43,174

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Property taxes	\$ 25,500	\$ (1,099)	\$ 24,401
Investment earnings	500	528	1,028
Total revenues	26,000	(571)	25,429
<b>EXPENDITURES</b>			
Debt service	71,000	(34,911)	36,089
Excess (deficiency) of revenues over (under) expenditures	(45,000)	34,340	(10,660)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	10,000	-	10,000
Net change in fund balance	(35,000)	34,340	(660)
Fund balance - beginning	35,000	(715)	34,285
Fund balance - ending	\$ -	\$ 33,625	\$ 33,625



**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

WATER IMPROVEMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Intergovernmental	\$ 2,000	\$ (2,000)	\$ -	\$ -	\$ -
Investment earnings	10,000	16,741	26,741	-	26,741
Total revenues	12,000	14,741	26,741	-	26,741
<b>EXPENDITURES</b>					
Water system improvements	1,112,000	(850,664)	261,336	-	261,336
Excess (deficiency) of revenues over (under) expenditures	(1,100,000)	865,405	(234,595)	-	(234,595)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	225,000	-	225,000	-	225,000
Net change in fund balance	(875,000)	865,405	(9,595)	-	(9,595)
Fund balance - beginning	875,000	(18,793)	856,207	-	856,207
Fund balance - ending	\$ -	\$ 846,612	\$ 846,612	\$ -	\$ 846,612

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

WASTEWATER IMPROVEMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Grants and contributions	\$ 10,000	\$ (10,000)	\$ -
Investment earnings	3,000	12,583	15,583
Total revenues	13,000	2,583	15,583
<b>EXPENDITURES</b>			
Wastewater system improvements	648,000	(594,179)	53,821
Excess (deficiency) of revenues over (under) expenditures	(635,000)	596,762	(38,238)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	205,000	-	205,000
Net change in fund balance	(430,000)	596,762	166,762
Fund balance - beginning	430,000	22,178	452,178
Fund balance - ending	\$ -	\$ 618,940	\$ 618,940

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Investment earnings	\$ 5,000	\$ 14,007	\$ 19,007
<b>EXPENDITURES</b>			
Capital outlay	665,000	(631,902)	33,098
Excess (deficiency) of revenues over (under) expenditures	(660,000)	645,909	(14,091)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	60,000	-	60,000
Net change in fund balance	(600,000)	645,909	45,909
Fund balance - beginning	600,000	4,394	604,394
Fund balance - ending	\$ -	\$ 650,303	\$ 650,303

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

SEWER RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Charges for services	\$ 5,000	\$ 176	\$ 5,176
Investment earnings	2,000	9,331	11,331
Total revenues	7,000	9,507	16,507
<b>EXPENDITURES</b>			
Capital outlay	377,000	(377,000)	-
Excess (deficiency) of revenues over (under) expenditures	(370,000)	386,507	16,507
Fund balance - beginning	370,000	756	370,756
Fund balance - ending	\$ -	\$ 387,263	\$ 387,263

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

WATER EQUIPMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Investment earnings	\$ 1,000	\$ 1,889	\$ 2,889
<b>EXPENDITURES</b>			
Water equipment	101,000	(101,000)	-
Excess (deficiency) of revenues over (under) expenditures	(100,000)	102,889	2,889
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	10,000	-	10,000
Net change in fund balance	(90,000)	102,889	12,889
Fund balance - beginning	90,000	1,416	91,416
Fund balance - ending	\$ -	\$ 104,305	\$ 104,305

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

SEWER EQUIPMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Investment earnings	\$ 1,000	\$ 2,794	\$ 3,794
<b>EXPENDITURES</b>			
Capital outlay	131,000	(131,000)	-
Excess (deficiency) of revenues over (under) expenditures	(130,000)	133,794	3,794
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	10,000	-	10,000
Net change in fund balance	(120,000)	133,794	13,794
Fund balance - beginning	120,000	934	120,934
Fund balance - ending	\$ -	\$ 134,728	\$ 134,728

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

MEMORIAL HALL FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Rents and leases	\$ 1,000	\$ (400)	\$ 600	\$ (600)	\$ -
Investment earnings	500	1,053	1,553	(1,553)	-
Total revenues	1,500	653	2,153	(2,153)	-
<b>EXPENDITURES</b>					
General government	46,500	(24,485)	22,015	(22,015)	-
Excess (deficiency) of revenues over (under) expenditures	(45,000)	25,138	(19,862)	19,862	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,000	-	10,000	(10,000)	-
Net change in fund balance	(35,000)	25,138	(9,862)	9,862	-
Fund balance - beginning	35,000	16,070	51,070	(51,070)	-
Fund balance - ending	\$ -	\$ 41,208	\$ 41,208	\$ (41,208)	\$ -

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
 BUDGET AND ACTUAL

SEWER FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Sewer charges	\$ 263,000	\$ 4,523	\$ 267,523	\$ -	\$ 267,523
Investment earnings	<u>2,000</u>	<u>7,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Total revenues	<u>265,000</u>	<u>11,523</u>	<u>276,523</u>	<u>-</u>	<u>276,523</u>
<b>EXPENSES</b>					
Sewer operations	259,550	(38,013)	221,537	209,016	430,553
Contingency	<u>235,450</u>	<u>(235,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>495,000</u>	<u>(273,463)</u>	<u>221,537</u>	<u>209,016</u>	<u>430,553</u>
Excess (deficiency) of revenues over (under) expenses	(230,000)	284,986	54,986	(209,016)	(154,030)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	39,427	39,427
Transfers out	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
Total other financing sources (uses)	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>	<u>39,427</u>	<u>(5,573)</u>
Net change in fund net position	(275,000)	284,986	9,986	(169,589)	(159,603)
Net position - beginning	<u>275,000</u>	<u>51,549</u>	<u>326,549</u>	<u>1,457,484</u>	<u>1,784,033</u>
Net position - ending	<u>\$ -</u>	<u>\$ 336,535</u>	<u>\$ 336,535</u>	<u>\$ 1,287,895</u>	<u>\$ 1,624,430</u>



**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL

WATER FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
<b>REVENUES</b>					
Water charges	\$ 225,000	\$ (5,588)	\$ 219,412	\$ -	\$ 219,412
Investment earnings	2,000	6,070	8,070	-	8,070
Total revenues	<u>227,000</u>	<u>482</u>	<u>227,482</u>	<u>-</u>	<u>227,482</u>
<b>EXPENSES</b>					
Water operations	<u>422,000</u>	<u>(211,468)</u>	<u>210,532</u>	<u>135,088</u>	<u>345,620</u>
Excess (deficiency) of revenues over (under) expenses	(195,000)	211,950	16,950	(135,088)	(118,138)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	25,000	-	25,000	192,018	217,018
Transfers out	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>192,018</u>	<u>187,018</u>
Net change in fund net position	(200,000)	211,950	11,950	56,930	68,880
Net position - beginning	<u>200,000</u>	<u>48,277</u>	<u>248,277</u>	<u>1,156,334</u>	<u>1,404,611</u>
Net position - ending	<u>\$ -</u>	<u>\$ 260,227</u>	<u>\$ 260,227</u>	<u>\$ 1,213,264</u>	<u>\$ 1,473,491</u>

## **OTHER FINANCIAL SCHEDULES**

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

June 30, 2023

	Governmental Activities			Business-Type Activities		
	GO Installment Sewer Bond			Sewer Revenue Bond		
	Principal	Interest	Total	Principal	Interest	Total
2023-2024	\$ 17,857	\$ 18,232	\$ 36,089	\$ 9,212	\$ 13,799	\$ 23,011
2024-2025	18,660	17,429	36,089	9,604	13,408	23,012
2025-2026	19,500	16,589	36,089	10,012	12,999	23,011
2026-2027	20,378	15,711	36,089	10,437	12,574	23,011
2027-2028	21,295	14,794	36,089	10,881	12,130	23,011
2028-2029	22,253	13,836	36,089	11,343	11,668	23,011
2029-2030	23,254	12,835	36,089	11,826	11,186	23,012
2030-2031	24,301	11,788	36,089	12,328	10,683	23,011
2031-2032	25,394	10,695	36,089	12,852	10,159	23,011
2032-2033	26,537	9,552	36,089	13,398	9,613	23,011
2033-2034	27,731	8,358	36,089	13,968	9,044	23,012
2034-2035	28,979	7,110	36,089	14,561	8,450	23,011
2035-2036	30,283	5,806	36,089	15,180	7,831	23,011
2036-2037	31,646	4,443	36,089	15,825	7,186	23,011
2037-2038	33,070	3,019	36,089	16,498	6,513	23,011
2038-2039	34,096	1,993	36,089	17,199	5,812	23,011
2039-2040	-	-	-	17,930	5,081	23,011
2040-2041	-	-	-	18,692	4,319	23,011
2041-2042	-	-	-	19,486	3,525	23,011
2042-2043	-	-	-	20,315	2,697	23,012
2043-2044	-	-	-	21,178	1,833	23,011
2044-2045	-	-	-	21,964	933	22,897
	<u>\$ 405,234</u>	<u>\$ 172,190</u>	<u>\$ 577,424</u>	<u>\$ 324,689</u>	<u>\$ 181,443</u>	<u>\$ 506,132</u>

**CITY OF CONDON**  
**Gilliam County, Oregon**

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

SEWER FUND

For the Year Ended June 30, 2023

	2023	2022
Operating revenues		
Charges for services	\$ 267,523	\$ 258,286
Operating expenses		
Personnel services	166,446	116,954
Materials and services	83,878	67,915
Depreciation	180,229	255,554
Total operating expenses	430,553	440,423
Operating income (loss)	(163,030)	(182,137)
Nonoperating revenues (expenses)		
Investment earnings	9,000	1,104
Income (loss) before contributions and transfers	(154,030)	(181,033)
Transfers in	39,427	8,476
Transfers out	(45,000)	(45,000)
Change in net position	(159,603)	(217,557)
Total net position - beginning	1,784,033	2,001,590
Total net position - ending	\$ 1,624,430	\$ 1,784,033

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY  
FEDERAL AND STATE REGULATIONS**



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

The Honorable Jim Hassing, Mayor  
and Members of the City Council  
City of Condon  
Condon, Oregon 97823

We have audited the basic financial statements of the City of Condon as of and for the year ended June 30, 2023 and have issued our report thereon dated November 1, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Condon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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)**

**Programs funded from outside sources**

**Insurance and fidelity bonds in force or required by law**

**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, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

## OAR 162-010-0230 Internal Control

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, as described below, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting:

1. A lack of segregation of duties exists due to the limited number of staff. Presently, a single staff member prepares checks, reconciles bank statements, performs payroll duties, and maintains utility billing accounts.

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

  
Accuity, LLC  
Albany, Oregon  
November 1, 2023



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Jim Hassing, Mayor  
and Members of the City Council  
City of Condon  
Condon, Oregon 97823

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Condon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 1, 2023.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.



We identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and responses as item 2023-01, that we consider to be a significant deficiency in internal control over financial reporting.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Condon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 did not identify any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Condon, Oregon's Response to Findings**

The City of Condon, Oregon's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Condon, Oregon's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Report**

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and cursive.

Accuity, LLC  
Albany, Oregon  
November 1, 2023

**CITY OF CONDON**  
**Gilliam County, Oregon**

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2023

<u>Finding Number</u>	<u>Findings</u>
2023-001	Adequate segregation of duties in most areas was impractical due to the limited number of employees. The City has, however, developed alternative procedures, which mitigate this condition to some extent.
	<u>Response</u>
2023-001	Management continually evaluates the monitoring and controls established to ensure risks are mitigated.