



CITY OF DONALD
Marion County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2023



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CERTIFIED PUBLIC ACCOUNTANTS

436 1st Avenue W • PO Box 1072
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**CITY OF DONALD
Marion County, Oregon**

CITY OFFICIALS

June 30, 2023

MAYOR

Rick Olmsted

CITY COUNCIL

Gerry Waller, Council President

Mark Buzzard

Michael Coffman (appointed 6/6/2023)

Cheryl Glenn

Jan Olsen (appointed 9/13/2022)

Neil Strathdee (appointed 8/9/2022)

*All councilors receive mail at the address listed below

CITY MANAGER

Eric Underwood, City Manager

P.O. Box 388
10710 Main Street NE
Donald, Oregon 97020

CITY OF DONALD
Marion County, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Rick Olmsted, Mayor
and Members of the City Council
City of Donald
Donald, Oregon 97020

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Donald, Marion 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 modified cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Donald, Marion County, Oregon as of June 30, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended on the basis of accounting described in Note I.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Donald, Marion 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 - Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The City of Donald prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Emphasis of Matter - Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2023, the District 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 the modified cash basis of accounting described in Note I, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Donald, Marion County, Oregon’s basic financial statements. The combining and individual nonmajor 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 combining and individual nonmajor fund financial statements, if applicable, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 August 9, 2023 on our tests of the District’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
August 9, 2023

BASIC FINANCIAL STATEMENTS

CITY OF DONALD
Marion County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 693,997	\$ 937,701	\$ 1,631,698
Restricted assets			
Cash and cash equivalents	79,379	346,709	426,088
Capital assets not being depreciated	29,000	186,847	215,847
Capital assets being depreciated, net	930,622	1,308,682	2,239,304
Total assets	1,732,998	2,779,939	4,512,937
LIABILITIES			
Current liabilities			
Payroll liabilities	3,313	-	3,313
Due to other governments	91,568	-	91,568
Long-term debt, current portion	20,000	-	20,000
Total current liabilities	114,881	-	114,881
Noncurrent liabilities			
Long-term debt, less current portion	60,000	-	60,000
Total liabilities	174,881	-	174,881
NET POSITION			
Net investment in capital assets	959,622	1,495,529	2,455,151
Restricted for various purposes	79,379	346,709	426,088
Unrestricted	519,116	937,701	1,456,817
Total net position	\$ 1,558,117	\$ 2,779,939	\$ 4,338,056

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

CITY OF DONALD
Marion County, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 150,544	\$ 95,726	\$ 132,721	\$ -	\$ 77,903	\$ -	\$ 77,903
Community development	23,555	-	-	-	(23,555)	-	(23,555)
Highways and streets	59,233	8,120	-	100,000	48,887	-	48,887
Parks	38,617	10,626	-	-	(27,991)	-	(27,991)
Planning and building	56,278	-	-	-	(56,278)	-	(56,278)
Public safety	10,517	-	-	-	(10,517)	-	(10,517)
Transportation	-	21,350	-	-	21,350	-	21,350
Unallocated depreciation expense	33,168	-	-	-	(33,168)	-	(33,168)
Interest on long-term debt	3,564	-	-	-	(3,564)	-	(3,564)
Total governmental activities	375,476	135,822	132,721	100,000	(6,933)	-	(6,933)
Business-Type Activities							
Water	419,162	344,870	-	159,512	-	85,220	85,220
Sewer	391,732	416,852	5,017	-	-	30,137	30,137
Stormwater	-	8,420	-	-	-	8,420	8,420
Total business-type activities	810,894	761,722	5,017	159,512	-	123,777	123,777
Total	\$ 1,186,370	\$ 897,544	\$ 137,738	\$ 259,512	(6,933)	123,777	116,844
General revenues							
Property taxes levied for general purposes					116,470	-	116,470
Property taxes levied for debt service					23,537	-	23,537
Motor fuel taxes					8,212	-	8,212
Franchise fees					89,995	-	89,995
Intergovernmental					112,543	-	112,543
Interest					18,895	38,708	57,603
Gain on sale of assets					-	12,510	12,510
Miscellaneous					1,331	4,401	5,732
Total general revenues					370,983	55,619	418,390
Transfers					(39,804)	39,804	-
Change in net position					324,246	219,200	543,446
Net position - beginning, as restated					1,233,871	2,560,739	3,794,610
Net position - ending					\$ 1,558,117	\$ 2,779,939	\$ 4,338,056

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

CITY OF DONALD
Marion County, Oregon

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2023

	<u>General Fund</u>	<u>Street Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 693,997	\$ 26,956	\$ 52,423	\$ 773,376
LIABILITIES				
Payroll liabilities	\$ 3,313	\$ -	\$ -	\$ 3,313
Due to other governments	<u>91,568</u>	<u>-</u>	<u>-</u>	<u>91,568</u>
Total liabilities	<u>94,881</u>	<u>-</u>	<u>-</u>	<u>94,881</u>
FUND BALANCES				
Restricted for:				
Highways and streets	-	26,956	-	26,956
Parks	-	-	12,004	12,004
Transportation	-	-	36,230	36,230
Debt service	-	-	4,189	4,189
Unassigned	<u>599,116</u>	<u>-</u>	<u>-</u>	<u>599,116</u>
Total fund balances	<u>599,116</u>	<u>26,956</u>	<u>52,423</u>	<u>678,495</u>
Total liabilities and fund balances	<u>\$ 693,997</u>	<u>\$ 26,956</u>	<u>\$ 52,423</u>	<u>\$ 773,376</u>

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

CITY OF DONALD
Marion County, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS

June 30, 2023

Total fund balances		\$ 678,495
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	1,180,557	
Accumulated depreciation	<u>(220,935)</u>	959,622
Long-term assets and liabilities not payable in the current year are not reported as governmental fund liabilities. 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:		
Loans payable		<u>(80,000)</u>
Net position of governmental activities		<u>\$ 1,558,117</u>

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

CITY OF DONALD
Marion County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	General Fund	Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 116,470	\$ -	\$ 23,537	\$ 140,007
Charges for services	-	-	31,976	31,976
Franchise fees	89,995	-	-	89,995
Licenses and permits	94,856	-	-	94,856
Intergovernmental	33,662	87,093	-	120,755
Grants and contributions	133,223	100,000	-	233,223
Interest	12,692	5,622	581	18,895
Miscellaneous	1,335	8,484	-	9,819
Total revenues	<u>482,233</u>	<u>201,199</u>	<u>56,094</u>	<u>739,526</u>
EXPENDITURES				
Current				
General government	145,531	-	-	145,531
Planning and building	59,682	-	-	59,682
Highways and streets	-	59,361	-	59,361
Public safety	10,517	-	-	10,517
Parks	42,148	-	-	42,148
Capital outlay	68,076	307,541	-	375,617
Debt service	-	-	23,564	23,564
Total expenditures	<u>325,954</u>	<u>366,902</u>	<u>23,564</u>	<u>716,420</u>
Excess (deficiency) of revenues over (under) expenditures	<u>156,279</u>	<u>(165,703)</u>	<u>32,530</u>	<u>23,106</u>
OTHER FINANCING				
SOURCES (USES)				
Transfers in	21,780	-	-	21,780
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Total other financing sources (uses)	<u>11,780</u>	<u>-</u>	<u>-</u>	<u>11,780</u>
Net change in fund balances	168,059	(165,703)	32,530	34,886
Fund balances - beginning	<u>431,057</u>	<u>192,659</u>	<u>19,893</u>	<u>643,609</u>
Fund balances - ending	<u>\$ 599,116</u>	<u>\$ 26,956</u>	<u>\$ 52,423</u>	<u>\$ 678,495</u>

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

CITY OF DONALD
Marion County, Oregon

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

For the Year Ended June 30, 2023

Net change in fund balances		\$	34,886
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 reported as depreciation expense.			
Capital asset purchases	307,541		
Capital asset disposals	(5,013)		
Depreciation expense recorded in the current year	(33,168)		269,360
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			20,000
Change in net position of governmental activities		\$	<u>324,246</u>

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

CITY OF DONALD
Marion County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

June 30, 2023

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Sewer System Development Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 262,949	\$ 674,752	\$ -	\$ -	\$ 937,701
Restricted assets					
Cash and cash equivalents	-	-	294,458	52,251	346,709
Capital assets not being depreciated	186,847	-	-	-	186,847
Capital assets being depreciated, net	751,486	62,581	-	494,615	1,308,682
Total assets	1,201,282	737,333	294,458	546,866	2,779,939
NET POSITION					
Net investment in capital assets	938,333	62,581	-	494,615	1,495,529
Restricted for system development	-	-	294,458	52,251	346,709
Unrestricted	262,949	674,752	-	-	937,701
Total net position	\$ 1,201,282	\$ 737,333	\$ 294,458	\$ 546,866	\$ 2,779,939

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

CITY OF DONALD
Marion County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer System Development Fund	Nonmajor Enterprise Funds	
OPERATING REVENUES					
Charges for services	\$ 339,655	\$ 388,780	\$ 5,222	\$ 13,635	\$ 747,292
Miscellaneous income	1,488	2,913	-	-	4,401
Rental income	-	22,850	-	-	22,850
Total operating revenues	<u>341,143</u>	<u>414,543</u>	<u>5,222</u>	<u>13,635</u>	<u>774,543</u>
OPERATING EXPENSES					
Personnel services	227,880	227,880	-	-	455,760
Materials and services	115,251	153,376	-	-	268,627
Depreciation	32,766	10,476	-	43,265	86,507
Total operating expenses	<u>375,897</u>	<u>391,732</u>	<u>-</u>	<u>43,265</u>	<u>810,894</u>
Operating income (loss)	<u>(34,754)</u>	<u>22,811</u>	<u>5,222</u>	<u>(29,630)</u>	<u>(36,351)</u>
NONOPERATING					
REVENUES (EXPENSES)					
Grants and contributions	123,349	-	5,017	36,163	164,529
Gain on sale of assets	-	12,510	-	-	12,510
Interest income	11,147	18,403	8,060	1,098	38,708
Total nonoperating revenues (expenses)	<u>134,496</u>	<u>30,913</u>	<u>13,077</u>	<u>37,261</u>	<u>215,747</u>
Income (loss) before contributions and transfers	<u>99,742</u>	<u>53,724</u>	<u>18,299</u>	<u>7,631</u>	<u>179,396</u>
TRANSFERS					
Transfers in	35,394	26,190	-	-	61,584
Transfers out	(10,890)	(10,890)	-	-	(21,780)
Total transfers	<u>24,504</u>	<u>15,300</u>	<u>-</u>	<u>-</u>	<u>39,804</u>
Change in net position	124,246	69,024	18,299	7,631	219,200
Total net position - beginning	<u>1,077,036</u>	<u>668,309</u>	<u>276,159</u>	<u>539,235</u>	<u>2,560,739</u>
Total net position - ending	<u>\$ 1,201,282</u>	<u>\$ 737,333</u>	<u>\$ 294,458</u>	<u>\$ 546,866</u>	<u>\$ 2,779,939</u>

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

CITY OF DONALD
Marion County, Oregon

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

ENTERPRISE FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Sewer System Development Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 341,143	\$ 414,543	\$ 5,222	\$ 13,635	\$ 774,543
Payments to employees	(227,880)	(227,880)	-	-	(455,760)
Payments to vendors	(115,251)	(153,376)	-	-	(268,627)
Net cash provided (used) by operating activities	(1,988)	33,287	5,222	13,635	50,156
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Capital asset purchases	(276,069)	(22,808)	-	-	(298,877)
Transfers from other funds	35,394	26,190	-	-	61,584
Transfers to other funds	(10,890)	(10,890)	-	-	(21,780)
Net cash provided (used) by noncapital financing activities	(251,565)	(7,508)	-	-	(259,073)
CASH FLOWS FROM INVESTING ACTIVITIES					
Grants and contributions	123,349	-	5,017	36,163	164,529
Investment income	11,147	18,403	8,060	1,098	38,708
Net cash provided (used) by investing activities	134,496	18,403	13,077	37,261	203,237
Net increase (decrease) in cash and cash equivalents	(119,057)	44,182	18,299	50,896	(5,680)

(continued)

CITY OF DONALD
Marion County, Oregon

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer System Development Fund	Nonmajor Enterprise Funds	
(continued)					
Cash and cash equivalents - beginning	\$ 382,006	\$ 630,570	\$ 276,159	\$ 1,355	\$ 1,290,090
Cash and cash equivalents - ending	<u>\$ 262,949</u>	<u>\$ 674,752</u>	<u>\$ 294,458</u>	<u>\$ 52,251</u>	<u>\$ 1,284,410</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (34,754)	\$ 22,811	\$ 5,222	\$ (29,630)	\$ (36,351)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	<u>32,766</u>	<u>10,476</u>	<u>-</u>	<u>43,265</u>	<u>86,507</u>
Net cash provided (used) by operating activities	<u>\$ (1,988)</u>	<u>\$ 33,287</u>	<u>\$ 5,222</u>	<u>\$ 13,635</u>	<u>\$ 50,156</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF DONALD
Marion County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Donald have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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 Donald, Oregon has a rich history in agriculture, industry, business, and family, and was a main station for the Oregon Electric Railway by the early 1900's. The City was incorporated in 1912, and the government consists of an elected mayor and six council members. The City's mission is to promote and improve our quality of life, while enhancing our sense of community, and preserving our small-town heritage for all.

The City is located 24 miles south of Portland and 27 miles north of Salem in the stunning Willamette Valley. Champoeg State Heritage Park, which is one of the State of Oregon's most notable landmarks, is just four miles west. Six miles east of the City is Willamette Aviation, Oregon's third busiest airport.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from all governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds 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 statements for each fund category, governmental and proprietary, are presented.

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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 primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Special Revenue Fund

Streets Fund – The Streets Fund is used to account for highway taxes received from the State of Oregon. Primary expenses are for maintenance and improvement of the City’s roads and streets; fund balance is restricted for that purpose.

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 intake, purification, and delivery system, which provides water services to residents. Primary revenues are user fees.

Sewer Fund – The Sewer Fund accounts for the operation and maintenance of the City’s wastewater collection and treatment system, which provides wastewater services to residents. Primary revenues are user fees.

Sewer System Development Fund – The Sewer System Development Fund is used to account for revenues and expenses attributable to construction of the wastewater collection and treatment systems. Primary revenues are system development charges.

Additionally, the City reports the following nonmajor governmental funds:

Capital Project Funds

Parks System Development Fund – The Parks System Development Fund is used to account for revenues and expenses attributable to construction of the parks system. Primary revenues are system development charges; fund balance is restricted for that purpose.

Transportation System Development Fund – The Transportation System Development Fund is used to account for revenues and expenses attributable to construction of the transportation system. Primary revenues are system development charges; fund balance is restricted for that purpose.

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Debt Service Fund

Debt Service Fund – The Debt Service Fund accounts for money reserved for payment of principal and interest on long-term obligations; fund balance is restricted for that purpose.

Additionally, the City reports the following nonmajor proprietary funds:

Water System Development Fund – The Water System Development Fund is used to account for revenues and expenses attributable to construction of the water collection and treatment systems. Primary revenues are system development charges; fund balance is restricted for that purpose.

Stormwater System Development Fund – The Stormwater System Development Fund is used to account for revenues and expenses attributable to construction of the stormwater system. Primary revenues are system development charges; fund balance is restricted for that purpose.

Stormwater Fund – The Stormwater Fund is used to account for revenues and expenses attributable to stormwater system operations. Primary revenues are system development charges; fund balance is restricted for that purpose.

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 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 within the limitations of the modified cash basis of accounting, as described below. Governmental fund financial statements are reported using the current financial resources measurement focus.

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Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing source.

In the government-wide financial statements and the fund financial statements, governmental and business-type activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions, with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

F. Budgetary Information

1. Budgetary Basis of Accounting

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

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.

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Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the city council at a regular council meeting. A supplemental budget greater 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 Inflows/Outflows of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

State statutes authorize the government 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. Capital Assets

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column 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.

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.

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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	3-15
Sewer and water systems	10-20
Buildings and improvements	10-40
Parks and improvements	15-40
Infrastructure	20-50

4. Long-Term Obligations

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

5. 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.

6. 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.

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7. 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.

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 department managers to assign fund balance. The council may 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. board of directors). 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.

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- 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 the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

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 1st. 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.

3. 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.

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The principal operating revenues of the Sewer, Water, System Development, and Stormwater 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 of Donald 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 (ORC) 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.

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.

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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:

	Level 2
Investments:	
Oregon Local Government Investment Pool	\$ 1,982,659

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 an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

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

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 1,982,659

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 US Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2023, the City had deposits of \$100,856 fully insured by the FDIC.

Deposits

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

Cash on hand	\$ 200
Checking accounts	74,927
Total investments	<u>1,982,659</u>
Total deposits and investments	<u>\$ 2,057,786</u>

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Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 693,997
Business-type activities - unrestricted	
Water Fund	262,949
Sewer Fund	<u>674,752</u>
Total business-type deposits and investments	<u>937,701</u>
Subtotal unrestricted deposits and investments	1,631,698
Governmental activities - restricted	
Street Fund	26,956
Nonmajor Governmental Funds	<u>52,423</u>
Total governmental activities - restricted	<u>79,379</u>
Business-type activities - restricted	
Sewer System Development Fund	294,458
Nonmajor Enterprise Funds	<u>52,251</u>
Total business-type activities - restricted	<u>346,709</u>
Subtotal restricted deposits and investments	<u>426,088</u>
Total deposits and investments	<u><u>\$ 2,057,786</u></u>

Restricted cash is for street improvements, future payments of debt principal and interest, and future system development improvements.

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B. Capital Assets

Capital asset activity resulting from modified cash basis transactions 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	\$ 29,000	\$ -	\$ -	\$ 29,000
Construction in progress	<u>14,319</u>	<u>-</u>	<u>14,319</u>	<u>-</u>
Total capital assets not being depreciated	<u>43,319</u>	<u>-</u>	<u>14,319</u>	<u>29,000</u>
Capital assets being depreciated				
Parks and improvements	144,959	-	-	144,959
Buildings and improvements	270,075	-	14,800	255,275
Equipment	6,168	-	-	6,168
Infrastructure	<u>423,295</u>	<u>321,860</u>	<u>-</u>	<u>745,155</u>
Total capital assets being depreciated	<u>844,497</u>	<u>321,860</u>	<u>14,800</u>	<u>1,151,557</u>
Less accumulated depreciation for				
Parks and improvements	(51,241)	(3,184)	-	(54,425)
Buildings and improvements	(80,770)	(6,969)	9,787	(77,952)
Equipment	(6,168)	-	-	(6,168)
Infrastructure	<u>(59,375)</u>	<u>(23,015)</u>	<u>-</u>	<u>(82,390)</u>
Total accumulated depreciation	<u>(197,554)</u>	<u>(33,168)</u>	<u>9,787</u>	<u>(220,935)</u>
Total capital assets being depreciated, net	<u>646,943</u>	<u>288,692</u>	<u>24,587</u>	<u>930,622</u>
Governmental activities capital assets, net	<u>\$ 690,262</u>	<u>\$ 288,692</u>	<u>\$ 38,906</u>	<u>\$ 959,622</u>

(continued)

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June 30, 2023

(continued)	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land and improvements	\$ 18,492	\$ -	\$ -	\$ 18,492
Construction in progress	11,689	168,355	11,689	168,355
Total capital assets not being depreciated	30,181	168,355	11,689	186,847
Capital assets being depreciated				
Buildings and improvements	142,355	-	-	142,355
Equipment	191,895	35,317	-	227,212
Infrastructure	3,271,577	119,403	-	3,390,980
Total capital assets being depreciated	3,605,827	154,720	-	3,760,547
Less accumulated depreciation for				
Buildings and improvements	(84,066)	(4,726)	-	(88,792)
Equipment	(166,032)	(11,549)	-	(177,581)
Infrastructure	(2,115,260)	(70,232)	-	(2,185,492)
Total accumulated depreciation	(2,365,358)	(86,507)	-	(2,451,865)
Total capital assets being depreciated, net	1,240,469	68,213	-	1,308,682
Business-type activities capital assets, net	\$ 1,258,961	\$ 68,213	\$ -	\$ 1,495,529

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land and improvements	\$ 29,000	\$ -	\$ 29,000
Parks and improvements	144,959	(54,425)	90,534
Buildings and improvements	255,275	(77,952)	177,323
Equipment	6,168	(6,168)	-
Infrastructure	745,155	(82,390)	662,765
Total capital assets	\$ 1,180,557	\$ (220,935)	\$ 959,622

(continued)

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NOTES TO BASIC FINANCIAL STATEMENTS

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(continued)	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Business-type activities			
Land and improvements	\$ 18,492	\$ -	\$ 18,492
Construction in progress	168,355	-	168,355
Buildings and improvements	142,355	(88,792)	53,563
Equipment	227,212	(177,581)	49,631
Infrastructure	<u>3,390,980</u>	<u>(2,185,492)</u>	<u>1,205,488</u>
Total capital assets	<u>\$ 3,947,394</u>	<u>\$ (2,451,865)</u>	<u>\$ 1,495,529</u>

For 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>\$ 33,168</u>
Business-type activities	
Water	\$ 75,363
Sewer	<u>6,248</u>
	<u>\$ 81,611</u>

C. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities arising from cash transactions for the year ended June 30, 2023:

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities							
US Bank Loan	3.29%	\$ <u>375,000</u>	\$ <u>100,000</u>	\$ <u>-</u>	\$ <u>20,000</u>	\$ <u>80,000</u>	\$ <u>20,000</u>

2. Governmental Activities - US Bank Loan

On November 22, 2015, the City obtained a note payable with US Bank to refinance the City's General Obligation Bonds, Series 2005. Assets of the City are pledged as collateral. Interest on the note payable is fixed at 3.29%. Principal payments are due annually on February 1. Interest payments are due semiannually on February 1 and August 1. The Debt Service Fund has generally been used to liquidate the debt related to the US Bank loan. If the City is unable to make payment, the obligation contains an event of default; the lender may increase the interest rate to 5% per annum, plus the interest rate otherwise payable under the note.

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NOTES TO BASIC FINANCIAL STATEMENTS

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3. Governmental Activity Interest

Interest expense for governmental funds for the year ended June 30, 2023 amounted to \$3,564.

4. Governmental Activity Future Maturities of Long-Term Debt

Year Ending June 30	US Bank Loan		
	Principal	Interest	Total
2024	\$ 20,000	\$ 2,645	\$ 22,645
2025	25,000	1,983	26,983
2026	35,000	968	35,968
	<u>\$ 80,000</u>	<u>\$ 5,596</u>	<u>\$ 85,596</u>

5. Legal Debt Limit

The City's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2023, was approximately \$6,687,257. The City's legal debt service limit is 3.00% of the real market value of property within the City. The City did not have any bonded debt outstanding as of June 30, 2023.

D. Interfund Transfers

Interfund transfers during the year consisted of:

	Transfers In:			
	Governmental	Business-type activites		Total
	General	Water	Sewer	
Fund	Fund	Fund		
Transfers out:				
Governmental activities				
General Fund	\$ -	\$ 5,000	\$ 5,000	\$ 10,000
Business-type activities				
Water Fund	10,890	-	-	10,890
Sewer Fund	10,890	-	-	10,890
Total	<u>\$ 21,780</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 31,780</u>

The primary purpose of interfund transfers was to cover administrative costs.

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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. MissionSquare Retirement (formerly ICMA Retirement Corporation) Governmental Money Purchase Plan and Trust

General Information about the Pension Plan

Plan Description

The MissionSquare Retirement Plan is a single-employer defined contribution plan administered through MissionSquare Retirement. Currently, the City contributes 12% of earnings for each participant of the plan.

Funding Policy

The benefits from the plan are fully paid, and consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance, and the only obligation is to make current benefit payments due each fiscal year. Employer contributions for each plan year are required to be contributed to the trust no later than the 15th day, of the tenth calendar month, following the end of the fiscal year.

Each participant may make voluntary (unmatched) contributions to the plan, subject to limitations. Vesting provisions are defined as 50% after one year of service and 100% after two years of service. Pension expense for the year ended June 30, 2023 was \$49,782. Funds accumulated under this plan are held in trust for the exclusive benefit of the participants. Accordingly, the plan assets are not included in the City's modified cash basis financial statements.

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June 30, 2023

C. 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.

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.

CITY OF DONALD
Marion County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

D. Restatement

The City's previously issued financial statements have been restated as follows:

Government-Wide Basis	Governmental Activities	Business-type Activities
Beginning net position, as originally reported	\$ 1,218,073	\$ 2,576,537
To reclassify Parks and Transportation SDC funds to correct fund type	15,798	(15,798)
Beginning net position, as restated	\$ 1,233,871	\$ 2,560,739

E. Subsequent Events

Management has evaluated subsequent events through August 9, 2023, which was the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CITY OF DONALD
Marion County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Property taxes	\$ 106,518	\$ 9,952	\$ 116,470
Franchise fees	84,400	5,595	89,995
Licenses and permits	112,375	(17,519)	94,856
Intergovernmental	30,040	3,622	33,662
Grants and contributions	132,871	352	133,223
Interest	1,985	10,707	12,692
Miscellaneous	450	885	1,335
Total revenues	<u>468,639</u>	<u>13,594</u>	<u>482,233</u>
EXPENDITURES			
Current			
General government	179,193	(33,662)	145,531
Planning and building	119,000	(59,318)	59,682
Public safety	53,000	(42,483)	10,517
Parks	59,679	(17,531)	42,148
Community development	290,763	(222,687)	68,076
Contingency	75,000	(75,000)	-
Total expenditures	<u>776,635</u>	<u>(450,681)</u>	<u>325,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(307,996)</u>	<u>464,275</u>	<u>156,279</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	21,780	-	21,780
Transfers out	(10,000)	-	(10,000)
Total other financing sources (uses)	<u>11,780</u>	<u>-</u>	<u>11,780</u>
Net change in fund balance	(296,216)	464,275	168,059
Fund balance - beginning	<u>429,905</u>	<u>1,152</u>	<u>431,057</u>
Fund balance - ending	<u>\$ 133,689</u>	<u>\$ 465,427</u>	<u>\$ 599,116</u>

CITY OF DONALD
Marion County, Oregon

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

STREET FUND

For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual Budget Basis</u>
REVENUES			
Intergovernmental	\$ 92,290	\$ (5,197)	\$ 87,093
Grants and contributions	100,000	-	100,000
Interest	1,150	4,472	5,622
Miscellaneous	<u>8,550</u>	<u>(66)</u>	<u>8,484</u>
Total revenues	<u>201,990</u>	<u>(791)</u>	<u>201,199</u>
EXPENDITURES			
Current			
Street Operations	395,879	(295,879)	366,902
Contingency	<u>45,000</u>	<u>(45,000)</u>	<u>-</u>
Total expenditures	<u>440,879</u>	<u>(73,977)</u>	<u>366,902</u>
Excess (deficiency) of revenues over (under) expenditures	(238,889)	73,186	(165,703)
Fund balance - beginning	<u>252,515</u>	<u>(59,856)</u>	<u>192,659</u>
Fund balance - ending	<u>\$ 13,626</u>	<u>\$ 13,330</u>	<u>\$ 26,956</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF DONALD
Marion County, Oregon

COMBINING BALANCE SHEET - MODIFIED CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	Capital Project Funds			Total Nonmajor Governmental Funds
	Parks System Development Fund	Transportation System Development Fund	Debt Service Fund	
ASSETS				
Cash and cash equivalents	\$ 12,004	\$ 36,230	\$ 4,189	\$ 52,423
FUND BALANCES				
Restricted for:				
Parks	\$ 12,004	\$ -	\$ -	\$ 12,004
Transportation	-	36,230	-	36,230
Debt service	-	-	4,189	4,189
Total fund balances	\$ 12,004	\$ 36,230	\$ 4,189	\$ 52,423

CITY OF DONALD
Marion County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	Capital Project Funds		Debt Service Fund	Total Nonmajor Enterprise Funds
	Parks System Development Fund	Transportation System Development Fund		
REVENUES				
Property taxes	\$ -	\$ -	\$ 23,537	\$ 23,537
Charges for services	10,626	21,350	-	31,976
Interest income	40	420	121	581
	10,666	21,770	23,658	56,094
EXPENDITURES				
Debt service	-	-	23,564	23,564
Excess (deficiency) of revenues over (under) expenditures	10,666	21,770	94	32,530
Fund balances - beginning	1,338	14,460	4,095	19,893
Fund balances - ending	\$ 12,004	\$ 36,230	\$ 4,189	\$ 52,423

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

PARKS SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual Budget Basis</u>
REVENUES			
Charges for services	\$ 1,509	\$ 9,117	\$ 10,626
Interest	<u>5</u>	<u>35</u>	<u>40</u>
Total revenues	<u>1,514</u>	<u>9,152</u>	<u>10,666</u>
EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,514	9,152	10,666
Fund balance - beginning	<u>1,337</u>	<u>1</u>	<u>1,338</u>
Fund balance - ending	<u>\$ 2,851</u>	<u>\$ 2,851</u>	<u>\$ 12,004</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

TRANSPORTATION SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Charges for services	\$ 3,031	\$ 18,319	\$ 21,350
Interest	65	355	420
Total revenues	3,096	18,674	21,770
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over (under) expenditures	3,096	18,674	21,770
Fund balance - beginning	14,450	10	14,460
Fund balance - ending	\$ 17,546	\$ 18,684	\$ 36,230

CITY OF DONALD
Marion County, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Property taxes	\$ 24,530	\$ (993)	\$ 23,537
Interest	15	106	121
Total revenues	<u>24,545</u>	<u>(887)</u>	<u>23,658</u>
EXPENDITURES			
Debt service	<u>23,565</u>	<u>(1)</u>	<u>23,564</u>
Excess (deficiency) of revenues over (under) expenditures	980	(886)	94
Fund balance - beginning	<u>2,002</u>	<u>2,093</u>	<u>4,095</u>
Fund balance - ending	<u>\$ 2,982</u>	<u>\$ 1,207</u>	<u>\$ 4,189</u>

CITY OF DONALD
Marion County, Oregon

COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS

NONMAJOR ENTERPRISE FUNDS

	June 30, 2023			
	Water System Development Fund	Stormwater System Development Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
ASSETS				
Restricted assets				
Cash and cash equivalents	\$ 23,016	\$ 26,499	\$ 2,736	\$ 52,251
Capital assets being depreciated, net	<u>494,615</u>	<u>-</u>	<u>-</u>	<u>494,615</u>
Total assets	<u>517,631</u>	<u>26,499</u>	<u>2,736</u>	<u>546,866</u>
NET POSITION				
Net investment in capital assets	494,615	-	-	494,615
Restricted for system development	<u>23,016</u>	<u>26,499</u>	<u>2,736</u>	<u>52,251</u>
Total net position	<u>\$ 517,631</u>	<u>\$ 26,499</u>	<u>\$ 2,736</u>	<u>\$ 546,866</u>

CITY OF DONALD
Marion County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - MODIFIED CASH BASIS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2023

	Water System Development Fund	Stormwater System Development Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
OPERATING INCOME				
Charges for services	\$ 5,215	\$ 5,684	\$ 2,736	\$ 13,635
OPERATING EXPENSES				
Depreciation	<u>43,265</u>	<u>-</u>	<u>-</u>	<u>43,265</u>
Operating income (loss)	(38,050)	5,684	2,736	(29,630)
NONOPERATING				
REVENUES (EXPENSES)				
Grants and contributions	36,163	-	-	36,163
Interest income	<u>506</u>	<u>592</u>	<u>-</u>	<u>1,098</u>
Total nonoperating revenues (expenses)	<u>36,669</u>	<u>592</u>	<u>-</u>	<u>37,261</u>
Income (loss) before contributions and transfers	<u>(1,381)</u>	<u>6,276</u>	<u>2,736</u>	<u>7,631</u>
Total net position - beginning	<u>519,012</u>	<u>20,223</u>	<u>-</u>	<u>539,235</u>
Total net position - ending	<u>\$ 517,631</u>	<u>\$ 26,499</u>	<u>\$ 2,736</u>	<u>\$ 546,866</u>

CITY OF DONALD
Marion County, Oregon

COMBINING STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2023

	Water System Development Fund	Stormwater System Development Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 5,215	\$ 5,684	\$ 2,736	\$ 13,635
CASH FLOWS FROM INVESTING ACTIVITIES				
Grants and contributions	36,163	-	-	36,163
Investment income	506	592	-	1,098
Net cash provided (used) by investing activities	36,669	592	-	37,261
Net increase (decrease) in cash and cash equivalents	41,884	6,276	2,736	50,896
Cash and cash equivalents - beginning	(18,868)	20,223	-	1,355
Cash and cash equivalents - ending	\$ 23,016	\$ 26,499	\$ 2,736	\$ 52,251
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (38,050)	\$ 5,684	\$ 2,736	\$ (29,630)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	43,265	-	-	43,265
Net cash provided (used) by operating activities	\$ 5,215	\$ 5,684	\$ 2,736	\$ 13,635

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

WATER FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 436,372	\$ (96,717)	\$ 339,655	\$ -	\$ 339,655
Grants and contributions	1,000,000	(876,651)	123,349	-	123,349
Interest	1,725	9,422	11,147	-	11,147
Miscellaneous	200	1,288	1,488	-	1,488
Total revenues	<u>1,438,297</u>	<u>(962,658)</u>	<u>475,639</u>	<u>-</u>	<u>475,639</u>
EXPENDITURES					
Operations	1,776,592	(1,187,786)	588,806	(245,675)	343,131
Depreciation	-	-	-	32,766	32,766
Contingency	22,000	(22,000)	-	-	-
Total expenditures	<u>1,798,592</u>	<u>(1,209,786)</u>	<u>588,806</u>	<u>(212,909)</u>	<u>375,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(360,295)</u>	<u>247,128</u>	<u>(113,167)</u>	<u>212,909</u>	<u>99,742</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers in	5,000	-	5,000	30,394	35,394
Transfers out	(10,890)	-	(10,890)	-	(10,890)
Total other financing sources (uses)	<u>(5,890)</u>	<u>-</u>	<u>(5,890)</u>	<u>30,394</u>	<u>24,504</u>
Net change in fund balance	(366,185)	247,128	(119,057)	243,303	124,246
Total net position - beginning	<u>376,483</u>	<u>5,523</u>	<u>382,006</u>	<u>695,030</u>	<u>1,077,036</u>
Total net position - ending	<u>\$ 10,298</u>	<u>\$ 252,651</u>	<u>\$ 262,949</u>	<u>\$ 938,333</u>	<u>\$ 1,201,282</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

SEWER FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 506,072	\$ (117,292)	\$ 388,780	\$ -	\$ 388,780
Interest	2,670	15,733	18,403	-	18,403
Rental income	22,850	-	22,850	-	22,850
Miscellaneous	200	2,713	2,913	-	2,913
Total revenues	<u>531,792</u>	<u>(98,846)</u>	<u>432,946</u>	<u>-</u>	<u>432,946</u>
EXPENDITURES					
Operations	952,024	(556,641)	395,383	(14,127)	381,256
Depreciation	-	-	-	10,476	10,476
Contingency	150,000	(150,000)	-	-	-
Total expenditures	<u>1,102,024</u>	<u>(706,641)</u>	<u>395,383</u>	<u>(3,651)</u>	<u>391,732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(570,232)</u>	<u>607,795</u>	<u>37,563</u>	<u>3,651</u>	<u>41,214</u>
OTHER FINANCING					
SOURCES (USES)					
Gain on sale of assets	-	12,510	12,510	-	12,510
Transfers in	5,000	-	5,000	21,190	26,190
Transfers out	(10,890)	-	(10,890)	-	(10,890)
Total other financing sources (uses)	<u>(5,890)</u>	<u>12,510</u>	<u>6,620</u>	<u>21,190</u>	<u>27,810</u>
Net change in fund balance	(576,122)	620,305	44,183	24,841	69,024
Total net position - beginning	<u>576,122</u>	<u>54,447</u>	<u>630,569</u>	<u>37,740</u>	<u>668,309</u>
Total net position - ending	<u>\$ -</u>	<u>\$ 674,752</u>	<u>\$ 674,752</u>	<u>\$ 62,581</u>	<u>\$ 737,333</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

SEWER SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 22,275	\$ (17,053)	\$ 5,222	\$ -	\$ 5,222
Interest	1,245	6,815	8,060	-	8,060
Grants and contributions	<u>32,120</u>	<u>(27,103)</u>	<u>5,017</u>	<u>-</u>	<u>5,017</u>
Total revenues	<u>55,640</u>	<u>(37,341)</u>	<u>18,299</u>	<u>-</u>	<u>18,299</u>
EXPENDITURES					
Operations	<u>335,298</u>	<u>(335,298)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(279,658)	297,957	18,299	-	18,299
Total net position - beginning	<u>279,658</u>	<u>(3,499)</u>	<u>276,159</u>	<u>-</u>	<u>276,159</u>
Total net position - ending	<u>\$ -</u>	<u>\$ 294,458</u>	<u>\$ 294,458</u>	<u>\$ -</u>	<u>\$ 294,458</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

WATER SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 2,834	\$ 2,381	\$ 5,215	\$ -	\$ 5,215
Interest	45	461	506	-	506
Grants and contributions	<u>32,120</u>	<u>4,043</u>	<u>36,163</u>	<u>-</u>	<u>36,163</u>
Total revenues	<u>34,999</u>	<u>6,885</u>	<u>41,884</u>	<u>-</u>	<u>41,884</u>
EXPENDITURES					
Operations	47,880	(47,880)	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,265</u>	<u>43,265</u>
Total expenditures	<u>47,880</u>	<u>(47,880)</u>	<u>-</u>	<u>43,265</u>	<u>43,265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,881)</u>	<u>54,765</u>	<u>41,884</u>	<u>(43,265)</u>	<u>(1,381)</u>
Total net position - beginning	<u>12,881</u>	<u>(31,749)</u>	<u>(18,868)</u>	<u>537,880</u>	<u>519,012</u>
Total net position - ending	<u>\$ -</u>	<u>\$ 23,016</u>	<u>\$ 23,016</u>	<u>\$ 494,615</u>	<u>\$ 517,631</u>

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

STORMWATER SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual	
			Budget Basis	Adjusted Basis
REVENUES				
Charges for services	\$ 806	\$ 4,878	\$ 5,684	\$ -
Interest	95	497	592	-
Total revenues	901	5,375	6,276	-
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	901	5,375	6,276	-
Total net position - beginning	20,213	10	20,223	-
Total net position - ending	\$ 21,114	\$ 5,385	\$ 26,499	\$ -

CITY OF DONALD
Marion County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL - MODIFIED CASH BASIS

STORMWATER FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 4,700	\$ (1,964)	\$ 2,736	\$ -	\$ 2,736
Interest	25	(25)	-	-	-
Miscellaneous	<u>25</u>	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	4,750	(2,014)	2,736	-	2,736
EXPENDITURES					
Operations	<u>3,550</u>	<u>(3,550)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,200	1,536	2,736	-	2,736
Total net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position - ending	<u>\$ 1,200</u>	<u>\$ 1,536</u>	<u>\$ 2,736</u>	<u>\$ -</u>	<u>\$ 2,736</u>

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



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

The Honorable Rick Olmsted, Mayor
and Members of the City Council
City of Donald
Donald, Oregon 97020

We have audited the basic financial statements of the City of Donald as of and for the year ended June 30, 2023 and have issued our report thereon dated August 9, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Donald'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)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Highway revenues used for public highways, roads, and streets

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, 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.

This report is intended solely for the information and use of the city council and management of the City of Donald 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
August 9, 2023