CITY OF IRRIGON, OREGON

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

CITY OF IRRIGON, OREGON

MAYOR AND CITY COUNCIL

JUNE 30, 2025

NAME AND ADDRESS	POSITION	TERM EXPIRES
Michelle Patton Post Office Box 116 Irrigon, Oregon 97844	Mayor	December 31, 2026
Hector Cano 500 NE Main Avenue Irrigon, Oregon 97844	Mayor Pro Tem	December 31, 2028
Benjamin Calvert 790 SE California Ave. Irrigon, Oregon 97844	Council Member	December 31, 2026
Thomas Roberts 500 NE Main Avenue Irrigon, Oregon 97844	Council Member	December 31, 2028
Melvin Lambert Post Office Box 702 Irrigon, Oregon 97844	Council Member	December 31, 2028
Marlina Avila Serratos 325 NE Sixth Street Irrigon, Oregon 97844	Council Member	December 31, 2028
Heather Bishop Post Office Box 937 Irrigon, Oregon 97844	Council Member	December 31, 2026

APPOINTED OFFICIALS

NAME AND ADDRESS	POSITION
Aaron Palmquist	City Manager

MAILING ADDRESS

City of Irrigon
500 NE Main Avenue
Irrigon, Oregon 97844-7286
Phone (541) 922-3047 ● Fax (541) 922-9322
Website: ci.irrigon.or.us

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INDEPENDENT AUDITOR’S REPORT

Rebecca Price,CPA

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Gilroy, CA 95020
Tel: 408.649.5734
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Irrigon
Irrigon, Oregon 97844

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Irrigon, Oregon, as of and for the year ended June 30, 2025, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City, as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the Unites States of America.

Basis for Opinions

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

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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Irrigon, Oregon'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

My 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 my 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, I:

- 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 Irrigon, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Irrigon, Oregon's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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, budgetary comparison information, pension liability information, and other post-employment benefit liability information 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. I have applied certain limited procedures to the management's discussion and analysis, pension liability information, and other post-employment benefit liability information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the management's discussion and analysis, pension liability information, and other post-employment benefit liability information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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 my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Irrigon, Oregon's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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 in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have also issued my report dated November 19, 2025, on my consideration of the City's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

REBECCA PRICE, CPA

Rebecca Price

Gilroy, California
November 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Our discussion and analysis of City of Irrigon's financial performance will provide an overview of the city's financial activities for the fiscal year ending June 30, 2025. Please read it in conjunction with the city's financial statements, which begin on page 10.

Financial Highlights

- Net position from governmental activities increased $2,540,311 or approximately 24%
- Net position from business-type activities increased $317,769 or approximately 2%

Basis of Accounting

The government-wide and proprietary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Using This Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements start on page 10 and are designed to provide readers with a broad overview of the city's finances in a manner like a private-sector business. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. The statement of net position presents financial information on all the city's assets, liabilities, and deferred inflows/outflows of resources with the difference 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 has changed in the fiscal year. All changes are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

The city, like other states and governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide information about the city's individual funds. A fund is a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances that are separate for the purpose of carrying on specific activities or attaining certain objectives.

The City of Irrigon uses two types of funds - governmental funds and proprietary funds. Governmental funds account for the general operations of a government. Proprietary funds account for the business-type operations of a government such as the water and sewer funds.

The City as a Whole

The city's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows by $29,005,873 at the end of the 2025 fiscal year. This is an increase of $2,858,080 or approximately 11% from the previous fiscal year's amount of $26,147,793 as demonstrated in the following table, comparing net position between fiscal year 2025 and fiscal year 2024.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
Assets	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024
Unrestricted Cash and Cash Equiva	5,440,347	6,492,630	$ 2,826,037	$ 2,662,554	8,266,384	9,155,184
Account Receivables	200,728	131,921	159,044	156,298	359,772	288,219
Grant Receivable	641,970	71,194			641,970	71,194
Property Tax Receivables	14,347	13,065	-	-	14,347	13,065
Prepaid Expense	-	-			-	-
Total Current Assets	6,297,392	6,708,810	2,985,081	2,818,852	9,282,473	9,527,662
Non Current Assets						
Restricted Cash and Cash Equivalents			84,038	83,449	84,038	83,449
Lease Receivable	421,402	441,745			421,402	441,745
Pension Asset					-	-
Capital Assets						
Land	149,230	149,230	34,639	34,639	183,869	183,869
Construction in Progress	1,439,909	3,668,387	17,246	-	1,457,155	3,668,387
Streets & Public Works Infrastruct	9,243,284	4,405,038			9,243,284	4,405,038
Water System			3,822,801	3,936,700	3,822,801	3,936,700
Sewer System			13,216,918	13,433,699	13,216,918	13,433,699
Lease Asset	79,502	90,103			79,502	90,103
Buildings	1,174,632	626,134	548,191	507,438	1,722,823	1,133,572
Equipment	191,728	179,896	390,455	242,907	582,183	422,803
Total Capital Assets	12,278,285	9,118,788	18,030,250	18,155,383	30,308,535	27,274,171
Total Assets	18,997,079	16,269,343	21,099,369	21,057,684	40,096,448	37,327,027
Pension Deferred Outflow	160,985	109,749	247,710	189,379	408,695	299,128
OPED Deferred Outflow	1,910	1,252	2,939	2,161	4,849	3,413
Deferred Outflows of Resources	162,895	111,001	250,649	191,540	413,544	302,541
Liabilities						
Current Liabilities:						
Account Payables	532,394	580,802	96,847	59,413	629,240	640,215
Payroll Payable	22,842	8,382	30,472	10,710	53,314	19,092
Unearned Revenue	994,796	1,000,400	11,177	13,506	1,005,973	1,013,906
Customer Deposits	-	-	76,700	73,372	76,700	73,372
Accrued Compensated Absences	143,061	120,498	-	-	143,061	120,498
Accrued Interest Payable	8,836	3,694	24,406	104,214	33,242	107,908
Premium on Bonds, Current	18,755	19,410	9,323	11,573	28,078	30,983
Loans Payable within one year	217,473	135,000	271,908	229,835	489,381	364,835
Victim Restitution	505				505	-
Lease Liability	27,265	25,278	-	-	27,265	25,278
Total Current Liabilities	1,965,927	1,893,464	520,832	502,623	2,486,759	2,396,087
Long-term Liabilities:						
Loans Payable after one year	3,007,527	2,835,000	4,335,554	4,607,461	7,343,081	7,442,461
Premium on Bonds, Non-Current	95,474	114,228	17,858	27,181	113,332	141,409
Pension Liability	405,437	314,023	623,851	541,865	1,029,288	855,888
OPEB Liability	3,541	4,388	5,449	7,573	8,990	11,961
Lease Liability	-	27,265	-	-	-	27,265
Total Liabilites	5,477,906	5,188,368	5,503,544	5,686,703	10,981,449	10,875,071
Lease Deferred Infow of Resourc	376,420	403,224	-	-	376,420	403,224
Pension Deferred Inflow	48,852	64,546	75,170	111,379	124,022	175,925
OPEB Deferrred Inflow	8,759	6,419	13,478	11,076	22,237	17,495
Deferred Inflows of Resources	434,031	474,189	88,648	122,455	522,679	596,644
Net Position						
Net Investment in Capital Assets	8,911,791	5,962,607	13,395,608	13,279,333	22,307,399	19,241,940
Restricted for Debt Service	-	-	84,038	83,449	84,038	83,449
Streets and Public Works	-	-			-	-
Unrestricted	4,336,246	4,755,180	2,278,180	2,077,284	6,614,427	6,832,464
Total Net Position	$ 13,248,037	$ 10,717,787	$ 15,757,826	$ 15,440,066	29,005,863	26,157,853

The city's total assets increased $2,769,421, deferred outflows of resources increased $111,003, liabilities increased $106,378 and deferred inflows of resources decreased $73,965.

Revenues totaled $6,422,586 and total expenses were $3,564,518 resulting in the $2,858,068 increase in net position. The total employer pension liability increased $173,400 from $855,888 in 2024 to $1,029,288 in 2025.

Current assets decreased $245,189, largely due to the use of grant funding received in the prior period. Current assets **are assets that are expected to** either be converted to cash or used to pay **current** liabilities within 12 months. Capital assets are depreciated over their estimated useful lives using the straight-line method. The total amount of capital asset depreciation for the fiscal year was $755,877.

Governmental Activities

Net position of the city's governmental activities increased $2,540,308, approximately 24%. The following statement of activities for governmental activities will give a better understanding of how this came to be. The report below is for reference and comparison between the current period being reported and the previous period.

Statement of Activities Summary

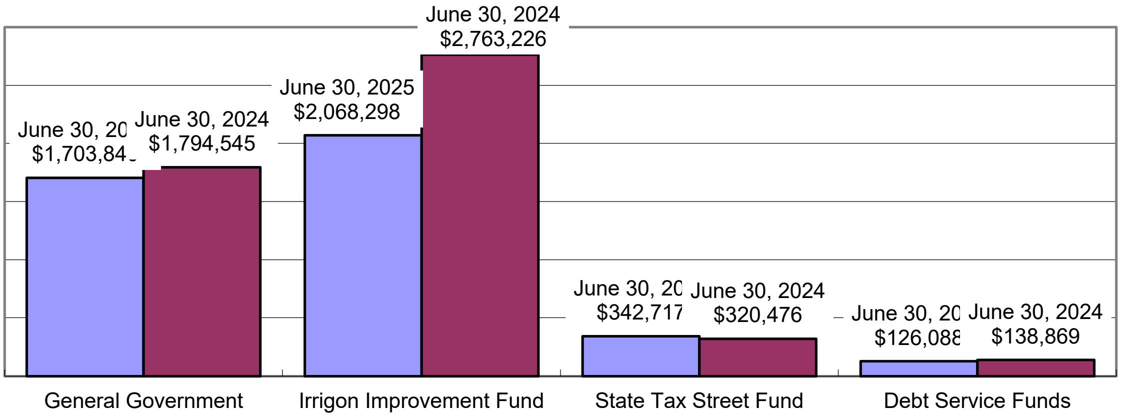
Governmental Activities for the years ended June 30, 2025 and 2024

Revenues	2024-2025	2023-2024	Difference
Property Taxes	$ 497,441	$ 417,603	$ 79,838
General Service Fees	444,026	367,497	76,529
Franchise Fees	97,192	94,361	2,831
State Revenue Sharing	54,958	229,970	(175,012)
Miscellaneous	12,883	12,026	857
Grants	3,250,079	3,786,854	(536,775)
Lease Revenue	36,443	26,804	9,639
Interest on Investments	243,730	224,649	19,080
Total Revenues	4,636,752	5,159,765	(523,013)
Expenses			
General Government	1,231,023	1,219,799	11,224
Public Safety	162,880	136,955	25,925
Street Services	448,166	339,755	108,412
Interest on Long Term Debt	96,684	95,709	976
Total Expenditures	1,938,753	1,792,217	146,536
Increase (Decrease) in net assets before transfers	2,697,999	3,367,548	(669,549)
Transfers	(157,691)	(246,932)	89,240
Net Change in Net Position	$ 2,540,308	$ 3,120,616	$ (580,308)

The city's revenue in governmental Activities was $4,636,752 with expenditures of $1,938,753 and transfers out of $157,691 that resulted in the increase of net position of $2,540,308, $580,308 less than the prior year's increase. Overall expenditures for the city's governmental activities increased approximately 8% from the previous fiscal year.

The following Governmental Funds Balance Comparison Graph is based on the fund financial statements on pages 12 thru 15. This graph compares the fund balances as of June 30, 2025, to the fund balances as of June 30, 2024.

Governmental Funds Balances Comparisons



The General fund balance decreased $90,705, approximately 5% largely due to the use of reserves to purchase a 2001 Sterling Jetter Truck and paving of SE Fourth Street. The Irrigon Improvement Fund balance decreased $694,928, due to the use of grant funds received in the prior period to complete projects in the reported period. The State Tax Street Fund balance increased $22,241, approximately 7%.

Business-Type Activities

Net Position for business-type activities increased $317,760, approximately 2%. The statements of activities for the business-type activities will give a better understanding of how this came to be. The table below is for reference and comparison between the current period and the previous period.

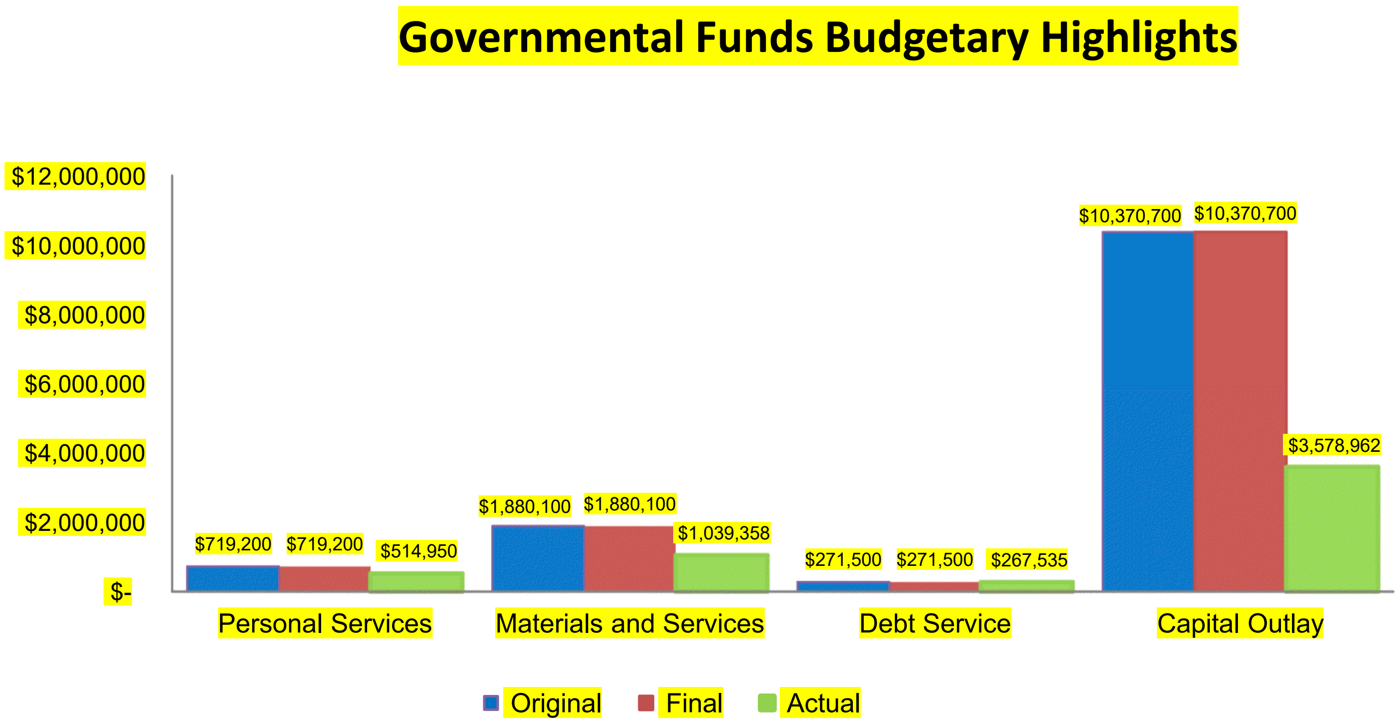
Statement of Activities Summary
Business Type Activities for the years ended June 30, 2025 and 2024

Revenues	2024-2025	2023-2024	Difference
Charges for Services	$ 1,651,579	$ 1,641,217	$ 10,361
Miscellaneous	8,189	10,111	(1,923)
Interest on Investments	126,066	87,050	39,016
Special Item - Principal Forgiveness		500,000	(500,000)
Total Revenue	1,785,834	2,238,378	(452,544)
Expenses			
Water	622,466	606,645	15,821
Sewer	1,003,299	878,325	124,974
Total Expenses	1,625,765	1,484,970	140,796
transfers and gain on disposal of real property	160,069	753,408	(593,339)
Gain on Disposal of Assets			-
Transfers in (out)	157,691	246,931	(89,240)
Change in Net Position	317,760	1,000,339	(682,578)

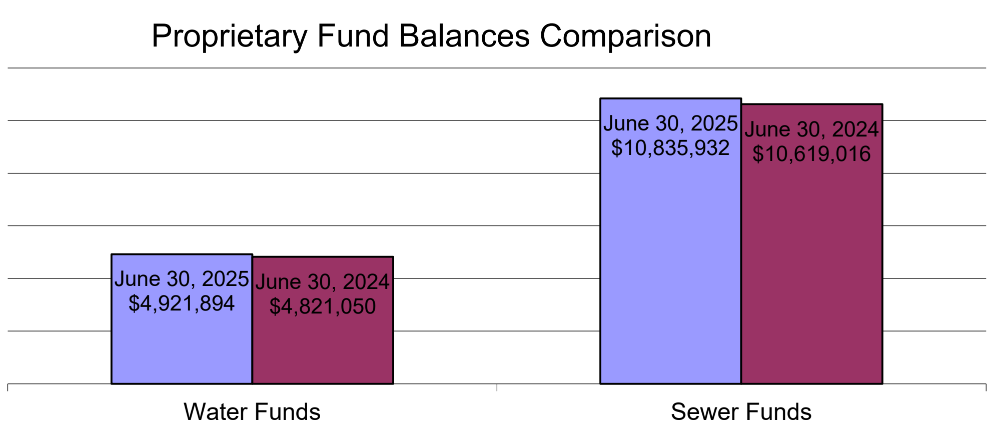
The business type activity revenue for the fiscal year was $1,785,834; expenses were $1,625,765; and net transfers in from governmental activities were $157,691 resulting in net position increasing $317,760 The business type activities received $452,544 less in revenues and $140,796 more in expenses than in the prior year. The expenses of the proprietary activities totaled $1,625,765, an increase of approximately 9% from the prior year. Water expenses decreased approximately 3%, and sewer expenses increased 14%. The capital asset depreciation expense was $505,942 or approximately 33% of total expenses.

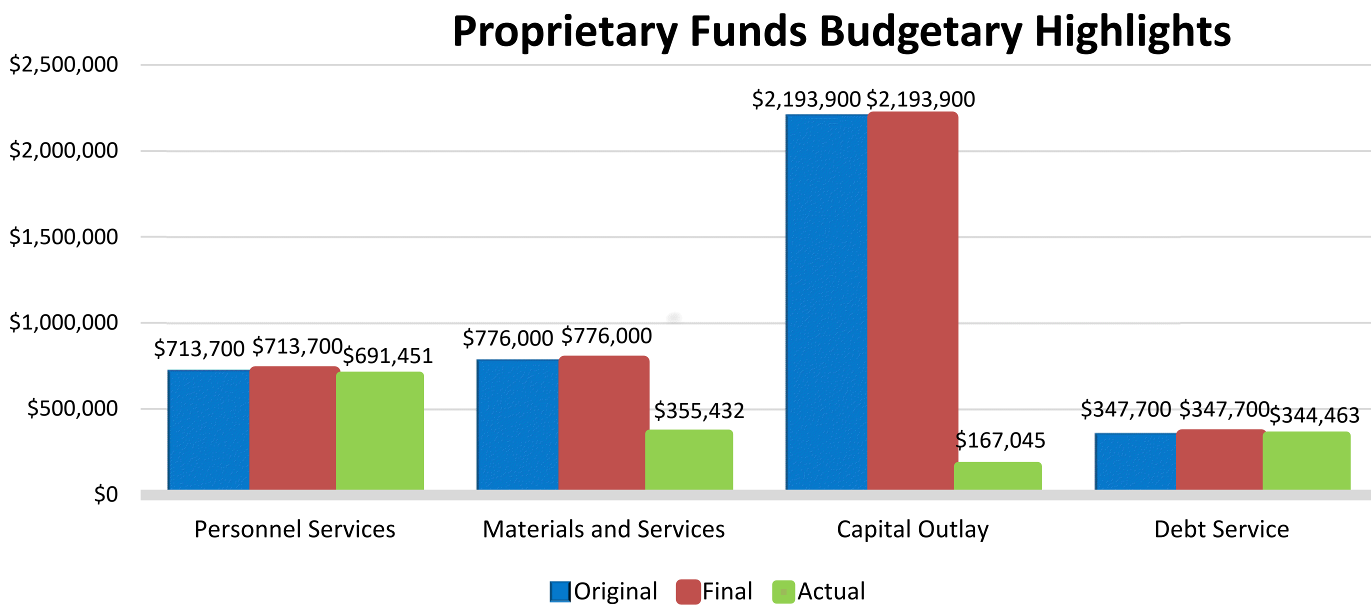
The Proprietary Funds Balance Comparison Graph presented below compares the fund balances as of June 30, 2025, to the fund balances as of June 30, 2024, for the water funds and the sewer funds. The water fund balance increased $100,845 from the previous year's total. The sewer fund balance increased $216,916 from the previous year.

Budgetary Highlights



The total governmental funds expenditures for the fiscal year were below the appropriations approved by the city council. Overall governmental funds personnel service expenditures were $514,950, $204,250 below budgeted amount allowing for the pay out of all accrued employee leave; materials and services were $1,039,358; Debt Service was $267,235 and Capital Outlay was $3,578,962. The city has several projects in planning and design stages, and money is being set aside for these. These projects are in the budget and account for the difference between budgeted and actual.





The proprietary funds total expenditures for the fiscal year were below the total appropriations approved by the city council. Total proprietary funds personnel services expenditures were $691,451, $22,249 below the approved budget amount, materials and services were $355,432, capital outlay was $167,045 and debt service was $344,463.

Debt Covenants

The Sewer Fund is required by the State of Oregon acting by and through its Department of Environmental Quality to establish a loan reserve equal to one half of the average annual debt service to be used solely for making payments of principal and interest if no other funds are available. The loan reserve requirement was $84,038 at the end of the year. This was the total restricted net position in the Sewer Fund.

At year end the Water Fund reported restricted cash of $76,700 for customer utility account deposits.

Significant Capital Asset and Long-term Debt Activity

In Senate Bill 1530 the City of Irrigon was appropriated $1,705,000 for installing water and sewer infrastructure to the Tumbleweed and Molly Developments. At year end this project has not yet been completed but is expected to be completed not long after.

City of Irrigon acquired loans totaling $390,000.00 from Umatilla Electric Cooperative and Morrow County Development for the completion of the Food Truck Pod. These loans combined have a payback of up to 10 years at 3.25 and 6 percent through the UEC and MCD respectfully. Resources to pay back these loans will come from the annual Columbia River Enterprise Zone resources.

Economic Factors and Next Year's Budget and Rates

Total Budget Authority for the 2025-2026 fiscal year is $18,642,800. This is a decrease of $547,200 from the budget authority of $19,190,000 in the 2024-2025 budget year.

The City's permanent governmental tax rate is $3.6782 per $1,000 assessed value. The permanent tax rate is expected to raise an estimated $300,474, allowing for uncollectible tax payments and discounts for early payment. The voters have approved general obligation bonds for both water and sewer, which allows the city to levy taxes to make the annual payments on the bond. The annual payment totals $238,550. The city has continued with a tax on property to cover necessary payments on the bonded debt of approximately $2.5791 per $1,000 of assessed value. This is estimated to generate $211,700 with the remainder being paid with service fees charged to users outside city.

Requests for Information

This financial report is to provide a general overview of the city's finances and to show the city's accountability for the money it receives to all those with an interest in the government's finances. Questions regarding this report or requests for additional financial information should be directed at the following address: City of Irrigon 500 NE Main Ave. Irrigon, OR 97844.

BASIC FINANCIAL STATEMENTS

CITY OF IRRIGON, OREGON
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	$ 5,440,347	$ 2,749,337	$ 8,189,684
Accounts receivable	200,728	159,044	359,772
Grants receivable	641,970	-	641,970
Property taxes receivable	14,347	-	14,347
Leases receivable	421,402	-	421,402
Restricted cash	-	160,738	160,738
Capital assets, net of accumulated depreciation	12,278,285	18,030,250	30,308,535
Total assets	18,997,079	21,099,369	40,096,448
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	160,985	247,710	408,695
Deferred outflows of resources related to OPEB	1,910	2,939	4,849
Total deferred outflows of resources	162,895	250,649	413,544
LIABILITIES			
Accounts payable	532,394	96,847	629,241
Payroll related liabilities	22,842	30,472	53,314
Deposits payable	-	76,700	76,700
Interest payable	8,836	24,406	33,242
Victim restitution payable	505	-	505
Unearned revenue	994,796	11,177	1,005,973
Pension liability	405,437	623,851	1,029,288
OPEB liability	3,541	5,449	8,990
Compensated absences:			
Due within one year	50,214	-	50,214
Due in more than one year	92,847	-	92,847
Bonds, Notes & Lease payable:			
Due within one year	216,133	281,230	497,363
Due in more than one year	3,150,361	4,353,412	7,503,773
Total liabilities	5,477,906	5,503,544	10,981,450
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to leases	376,420	-	376,420
Deferred inflows of resources related to pensions	48,852	75,170	124,022
Deferred inflows of resources related to OPEB	8,759	13,478	22,237
Total deferred inflows of resources	434,031	88,648	522,679
NET POSITION			
Net investment in capital assets	8,911,791	13,395,608	22,307,399
Restricted	128,030	84,038	212,068
Unrestricted	4,208,216	2,278,180	6,486,396
Total net position	$ 13,248,037	$ 15,757,826	$ 29,005,863

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

CITY OF IRRIGON, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	$ 1,231,023	$ 339,084	$ 1,399,106	$ 1,358,215	$ 1,865,382	$ -	$ 1,865,382
Public safety	162,880	52,471	-	-	(110,409)	-	(110,409)
Highways and streets	448,166	52,471	173,420	319,338	97,063	-	97,063
Interest on long-term debt	96,684	-	-	-	(96,684)	-	(96,684)
Total governmental activities	1,938,753	444,026	1,572,526	1,677,553	1,755,352	-	1,755,352
Business-type Activities:							
Water	622,466	680,244	-	-	-	57,778	57,778
Sewer	1,003,299	971,335	-	-	-	(31,964)	(31,964)
Total business-type activities	1,625,765	1,651,579	-	-	-	25,814	25,814
Total	$ 3,564,518	$ 2,095,605	$ 1,572,526	$ 1,677,553	1,755,352	25,814	1,781,166

	Governmental Activities	Business-type Activities	Total
General revenues:			
Taxes:			
Property taxes, levied for general purposes	298,029	-	298,029
Property taxes, levied for debt service	199,412	-	199,412
Franchise taxes	97,192	-	97,192
Public service taxes	54,958	-	54,958
Lease revenues	36,443	-	36,443
Investment income	243,730	126,066	369,796
Miscellaneous revenue	12,883	8,189	21,072
Transfers	(157,691)	157,691	-
Total general revenues and transfers	784,956	291,946	1,076,902
Change in net position	2,540,308	317,760	2,858,068
Net position - beginning, as previously stated	10,717,787	15,440,066	26,157,853
Adjustment for change in accounting principle	(10,058)	-	(10,058)
Net position - beginning, as restated	10,707,729	15,440,066	26,147,795
Net position - ending	$ 13,248,037	$ 15,757,826	$ 29,005,863

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

CITY OF IRRIGON, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Irrigon Improvements Fund	State Street Fund	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 1,656,778	$ 3,303,732	$ 354,204	$ 125,633	$ 5,440,347
Accounts receivable	78,034	-	4,562	-	82,596
Municipal court receivable	117,705	-	-	-	117,705
Property taxes receivable	8,359	-	-	5,988	14,347
Grants receivable	-	641,970	-	-	641,970
Leases receivable	421,402	-	-	-	421,402
Total Assets	$ 2,282,278	$ 3,945,702	$ 358,766	$ 131,621	$ 6,718,367
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 39,180	$ 485,145	$ 8,069	$ -	$ 532,394
Payroll related liabilities	15,207	-	7,635	-	22,842
Unavailable revenue	600	993,769	-	-	994,369
Victim restitution	505	-	-	-	505
Total liabilities	55,492	1,478,914	15,704	-	1,550,110
Deferred inflows of resources:					
Unavailable lease revenue	376,420	-	-	-	376,420
Unavailable property tax revenue	7,688	-	-	5,533	13,221
Unavailable revenues	138,838	398,490	345	-	537,673
Total deferred inflows of resources	522,946	398,490	345	5,533	927,314
Fund balances:					
Restricted	70,134	-	-	126,088	196,222
Committed	1,277,391	2,068,298	-	-	3,345,689
Assigned	-	-	342,717	-	342,717
Unassigned:	356,315	-	-	-	356,315
Total fund balances	1,703,840	2,068,298	342,717	126,088	4,240,943
Total liabilities, deferred inflows of resources, and fund balances	$ 2,282,278	$ 3,945,702	$ 358,766	$ 131,621	$ 6,718,367

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

CITY OF IRRIGON, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total fund balances - governmental funds	$ 4,240,943
Amounts reported for governmental activities in the statement of net position are difference because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,278,285
Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable in the funds.	13,221
Some of the City's revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds.	537,673
Net pension liability is not a financial requirement and therefore is not reported in the governmental funds.	(405,437)
Other Post Employment Benefits (OPEB) liability used in governmental activities are not financial resources and therefore are not reported in the funds.	(3,541)
The City's proportionate share of net differences between employer contributions and proportionate share of contributions related to pensions and OPEB that will be amortized over the next 5 years.	162,895
The City's proportionate share of net differences between projected and actual earning on investments related to pensions and OPEB that will be amortized over the next 5 years.	(57,611)
Long-term liabilities, including compensated absenses payable, are not due and payable in the current period and, therefore, are not reported in the funds	(3,518,391)
Net position of governmental activities	$ 13,248,037

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

CITY OF IRRIGON, OREGON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	Irrigon Improvements Fund	State Street Fund	Nonmajor Governmental Funds	Totals
REVENUES					
Property taxes	$ 297,231	$ -	$ -	$ 198,734	$ 495,965
Licenses and fees	93,207	700	52,335	-	146,242
Intergovernmental	54,958	1,399,106	173,420	-	1,627,484
Charges for services	232,654	-	-	-	232,654
Miscellaneous:					
Franchise fees	77,217	-	-	-	77,217
Lease revenues	36,443	-	-	-	36,443
Interest on investments	76,407	145,622	15,102	6,602	243,733
Other income	9,912	-	2,887	-	12,799
Total revenues	878,029	1,545,428	243,744	205,336	2,872,537
EXPENDITURES					
Current:					
General government	652,928	490,315	-	-	1,143,243
Public safety	162,880	-	-	-	162,880
Streets and public works	-	-	248,185	-	248,185
Debt service:					
Principal	29,406	-	-	135,001	164,407
Interest	-	-	-	103,128	103,128
Capital Outlay	144,220	3,434,742	-	-	3,578,962
Total expenditures	989,434	3,925,057	248,185	238,129	5,400,805
Excess (deficiency) of revenues over (under) expenditures	(111,405)	(2,379,629)	(4,441)	(32,793)	(2,528,268)
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	390,000	-	-	390,000
Capital contributions	-	1,294,701	28,382	-	1,323,083
Transfers in	166,200	-	-	20,012	186,212
Transfers out	(145,500)	-	(1,700)	-	(147,200)
Total other financing sources (uses)	20,700	1,684,701	26,682	20,012	1,752,095
Net change in fund balances	(90,705)	(694,928)	22,241	(12,781)	(776,173)
Fund balance - beginning	1,794,545	2,763,226	320,476	138,869	5,017,116
Fund balance - ending	$ 1,703,840	$ 2,068,298	$ 342,717	$ 126,088	$ 4,240,943

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

CITY OF IRRIGON, OREGON

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

June 30, 2025

Total net change in fund balances - governmental funds	$	(776,173)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		3,329,023
Capital assets were purchased in the governmental funds and transferred to the proprietary funds. The transfer is recorded on the Statement of Activities as a transfer but an expenditure in the governmental funds.		(196,704)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are unavailable in the governmental funds. Unavailable property tax revenues increased (decreased) by this amount.		1,476
Because some revenue will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are unearned in the governmental funds. Unearned revenues increased (decreased) by this amount.		439,658
Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		(24,484)
Note proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.		(390,000)
Repayment of bonds, notes, and lease principal is reported as an expenditure in government funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in teh statement of net position and do not result in an expense in the statement of activities.		179,688
Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due.		(8,836)
Governmental funds report Other Post Employment Benefits (OPEB) contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.		(835)
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used. Accrued compensated absences (increased) decreased by this amount in the current year.		(12,505)
Changes in net position of governmental activities	$	2,540,308

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

CITY OF IRRIGON, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Water Fund	Sewer Fund	Totals
ASSETS			
Current assets:			
Cash and investments	$ 1,119,821	$ 1,625,516	$ 2,745,337
Accounts receivable	65,953	93,091	159,044
Total current assets	1,185,774	1,718,607	2,904,381
Noncurrent assets:			
Capital assets, net of accumulated depreciation	4,393,455	13,636,795	18,030,250
Restricted cash	80,700	84,038	164,738
Total noncurrent assets	4,474,155	13,720,833	18,194,988
Total assets	5,659,929	15,439,440	21,099,369
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferred outflows of resources	119,911	127,799	247,710
OPEB deferred outflows of resources	1,423	1,516	2,939
Total deferred outflows of resources	121,334	129,315	250,649
LIABILITIES			
Current liabilities:			
Accounts payable	56,496	40,351	96,847
Accrued payroll	14,400	16,072	30,472
Customer deposits	80,700	-	80,700
Unavailable revenue	7,177	-	7,177
Accrued interest payable	375	24,031	24,406
Bond premium, net	4,150	5,172	9,322
Bonds, notes and leases payable	55,650	216,258	271,908
Total current liabilities	218,948	301,884	520,832
Noncurrent liabilities:			
Bond premium, net	7,950	9,908	17,858
Bonds, notes and leases payable	284,928	4,050,626	4,335,554
Net pension liability	301,993	321,858	623,851
Net OPEB liability	2,638	2,811	5,449
Total noncurrent liabilities	597,509	4,385,203	4,982,712
Total liabilities	816,457	4,687,087	5,503,544
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows of resources	36,388	38,782	75,170
OPEB deferred inflows of resources	6,524	6,954	13,478
Total deferred inflows of resources	42,912	45,736	88,648
NET POSITION			
Net investment in capital assets	4,040,777	9,354,831	13,395,608
Restricted for debt service	-	84,038	84,038
Unrestricted	881,117	1,397,063	2,278,180
Total net position	$ 4,921,894	$ 10,835,932	$ 15,757,826

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

CITY OF IRRIGON, OREGON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Totals
Operating revenues:			
Charges for services	$ 680,244	$ 971,335	$ 1,651,579
Other operating income	2,697	5,492	8,189
Total operating revenues	682,941	976,827	1,659,768
Operating expenses:			
Personal services	326,926	351,471	678,397
Utilities	56,551	21,717	78,268
Engineering & testing	12,041	29,284	41,325
Supplies & repairs	49,788	86,244	136,032
Administrative	36,153	46,592	82,745
Depreciation	131,514	374,429	505,943
Total operating expenses	612,973	909,737	1,522,710
Operating income (loss)	69,968	67,090	137,058
Nonoperating revenues (expenses):			
Investment income	54,158	71,908	126,066
Interest expense	(9,493)	(93,562)	(103,055)
Total nonoperating revenues (expenses)	44,665	(21,654)	23,011
Income (loss) before transfers	114,633	45,436	160,069
Capital contributions	-	196,704	196,704
Transfers out	(13,789)	(25,224)	(39,013)
Change in net position	100,844	216,916	317,760
Total net position - beginning	4,821,050	10,619,016	15,440,066
Total net position - ending	$ 4,921,894	$ 10,835,932	$ 15,757,826

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

CITY OF IRRIGON, OREGON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Totals
Cash flows from operating activities:			
Receipts from customers	$ 681,662	$ 968,166	$ 1,649,828
Other miscellaneous receipts	2,697	5,492	8,189
Payments to suppliers	(106,185)	(153,478)	(259,663)
Payments to employees	(347,185)	(365,776)	(712,961)
Net cash provided (used) by operating activities	230,989	454,404	685,393
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	(13,789)	(25,224)	(39,013)
Net cash provided by noncapital financing activities	(13,789)	(25,224)	(39,013)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(160,359)	(23,746)	(184,105)
Proceeds from capital debt	-	-	-
Principal paid on capital debt	(58,577)	(182,832)	(241,409)
Interest paid on capital debt	(9,538)	(173,323)	(182,861)
Net cash provided by capital and related financing activities	(228,474)	(379,901)	(608,375)
Cash flows from investing activities:			
Interest income	54,158	71,908	126,066
Net increase (decrease) in cash and cash equivalents	42,884	121,187	164,071
Cash and cash equivalents - beginning	1,157,637	1,588,367	2,746,004
Cash and cash equivalents - ending	$ 1,200,521	$ 1,709,554	$ 2,910,075
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ 69,968	$ 67,090	$ 137,058
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	131,514	374,429	505,943
(Increase) decrease in accounts receivable	419	(3,169)	(2,750)
Increase in accounts payable	48,348	30,359	78,707
Decrease in accrued payroll	(11,195)	(10,315)	(21,510)
Increase (decrease) in unearned revenue	(3,529)	-	(3,529)
Increase (decrease) in customer deposits	4,528	-	4,528
Increase in pension liability	36,592	45,394	81,986
Decrease in OPEB liability	(1,071)	(1,053)	(2,124)
Increase in deferred outflows	(27,520)	(31,590)	(59,110)
Decrease in deferred inflows	(17,065)	(16,741)	(33,806)
Net cash provided (used) by operating activities	$ 230,989	$ 454,404	$ 685,393

Noncash capital activities:
The Sewer Fund received capital assets from the Governmental Activities. The net book value at the time of transfer was $196,704.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accompanying financial statements present the activities of the City of Irrigon, Oregon. The City of Irrigon, Morrow County, Oregon (the City), was incorporated as a municipal corporation in 1957. The government of the City is vested in a Common Council and a Mayor. The Council members are elected at large for terms of four years. The Mayor is elected by the Council to serve a term of two years. The City Manager is appointed by majority of Council. The City Manager oversees the hiring, supervising and removal of all other employees per city charter. The City is legally and financially independent of other state and local government units, has the power to levy taxes, is responsible for its debts, and is entitled to any surpluses.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements: The Statement of Net Position and Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-accounting of internal activities. These statements distinguish between governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City’s funds. Separate 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 funds and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associates with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

> *General Fund* - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The *Governmental Reserve Fund* which accounts for the payment of accrued leave, building maintenance and upkeep, bicycle/footpath improvements, capital equipment expenditures and capital improvements to infrastructure for the park system has been combined with the General Fund in the governmental fund financial statements but is budgeted and presented separately in the budgetary schedules.
>
> *Irrigon Improvements Fund* - This fund accounts for resources received from outside sources used for community improvements.
>
> *State Tax Street Fund* - This fund accounts for Oregon highway monies, special grants, and other monies required to be spent on streets.

Additionally, the City reports the following fund type (as nonmajor funds):

> *Debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The City reports two major proprietary funds. These funds are used to account for the acquisition, operation, and maintenance of water and sewer systems. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following major proprietary funds:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Water Fund
- Water Operation & Development Fund (budgetary basis financial statements only)
- Water Reserve Fund (budgetary basis financial statements only)
- Water Debt Service Fund (budgetary basis financial statements only)

Sewer Fund
- Sewer Operation & Development Fund (budgetary basis financial statements only)
- Sewer Reserve Fund (budgetary basis financial statements only)
- Sewer Debt Service Fund (budgetary basis financial statements only)

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net resources available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. FINANCIAL POSITION

Deposits and investments

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2025, based on market prices. The individual fund's portion of the pool's fair value is presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

Cash and Cash Equivalents

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The 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 then.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items, which arises under

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

the accrual and modified accrual basis of accounting that qualify for reporting in this category. The governmental funds reports unavailable property tax revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide statements of the City also report both deferred outflows and inflows related to the pension and other post employment benefits.

Property Tax Calendar

Property taxes attach as an enforceable lien on July 1, when they are levied, and until they are paid. Taxes are due in one-third increments on November 15, February 15, and May 15. Unpaid taxes are considered delinquent after November 15.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and, therefore, no allowance of uncollectible taxes is provided.

Property tax revenues are accounted for on the accrual basis of accounting in the government-wide statements and are recognized when earned.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Major capital asset additions are financed primarily from bond proceeds. The normal cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used for assets that have initial useful lives extending beyond a single reporting period.

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

Assets	Years
Buildings	80-100
Machinery and Equipment	20-30
Water and Sewer Systems	40-50
Infrastructure	30-40

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

D. NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Equity is classified as net position and displayed in three components:

a. Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

In the governmental funds the difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. The constraints are defined as follows:

> *Nonspendable,* such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
>
> *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
>
> *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority),
>
> *Assigned* fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, and
>
> *Unassigned* fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

E. ACCOUNTING 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Depreciation Expense, Accumulated Depreciation, Property Taxes Receivable, Allowance for Uncollectible Accounts, and Unearned Revenue accounts have been subject to estimation.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY COMPLIANCE

The City budgets all funds which are subject to budget requirements of state law. The City Council legally adopts the budget by resolution before July 1. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control (total personal services, materials and services. capital outlay, and other expenditures) is established by resolution for all funds. The City budgets sub funds of the water and sewer fund that are combined in the supplemental information and presented as a single fund in the fund financial statements.

The detail budget document is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget that differs by 10 percent or more of any one of the individual funds contained in the original budget for that fiscal year requires hearings before the public, publications 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont'd)

Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are then charged against ensuing year's appropriations.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no expenditures that exceeded the budgeted appropriations for the fiscal year ended June 30, 2025.

DEFICIT FUND BALANCES

No funds had a deficit fund balance as of June 30, 2025.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2025 consisted of the following:

Deposit in Financial Institution	$	1,083,677
Petty Cash		200
Deposit in Local Government Investment Pool		7,266,545
Total	$	8,350,422

Deposits

Deposits with financial institutions are comprised of bank demand deposits. Total bank balances, as shown on the bank's records at year-end were $1,124,479. Federal Deposit Insurance Corporation (FDIC) insurance covers up to $250,000 for all demand deposits owned by a public unit.

Custodial credit risk – deposits. This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk, but follows the requirements of ORS 295. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Where interest-bearing balances exceed the Federal Deposit Insurance amount of $250,000, the balances are covered by collateral held in a multiple financial institution collateral pool (ORS 295.015) administered by the Oregon Office of the State Treasurer in the Public Funds Collateralization Program (PFCP).

Investments

The City has delegated investment responsibilities to the City Manager, who is primarily responsible for implementing the investment policy. The City currently does not have any written investment policies implemented.

Credit risk: State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

Custodial Credit Risk: 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 or collateralized securities 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.

The Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. The LGIP's credit quality is unrated.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by the securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Concentration risk: The City does not have a formal policy that places a limit on the amount that they may be invested in any one investment. The City has concentrations in the following investments: Local Government Investment Pool. These investments are 100% of the City's total investments.

Interest rate risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposures to fair value losses arising from increasing interest rates.

B. RECEIVABLES

Accounts receivable, grants receivable and other receivables from government agencies are generally expected to be collectible and, therefore an allowance for uncollectible is not considered necessary or recorded. The City uses the direct write-off method and expenses uncollectible accounts when they are deemed uncollectible.

All accounts receivable are expected to be collected within one year.

Lease Receivables

		Lease Receivable			
	Original Amount	Balance July 1, 2024	Additions	Payments	Balance June 30, 2025
Qwest Lease	$ 238,419	$ 99,657	$ -	$ 15,883	$ 83,774
US Cellular Lease	358,078	342,088	-	4,460	337,628
	$ 596,497	$ 441,745	$ -	$ 20,343	$ 421,402

	Deferred Inflow of Resources				
	Balance July 1, 2024	Additions	Lease revenue recognized	Balance June 30, 2025	Interest Revenue
Qwest Lease	$ 102,837	$ -	$ 14,868	$ 87,969	$ 917
US Cellular Lease	300,387	-	11,936	288,451	8,723
	$ 403,224	$ -	$ 26,804	$ 376,420	$ 9,639

Qwest Lease

The City entered into a ground lease agreement to lease a 50' by 50' tract on NE Eighth Street to Qwest Corporation dba Century Link. The lease is for a term of 10 years with an option to renew for 5 years which is reasonably certain to be exercised. Annual payments of $16,800 were due starting June 1, 2016. The payments will increase to $17,220 after the 10th year. The assumed interest rate to be charged is 0.92%.

US Cellular Lease

The City entered into a ground lease agreement to lease a 50' by 50' tract on Columbia Lane to US Cellular dba Oregon RSA #2. The lease is for a term of 5 years with an option to renew for an addition 5 terms of 5 years each which is reasonably certain to be exercised. Monthly payments of $950 were due starting September 3, 2019. The payments will increase annually by 3%. The assumed interest rate to be charged is 2.565%.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

C. CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 149,230	$ -	$ -	$ 149,230
Construction in progress	3,668,387	2,714,053	(4,942,531)	1,439,909
Total capital assets not being depreciated	3,817,617	2,714,053	(4,942,531)	1,589,139
Capital assets, being depreciated/amortized:				
Buildings	757,169	566,098	-	1,323,267
Equipment	389,326	40,130	-	429,456
Leased vehicles	106,003	-	-	106,003
Infrastructure	5,189,276	5,031,681	-	10,220,957
Total capital assets being depreciated	6,441,774	5,637,910	-	12,079,683
Less accumulated depreciation/amortization for:				
Buildings	(131,034)	(17,601)	-	(148,635)
Equipment	(209,430)	(28,298)	-	(237,728)
Leased vehicles	(15,901)	(10,600)	-	(26,501)
Infrastructure	(784,238)	(193,436)	-	(977,674)
Total accumulated depreciation	(1,140,603)	(249,935)	-	(1,390,538)
Total capital assets being depreciated/ amortized, net	5,301,171	5,387,974	-	10,689,146
Governmental activities capital assets, net	$ 9,118,788	$ 8,102,027	$ (4,942,531)	$ 12,278,285

Depreciation expense was charged to governmental functions as follows:

General government	$ 59,492
Highways and streets	190,443
Total depreciation expense	$ 249,935

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	$ 34,639	$ -	$ -	$ 34,639
Construction in progress	-	17,246	-	17,246
Total capital assets not being depreciated	34,639	17,246	-	51,885
Capital assets, being depreciated:				
Buildings	664,912	49,850	-	714,762
Equipment	440,474	166,859	-	607,334
Infrastructure	23,957,572	146,854	-	24,104,425
Total capital assets being depreciated	25,062,958	363,563	-	25,426,521
Less accumulated depreciation for:				
Buildings	(157,473)	(9,098)	-	(166,571)
Equipment	(197,567)	(19,311)	-	(216,878)
Infrastructure	(6,587,174)	(477,533)	-	(7,064,707)
Total accumulated depreciation	(6,942,214)	(505,942)	-	(7,448,156)
Total capital assets being depreciated, net	18,120,744	(142,379)	-	17,978,365
Business-type activities capital assets, net	$ 18,155,383	$ (125,133)	$ -	$ 18,030,250

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. $199,739 of interest was incurred, all of which was charged to expense during the fiscal year ended June 30, 2025.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

D. LONG-TERM OBLIGATIONS

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2025, are as follows:

	Balance 7/1/24	Additions	Repayments	Balance 6/30/25	Due within one year
Governmental Activities					
Capital Lease	$ 52,543	$ -	$ (25,278)	$ 27,265	$ 27,265
Morrow Development Corporation Loan	-	190,000	-	190,000	13,913
Umatilla Electric Cooperation Loan	-	200,000	-	200,000	18,350
General Obligation Refunding, 2016A	2,970,000	-	(135,000)	2,835,000	135,000
Unamortized Premium GO Bond 2016A	133,638	-	(19,410)	114,229	18,755
Compensated absences	120,498	22,563*	-	143,061	50,214
Total governmental activities	$ 3,276,679	$ 412,563	$ (179,687)	$ 3,509,555	$ 263,497
Business-type activities:					
Septic Conversion Loan	541,334	-	(40,944)	500,390	41,973
State Sewer Loan	340,460	-	(18,332)	322,128	18,876
Area 1 and 2 STEG Conversion	2,535,506	-	(34,537)	2,500,969	69,832
Treatment Plant Compliance Project	534,996	-	(16,022)	518,974	16,227
Full Faith & Credit Refunding, 2016B	885,000	-	(120,000)	765,000	125,000
Unamortized Premium GO Bond 2016B	38,754	-	(11,573)	27,181	9,323
Total business-type activities	3,952,295	-	(109,835)	4,634,642	281,230
Totals all activities	$ 7,228,975	$ 412,563	$ (289,522)	$ 8,144,197	$ 544,728

Debt Service Requirements

Debt service requirements on long-term debt from Direct Borrowings and Direct Placements at year end are as follows:

Governmental Activities:

Capital Lease

On August 10, 2022, the City entered into a 4 year lease for capital equipment with no options to extend. The lease commenced on September 10, 2022. Annual payments are due at the beginning of each year for $29,406 with the first payment due on September 10, 2022. The present value of the lease at inception was $105,385. The lease has an interest rate of 7.8568%. At the end of the lease, the City has the option to purchase the equipment for $2. The City is reasonably certain to exercise the purchase option.

Year Ending June 30,	Principal	Interest	Total
2026	$ 27,265	$ 2,142	$ 29,408

Morrow Development Corporation Loan

On April 4, 2025, the City entered into a loan agreement with Morrow Development Corporation (MDC) in the amount of $190,000 for the development of the Irrigon Food Pod. The loan calls for annual payments of $25,313 for 10 years with the first payment due on April 4, 2026. The loan has a 6.00% interest rate and MDC will review and adjust the interest rate charged on the loan five years after the signing of the note. The adjusted rate will be no lower than 7.0%, not higher than 11.0%. and is secured by the land which the food pod will be developed which is owned by the City of Irrigon. The City plans to repay the loan within 5 years.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 13,913	$ 11,400	$ 25,313
2027	14,747	10,565	25,313
2028	15,632	9,680	25,313
2029	16,570	8,742	25,313
2030	17,564	7,748	25,313
2031-2035	104,953	21,610	126,563
2036	6,620	397	7,017
	$ 190,000	$ 70,144	$ 260,144

Umatilla Electric Cooperative Loan

On February 7, 2025, the City entered into a loan agreement with Umatilla Electric Cooperative (UEC) in the amount of $200,000 for the development of the Irrigon Food Pod. The loan calls for annual payments of $23,746 for 10 years with the first payment due on December 7, 2025. The loan has a 3.25% interest rate. The note is secured by the land which the food pod will be developed which is owned by the City of Irrigon. The City plans to repay the loan within 5 years.

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 21,200	$ 2,547	$ 23,746
2027	17,935	5,811	23,746
2028	18,518	5,228	23,746
2029	19,120	4,626	23,746
2030	19,741	4,005	23,746
2031-2035	103,486	9,973	113,459
	$ 200,000	$ 32,190	$ 232,190

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

General Obligation Refunding, 2016A

During the fiscal year ended June 30, 2017, the City issued $3,995,000 in General Obligation bonds at a $340,737 premium for the refunding of General Obligation Sewer No. 1-2005, General Obligation Sewer No. 2-2005, and General Obligation Water Bond – 2009. Those bonds are due in semi-annual installments for interest payments and annual installments for principal payments. Final bond maturity is scheduled for 2041. The annual requirements to amortize bond debt outstanding as of June 30, 2025 is as follows:

Year Ending June 30,	Principal	Interest	Total	Premium
2026	$ 135,000	$ 84,795	$ 219,795	$ 18,755
2027	140,000	81,937	221,937	17,488
2028	145,000	78,619	223,619	15,806
2029	150,000	74,805	224,805	13,720
2030	160,000	70,541	230,541	11,784
2031-2035	895,000	275,038	1,170,038	34,087
2036-2040	1,090,000	112,345	1,202,345	2,661
2041	120,000	1,948	121,948	(73)
	$ 2,835,000	$ 780,028	$ 3,615,028	$ 114,228

Business-Type Activities:

Septic Conversion Loan

During the fiscal year ended June 30, 2011, the City entered into a loan agreement with the Department of Environmental Quality in the amount of $1,810,000 for a new lift station and collector sewers. The loan has a 2.00% interest rate and is secured by the City's net operating revenue. As of June 30, 2013, all $1,810,000 of loan proceeds had been drawn and $1,000,000 was forgiven as a grant resulting in a balance of $810,000. Semi annual payments of $17,703 principal and interest are payable at June 1 and December 1.

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 41,973	$ 9,787	$ 51,760
2027	43,029	8,943	51,972
2028	44,111	8,079	52,190
2029	45,220	7,192	52,412
2030	46,358	6,283	52,641
2031-2035	249,875	16,961	266,836
2036	29,824	328	30,152
	$ 500,390	$ 57,573	$ 557,963

State Sewer Loan

During the fiscal year ended June 30, 2013, the City entered into a loan agreement with the Oregon Infrastructure Finance Authority for the matching on a new lift station and collector sewers. The loan of $496,993 has a 2.98% interest rate and is secured by the City's net operating revenue of the sewer system.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 18,879	$ 9,599	$ 28,478
2027	19,441	9,037	28,478
2028	20,020	8,457	28,478
2029	20,617	7,861	28,478
2030	21,231	7,246	28,478
2031-2035	116,033	26,356	142,390
2036-2039	105,906	8,006	113,912
	$ 322,128	$ 76,563	$ 398,692

Area 1 and 2 STEG Conversion

During the fiscal year ended June 30, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality to address conversions from Septic Tank Effluent Gravity systems to the city's regular collections system for homes located in Area 1 and Area 2 of the City. The approved loan amount is $3,035,506 and has an interest rate of 1.46% and an annual fee of 0.5% for 20 years. The loan will be secured by the City's net operating revenue of the sewer system. The City received disbursements of $3,035,506 from the loan and $500,000 was forgiven as a grant resulting in a balance of $2,535,506. Semi-annual payments of $53,046 principal and interest are payable at February 1 and August 1 of each year.

Year Ending June 30,	Principal	Interest	Total
2026	$ 69,832	$ 36,260	$ 106,092
2027	70,855	35,237	106,092
2028	71,893	34,199	106,092
2029	72,947	33,145	106,092
2030	74,015	32,077	106,092
2031-2035	386,670	143,790	530,460
2036-2040	415,840	114,620	530,460
2041-2045	447,214	83,246	530,460
2046-2050	480,953	49,507	530,460
2051-2054	410,750	13,606	424,356
	$ 2,500,969	$ 575,687	$ 3,076,656

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

Treatment Plan Compliance Project

During the fiscal year ended June 30, 2020, the City entered into a loan agreement with Oregon Department of Environmental Quality to implement the methanol system at the wastewater treatment plan. The loan was finalized in the amount of $1,058,697 and $500,000 of that amount was forgiven as a grant resulting in a balance of $558,697. The loan has an interest rate of 1.27% and an annual fee of 0.5% for 30 years. The loan will be secured by the City's net operating revenue of the sewer system. An initial interest only payment of $11,192 is required on November 1, 2022 and semi-annual payments of $11,383 principal and interest are payable at May 1 and November 1 thereafter.

Year Ending June 30,	Principal	Interest	Total
2026	$ 16,227	$ 6,539	$ 22,766
2027	16,434	6,332	22,766
2028	16,643	6,123	22,766
2029	16,855	5,911	22,766
2030	17,070	5,696	22,766
2031-2035	88,665	25,165	113,830
2036-2040	94,457	19,373	113,830
2041-2045	100,630	13,200	113,830
2046-2050	107,208	6,622	113,830
2051-2052	44,785	713	45,498
	$ 518,974	$ 95,674	$ 614,648

Full Faith & Credit Refunding, 2016B

During the fiscal year ended June 30, 2017, the City issued $1,620,000 in Full Faith & Credit Refunding at a $186,380 premium for the refunding of Sewer Revenue Bond 2005, Sewer Revenue Bond 2010, and State OR Drinking Water 2009. Those bonds are due in semi-annual installments for interest payments and annual installments for principal payments. Final bond maturity is scheduled for 2032. The annual requirements to amortize bond debt outstanding as of June 30, 2025 is as follows:

Year Ending June 30,	Principal	Interest	Total	Premium
2026	$ 125,000	$ 18,777	$ 143,777	$ 9,323
2027	130,000	15,835	145,835	7,165
2028	135,000	12,547	147,547	5,153
2029	140,000	8,885	148,885	3,315
2030	145,000	4,852	149,852	1,648
2031-2032	90,000	1,823	91,823	577
	$ 765,000	$ 62,719	$ 827,719	$ 27,181

Debt Covenants

The Sewer Fund is required by the State of Oregon acting by and through its Department of Environmental Quality to establish a loan reserve equal to one half of the average annual debt service to be used solely for making payments of principal and interest if no other funds are available. The loan reserve requirement was $84,038 at the end of the year. This was the total restricted Net Position in the Sewer Fund. At year end the Water Fund reported restricted as of $76,172 as detailed below, which meets the current requirement.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

	Customer Deposits
Beginning Restriction	$ 76,172
Current Year Restriction	528
Line Replacements	-
Ending Restriction	$ 76,700

E. GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority to ensure compliance with conditions of the grant. Any liability for reimbursement which may arise as the result of a grantor audit is not believed to be material.

F. INTERFUND TRANSFERS

Transfers for the year ended June 30, 2025, consisted of the following:

	Transfer out			
Transfer in	State Street Fund	Water Fund	Sewer Fund	Totals
General Fund	$ 1,700	$ 9,000	$ 10,000	$ 20,700
Nonmajor governmental funds	-	4,944	15,224	20,168
Totals	$ 1,700	$ 13,944	$ 25,224	$ 40,868

Transfers are used to (1) move from proprietary enterprise funds to reserve funds for future expenditures, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move from proprietary reserve funds to general fund to reimburse for administrative fees.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

G. FUND BALANCE CLASSIFICATION

Fund balances by classification for the year ended June 30, 2025 were as follows:

	General Fund	Irrigon Improvements Fund	State Street Tax Fund	Nonmajor Governmental Fund	Total Governmental Funds
Fund balances:					
Restricted for:					
Bike/Foot Paths	$ 26,654	$ -	$ -	$ -	$ 26,654
SDC Capital Improvements	43,481	-	-	-	43,481
Debt service	-	-	-	126,086	126,086
Committed for:					
Accrued Leave	124,074	-	-	-	124,074
Building Maintenance	35,800	-	-	-	35,800
Equipment Replacement	146	-	-	-	146
Construction	1,117,370	-	-	-	1,117,370
Assigned for:					
Improvements	-	2,068,296	-	-	2,068,296
Street	-	-	342,717	-	342,717
Unassigned	356,316	-	-	-	356,316
Total fund balances	$ 1,703,841	$ 2,068,296	$ 342,717	$ 126,086	$ 4,240,940

H. ACCOUNTING CHANGES AND ERROR CORRECTIONS

Change in Accounting Principle

Implementation of Governmental Accounting Standards Board (GASB) Statement 101 – The City implemented changes required by GASB Statement 101 during the fiscal year. The standard requires government entities to recognize liabilities for both unused leave and leave that has been used but remains unpaid or unsettled at reporting dates along with associated salary-related payments. If the City had implemented GASB Statement 101 in prior years, the beginning balance of compensated absences would have been $10,058 higher, resulting in a decrease in fund balance. The effects of the change is shown in the table below.

During fiscal year ended June 30, 2025, changes to or within the financial reporting entity resulted in an adjustment to beginning net position, as follows:

	Government-Wide Financial Statements
	Governmental Activities
Beginning fund balance/net position, as previously stated	$ 10,717,785
Change in accounting principle - Implementation of GASB Statement 101	(10,058)
Beginning fund balance/net position,as restated	$ 10,707,727

NOTE 4 – OTHER INFORMATION

A. PENSION PLAN

GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description.

Employees of the City are provided with pensions through Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employee defined benefit plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues an independently audited Comprehensive Annual Financial Report which can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

If the link is expired, please contact Oregon PERS by writing to the Fiscal Services Division, Public Employees Retirement System, 11410 SW 68th Parkway, PO BOX 23700, Tigard, Oregon, 97281.

Benefits Provided

Tier One/Tier Two Retirement Benefit (ORS Chapter 238)

1. *Pension Benefits* – The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of $200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

   Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to $197,730 in 2021 and will be indexed with inflation in later years.

   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 for employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

2. *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.

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

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

NOTE 4 – OTHER INFORMATION (Cont'd)

OPSRP Pension Program (OPSRP DB)

1. *Pension Benefits* – The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

   - 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.

   Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final salary will be limited for all members beginning in 2021. The limit will be equal to $197,730 in 2021 and will be indexed with inflation in later years.

   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.

2. *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.

3. *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.

4. *Benefit Changes after Retirement* – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and $750 plus 0.15 percent on annual benefits above $60,000.

OPSRP Individual Account Program (OPSRP IAP)

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

2. *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.

3. *Recordkeeping* – OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. *Employer Contributions* – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. Effective January 1,2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year

NOTE 4 – OTHER INFORMATION (Cont'd)

ended June 30, 2025 were $137,402, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were 22.69 percent for Tier One/Tier Two members, 20.67 percent for OPSRP Pension Program members, and 6 percent for OPSRP Individual Account Program.

2. *Employee Contributions* – Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 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. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

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

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

At June 30, 2025, the City reported a liability of $1,029,288 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2025, the City's proportion was 0.00463 percent, which was increased from its proportion of 0.00457 percent measured as of June 30, 2024.

For the year ended June 30, 2025, the City's recognized pension expense of $11,194. At June 30, 2025, 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	$ 60,976	$ 2,457
Changes in assumptions	103,485	133
Net difference between projected and actual earnings on investments	65,389	-
Changes in proportionate share	29,164	74,962
Differences between employer contributions and employers proportionate share of system contributions	6,901	46,470
Total (prior to post-MD contributions)	265,915	124,022
City contributions subsequent to the measurement date	142,780	-
Net Deferred Outflow/(Inflow) of Resouces	$ 408,695	$ 124,022

NOTE 4 – OTHER INFORMATION (Cont'd)

The City's contributions subsequent to the measurement date of $142,780 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2026	$	127,652
2027		90,835
2028		34,181
2029		24,897
2030		7,108
Thereafter		-
Total	$	284,673

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following assumptions:

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, published July 24, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

NOTE 4 – OTHER INFORMATION (Cont'd)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

	Assumed Asset Allocation		
Asset Class/Strategy	**Low Range**	**High Range**	**Target**
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Component Annual Return (Geometric)
Global Equity	27.50 %	7.07 %
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Fund of Funds – Multistrategy	1.25	6.27
Hedge Fund Equity – Hedge	0.63	6.48
Hedge Fund – Macro	5.62	4.83
Total	100.00 %	
Assumed Inflation - Mean		2.35 %

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.

NOTE 4 – OTHER INFORMATION (Cont'd)

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

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

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

Discount Rate

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

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 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (5.90%)	**Discount Rate (6.90%)**	**1% Increase (7.90%)**
City's proportionate share of the net pension liability	$ 1,623,660	$ 1,029,288	$ 531,472

Pension plan fiduciary net position

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

Payables to the pension plan

The City reports payables in the amount of $7,787 payable to the pension plan.
Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2024 measurement period that require disclosure.

B. POST EMPLOYMENT BENEFIT PLAN OTHER THAN PERS

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

Financial Statement Presentation

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

NOTE 4 – OTHER INFORMATION (Cont'd)

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financial
Deferred Outflows of Resources			
Contributions after the Measurement Date	$ 669	$ -	$ 669
Difference between expected and actual results	-	491	491
Changes in assumptions	351	-	351
Change in Proportionate Share	-	3,338	3,338
Total deferred outflows of resources	1,020	3,829	4,849
Total OPEB Asset (Liability)	(26,389)	17,399	(8,990)
Deferred Inflows of Resources			
Difference between expected and actual results	(12,925)	(340)	(13,265)
Change in proportionate share	-	-	-
Change in assumptions	(8,752)	(220)	(8,972)
Difference in Earnings	-	-	-
Total deferred inflows of resources	(21,677)	(560)	(22,237)
OPEB Expense (Income)	692	(2,565)	(1,873)
(Included in program expenses on Statement of Activities)			

Implicit Rate Subsidy

Plan Description

The City's defined benefit postemployment healthcare plan is administered by CityCounty Insurance Services (CIS).

The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained by writing to the CIS Main Office, 1212 Court Street NE, Salem, OR 97301.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	0
Active employees	11
	11

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City's total OPEB liability of $34,120 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2024. The City's portion of the net OPEB liability was based on the City's contributions to the CIS healthcare program during the measurement period relative to contributions from all participating employers.

For the fiscal year ended June 30, 2025, the City recognized OPEB expense from this plan of $692. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

NOTE 4 – OTHER INFORMATION (Cont'd)

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual results	$ -	$ (12,925)
Changes of assumptions	351	(8,752)
Contributions after the measurement date	669	-
	$ 1,020	$ (21,677)

Deferred outflows of resources related to OPEB of $1,841 resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2026	$ (5,516)
2027	(5,863)
2028	(3,403)
2029	(3,005)
2030	(2,159)
Thereafter	(711)
	$ (20,657)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2024 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2024
Measurement date	June 30, 2024
Actuarial cost method	Entry age normal
Inflation	2.40 percent
Salary increases	3.40 percent
Discount rate	3.93 percent (change from 3.65 percent in previous measurement period)
Withdrawal, retirement, and mortality rates	December 31, 2023 Oregon PERS valuation
Election and Lapse Rate	30% of eligible employees 60% of male members and 35% of female members will elect spouse coverage 5% annual lapse rate

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

NOTE 4 – OTHER INFORMATION (Cont'd)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2024	$ 34,120
Changes for the year:	
Service cost	4,032
Interest on total OPEB liability	1,359
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	(9,137)
Effect of assumptions changes or inputs	(2,144)
Benefit payments	(1,841)
Balance as of June 30, 2024	$ 26,389

Changes in assumptions is the result of the change in the discount rate from 3.65 percent to 3.93 percent.

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percent-higher (4.93 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
City's proportionate share of the net OPEB liability	$ 27,814	$ 26,389	$ 24,997

Healthcare Cost Trend:

	1% Decrease (5.90% decreasing to 2.75%)	Current Healthcare Trend Rate (6.90% decreasing to 3.75%)	1% Increase (7.90% decreasing to 4.75%)
City's proportionate share of the net OPEB liability	$ 23,757	$ 26,389	$ 29,415

PERS Retirement Health Insurance Account

Plan Description

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

NOTE 4 – OTHER INFORMATION (Cont'd)

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of $60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently 0.05 percent of annual covered payroll OPERS payroll and 0.00 percent for OPSRP payroll under a contractual requirement in effect until June 30, 2025. Consistent with GASB Statement 75, the Oregon PERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The City's contributions to RHIA for the year ended June 30, 2025 are included in the PERS annual pension amount.

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City's total OPEB asset of $17,399 was measured as of June 30, 2024 and was determined by an actuarial valuation as of December 31, 2022, rolled forward to June 30, 2024. The City's portion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2024, the City's proportionate share was 0.00430774 percent.

For the year ended June 30, 2025, the City recognized OPEB expense of $335. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual results	$ -	$ (340)
Changes of assumptions	-	(220)
Net difference between projected and actual earnings on Plan investments	491	-
Changes in proportionate share and differences between City contributions and proportionate share of contributions	3,338	-
Contributions subsequent to the measurement date	-	-
	$ 3,829	$ (560)

NOTE 4 – OTHER INFORMATION (Cont'd)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,		
2026	$	2,056
2027		890
2028		266
2029		57
2030		-
Thereafter		-
	$	3,269

Actuarial Methods and Assumptions Used in Developing Total OPEB Liability/Asset

All actuarial methods and assumptions are consistent with those disclosed for the OPERS Pension Plan, see note for additional information on Actuarial Assumptions and Methods, Healthcare cost trend rate, the Long-Term Expected Rate of Return, and the Discount Rate.

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current discount rate.

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net OPEB asset	$ 16,106	$ 17,399	$ 18,512

OPEB Plan Fiduciary Net Position

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

C. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, agencies cannot be determined at this time although management expects such amounts, if any, to be immaterial.

Management believes that there are no liabilities that could result from pending suits, judgments or claims where the amount in excess of insurance coverage would be material to the financial statements.

D. 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 participates in the City/County Insurance Services (CCIS) formed in 1981 by the League of Oregon Cities and the Association of Oregon Cities. CCIS is a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 Cities in the state of Oregon. CCIS is self-sustaining through member contributions and reinsures through commercial companies for excess of certain claims amounts. The City has a claim upon cash balances held on its behalf by CCIS but the amount cannot be determined. Claims liabilities of the City within CCIS also cannot be determined. The City has not significantly reduced insurance coverage or had any losses in excess of coverage in the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - 010
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Budgeted
	Original	Final	Budgetary Basis	Amounts
REVENUES				
Property taxes	$ 289,100	$ 289,100	$ 297,231	$ 8,131
Franchise fees	96,400	96,400	77,217	(19,183)
Licenses and fees	136,700	136,700	86,707	(49,993)
Intergovernmental	78,800	78,800	54,958	(23,842)
Charges for services	256,000	256,000	232,654	(23,346)
Lease revenue	36,700	36,700	36,443	(257)
Investment income	15,000	15,000	16,593	1,593
Miscellaneous revenue	27,000	27,000	9,912	(17,088)
Total revenues	935,700	935,700	811,715	(123,985)
EXPENDITURES				
Administration:				
Personal services	185,100	185,100	181,947	3,153
Materials and services	365,100	365,100	293,872	71,228
Municipal Court:				
Personal services	46,100	46,100	34,541	11,559
Materials and services	44,300	44,300	15,448	28,852
Parks:				
Personal services	76,800	76,800	71,636	5,164
Materials and services	24,500	24,500	15,866	8,634
Public Safety:				
Personal services	83,900	83,900	39,111	44,789
Materials and services	154,000	154,000	123,769	30,231
Debt service	29,500	29,500	29,406	94
Non-departmental:				
Materials and services	20,000	20,000	9,994	10,006
Contingency	100,000	100,000	-	100,000
Total expenditures	1,129,300	1,129,300	815,590	313,710
Excess of revenues over (under) expenditures	(193,600)	(193,600)	(3,875)	189,725
OTHER FINANCING SOURCES				
Transfers out	(286,400)	(286,400)	(286,400)	-
Net change in fund balances	(480,000)	(480,000)	(290,275)	189,725
Fund balance - beginning	580,000	580,000	646,241	66,241
Fund balance - ending	$ 100,000	$ 100,000	$ 355,966	$ 255,966

See Independent Auditor's Report

CITY OF IRRIGON, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GOVERNMENTAL RESERVE FUND - 011
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Budgeted
	Original	Final	Budgetary Basis	Amounts
REVENUES				
Licenses and fees	$ 18,000	$ 18,000	$ 6,500	$ (11,500)
Investment income	43,000	43,000	59,814	16,814
Total revenues	61,000	61,000	66,314	5,314
EXPENDITURES				
Personal services	125,000	125,000	16,317	108,683
Materials & services	78,000	78,000	13,307	64,693
Capital outlay	1,314,500	1,314,500	144,220	1,170,280
Total expenditures	1,517,500	1,517,500	173,844	1,343,656
Excess of revenues over (under) expenditures	(1,456,500)	(1,456,500)	(107,530)	1,348,970
OTHER FINANCING SOURCES				
Transfers	307,100	307,100	307,100	-
Net change in fund balances	(1,149,400)	(1,149,400)	199,570	1,348,970
Fund balance - beginning	1,149,400	1,149,400	1,148,304	(1,096)
Fund balance - ending	$ -	$ -	$ 1,347,874	$ 1,347,874

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CITY OF IRRIGON, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
IRRIGON IMPROVEMENTS FUND - 012
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Budgeted
	Original	Final	Budgetary Basis	Amounts
REVENUES				
Intergovernmental	$ 4,255,000	$ 4,255,000	$ 2,693,807	$ (1,561,193)
Licenses and fees	1,620,400	1,620,400	700	(1,619,700)
Investment income	100,000	100,000	145,622	45,622
Loan proceeds	2,400	2,400	390,000	387,600
Total revenues	5,977,800	5,977,800	3,230,129	(2,747,671)
EXPENDITURES				
Materials and services	1,063,000	1,063,000	490,315	572,685
Capital outlay	9,056,200	9,056,200	3,434,742	5,621,458
Total expenditures	10,119,200	10,119,200	3,925,057	6,194,143
Net change in fund balances	(4,141,400)	(4,141,400)	(694,928)	3,446,472
Fund balance - beginning	4,141,400	4,141,400	2,763,226	(1,378,174)
Fund balance - ending	$ -	$ -	$ 2,068,298	$ 2,068,298

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CITY OF IRRIGON, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STATE STREET FUND - 020
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Budgeted
	Original	Final	Budgetary Basis	Amounts
REVENUES				
Intergovernmental	$ 170,000	$ 170,000	$ 201,802	$ 31,802
Licenses and fees	54,500	54,500	52,335	(2,165)
Investment income	9,100	9,100	15,102	6,002
Miscellaneous revenue	3,300	3,300	2,887	(413)
Total revenues	236,900	236,900	272,126	35,226
EXPENDITURES				
Personal services	202,300	202,300	171,400	30,900
Materials and services	131,200	131,200	76,785	54,415
Contingency	121,700	121,700	-	121,700
Total expenditures	455,200	455,200	248,185	207,015
Excess of revenues over (under) expenditures	(218,300)	(218,300)	23,941	242,241
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,700)	(1,700)	(1,700)	-
Net change in fund balances	(220,000)	(220,000)	22,241	242,241
Fund balance - beginning	320,000	320,000	320,476	476
Fund balance - ending	$ 100,000	$ 100,000	$ 342,717	$ 242,717

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CITY OF IRRIGON, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Ten Fiscal Years

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.00463075%	$ 1,029,288	$ 584,460	176%	79.3%
2023	0.00456945%	855,889	612,071	140%	81.7%
2022	0.00531555%	813,917	568,785	143%	84.5%
2021	0.00533710%	638,663	566,440	113%	87.6%
2020	0.00485950%	1,060,509	543,568	195%	75.8%
2019	0.00519560%	898,715	494,933	182%	80.2%
2018	0.00484757%	734,343	467,911	157%	82.1%
2017	0.00502766%	677,730	462,165	147%	83.1%
2016	0.00540893%	812,006	437,860	185%	80.5%
2015	0.00538263%	309,042	416,470	74%	91.9%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

CITY OF IRRIGON, OREGON
SCHEDULE OF CONTRIBUTIONS
For the Last Ten Fiscal Years

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	$ 142,780	$ 142,780	$ -	$ 615,306	23%
2024	123,015	123,015	-	584,460	21%
2023	114,132	114,132	-	612,071	20%
2022	115,032	115,032	-	568,785	20%
2021	115,076	115,076	-	566,440	20%
2020	110,434	110,434	-	543,568	16%
2019	80,503	80,503	-	494,933	15%
2018	72,307	72,307	-	467,911	12%
2017	55,761	55,761	-	462,165	12%
2016	52,072	52,072	-	437,860	10%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

CITY OF IRRIGON, OREGON

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

For the Last Eight Fiscal Years*

SCHEDULE OF CHANGES IN THE TOTAL OPEB - RHIA LIABILITY

Year Ended June 30,	Service Cost	Difference Between Expected and Actual Experience	Change in Assumptions	Difference Between Projected and Actual Investment Earnings	Employer Actual Contributions	Changes in Employer Proportion	Employer Total (Income) Expense
2025	$ -	$ (340)	$ (220)	$ 491	$ -	$ 3,338	$ (2,565)
2024	-	(556)	(239)	63	5	1,034	(2,565)
2023	-	(607)	(572)	(1,708)	124	(625)	(3,354)
2022	-	(714)	123	(6,096)	139	(4,789)	(6,702)
2021	-	(566)	(294)	615	200	2,124	191
2020	-	(1,245)	(10)	(583)	194	(172)	(1,312)
2019	-	(289)	(16)	(1,100)	2,421	(2)	(479)
2018	-	-	-	(887)	2,285	(8)	10

SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability (Asset) Beginning	Net Change in Total OPEB Liability (Asset)	Total OPEB Liability (Asset) Ending	Covered Payroll	Total OPEB Liability (Asset) as a % of Covered Payroll	Discount Rate
2025	(22,159)	4,760	(17,399)	584,460	-3.0%	6.90%
2024	(22,402)	243	(22,159)	612,071	-3.6%	6.90%
2023	(25,652)	3,250	(22,402)	568,785	-3.9%	6.90%
2022	(5,533)	(20,119)	(25,652)	566,440	-4.5%	7.20%
2021	(9,439)	3,906	(5,533)	543,568	-1.0%	7.20%
2020	(5,102)	(4,337)	(9,439)	494,933	-1.9%	7.20%
2019	(1,915)	(3,187)	(5,102)	467,911	-1.1%	7.20%
2018	1,258	(3,173)	(1,915)	462,165	-0.4%	7.50%

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

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CITY OF IRRIGON, OREGON

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

RETIREE HEALTH INSURANCE PLAN

For the Last Eight Fiscal Years*

	2025	2024	2023	2022	2021
Total OPEB Liability - Beginning of the year	$ 34,120	$ 29,768	$ 37,257	$ 33,985	$ 43,829
Changes for the year:					
Service cost	4,032	3,931	3,273	3,179	2,571
Interest on total OPEB liability	1,359	1,183	846	812	1,591
Change of benefit terms	-	-	-	-	-
Effect of economic/demographic gains or losses	(9,137)	-	(5,761)	-	(4,397)
Effect of assumptions changes or inputs	(2,144)	(211)	(3,139)	90	(7,687)
Benefit payments	(1,841)	(551)	(2,708)	(809)	(1,922)
Net Changes for the Year	(7,731)	4,352	(7,489)	3,272	(9,844)
Total OPEB Liability - End of the year	$ 26,389	$ 34,120	$ 29,768	$ 37,257	$ 33,985
Covered Payroll	$ 615,306	$ 584,460	$ 612,071	$ 568,785	$ 566,440
Total OPEB Plan as a Percentage of Covered Payrol	4.3%	5.8%	4.9%	6.6%	6.0%

	2020	2019	2018
Total OPEB Liability - Beginning of the year	$ 39,492	$ 48,433	$ 46,448
Changes for the year:			
Service cost	2,293	2,903	3,102
Interest on total OPEB liability	1,607	1,817	1,407
Change of benefit terms	-	-	-
Effect of economic/demographic gains or losses	-	(2,024)	-
Effect of assumptions changes or inputs	951	(10,441)	(2,193)
Benefit payments	(514)	(1,196)	(331)
Net Changes for the Year	4,337	(8,941)	1,985
Total OPEB Liability - End of the year	$ 43,829	$ 39,492	$ 48,433
Covered Payroll	$ 543,568	$ 494,933	$ 467,911
Total OPEB Plan as a Percentage of Covered Payrol	8.1%	8.0%	10.4%

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

See Independent Auditor's Report

OTHER SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	Debt Service Funds		
	Water GO Debt Service Fund	***Sewer GO Debt Service Fund***	***Totals***
ASSETS			
Cash and cash equivalents	$ 41,142	$ 84,491	$ 125,633
Property taxes receivable	2,762	3,226	5,988
Total Assets	$ 43,904	$ 87,717	131,621
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Deferred inflows of resources:			
Unavailable revenue	2,544	2,989	5,533
Fund balances:			
Restricted for debt service	41,360	84,728	126,088
Total fund balances	41,360	84,728	126,088
Total liabilities, deferred inflows of resources, and fund balances	$ 43,904	$ 87,717	$ 131,621

CITY OF IRRIGON, OREGON

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

	Debt Service Funds		
	Water GO Debt Service Fund	Sewer GO Debt Service Fund	Totals
REVENUES			
Property taxes	$ 104,051	$ 94,683	$ 198,734
Investment income	1,764	4,838	6,602
Total revenues	105,815	99,521	205,336
EXPENDITURES			
Debt service:			
Principal	50,990	84,011	135,001
Interest	38,952	64,176	103,128
Total expenditures	89,942	148,187	238,129
Excess (deficiency) of revenues over (under) expenditures	15,873	(48,666)	(32,793)
OTHER FINANCING SOURCES (USES)			
Transfers in	4,788	15,224	20,012
Net change in fund balances	20,661	(33,442)	(12,781)
Fund balance - beginning	20,699	118,170	138,869
Fund balance - ending	$ 41,360	$ 84,728	$ 126,088

CITY OF IRRIGON, OREGON

SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

WATER DEBT SERVICE FOR GENERAL OBLIGATION BONDS FUND - 069

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Property taxes	$ 103,200	$ 103,200	$ 104,051	$ 851
Investment income	1,500	1,500	1,764	264
Total revenues	104,700	104,700	105,815	1,115
EXPENSES				
Debt service	91,400	91,400	89,942	1,458
Excess of revenues over (under) expenditures	13,300	13,300	15,873	2,573
OTHER FINANCING SOURCES (USES)				
Transfers in	4,800	4,800	4,788	(12)
Net change in fund balance	18,100	18,100	20,661	2,561
Total fund balance - beginning	32,800	32,800	20,699	(12,101)
Total fund balance - ending	$ 50,900	$ 50,900	$ 41,360	$ (9,540)

CITY OF IRRIGON, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SEWER DEBT SERVICE FOR GENERAL OBLIGATION BONDS FUND - 079
For the Year Ended June 30, 2025

	Budgeted Amounts		*Actual Amounts*	*Variance with*
	Original	*Final*	*Budgetary Basis*	*Final Budget*
REVENUES				
Property taxes	$ 93,600	$ 93,600	$ 94,683	$ 1,083
Investment income	5,600	5,600	4,838	(762)
Total revenues	99,200	99,200	99,521	321
EXPENDITURES				
Debt service	150,600	150,600	148,187	2,413
Excess of revenues over (under) expe	(51,400)	(51,400)	(48,666)	2,734
OTHER FINANCING SOURCES (USES)				
Transfers in	15,500	15,500	15,224	(276)
Net change in fund balance	(35,900)	(35,900)	(33,442)	2,458
Total fund balance - beginning	120,000	120,000	118,170	(1,830)
Total fund balance - ending	$ 84,100	$ 84,100	$ 84,728	$ 628

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF NET POSITION
WATER FUNDS
June 30, 2025

	60	62	68	
	Water Operation & Development Fund	***Water Reserve Fund***	***Water Debt Service Fund***	***Totals***
ASSETS				
Current assets:				
Cash and investments	$ 305,627	$ 774,677	$ 120,217	$ 1,200,521
Accounts receivable	59,001	-	6,952	65,953
Total current assets	364,628	774,677	127,169	1,266,474
Noncurrent assets:				
Capital assets, net of accumulated depreciation	4,393,455	-	-	4,393,455
Total noncurrent assets	4,393,455	-	-	4,393,455
Total assets	4,758,083	774,677	127,169	5,659,929
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows of resources	119,911	-	-	119,911
OPEB deferred outflows of resources	1,423	-	-	1,423
Total deferred outflows of resources	121,334	-	-	121,334
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	19,201	37,295	-	56,496
Accrued payroll	14,400	-	-	14,400
Unavailable revenue	7,177	-	-	7,177
Deposits payable	80,700	-	-	80,700
Accrued interest payable	-	-	375	375
Bond premium, net	-	-	4,150	4,150
Bonds, notes and leases payable	-	-	55,650	55,650
Total current liabilities	121,478	37,295	60,175	218,948
Noncurrent liabilities:				
Bond premium, net	-	-	7,950	7,950
Bonds, notes and leases payable	-	-	284,928	284,928
Pension liability	301,993	-	-	301,993
OPEB liability	2,638	-	-	2,638
Total noncurrent liabilities	304,631	-	292,878	597,509
Total liabilities	426,109	37,295	353,053	816,457
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows of resources	36,388	-	-	36,388
OPEB deferred inflows of resources	6,524	-	-	6,524
Total deferred inflows of resources	42,912	-	-	42,912
NET POSITION				
Invested in capital assets, net of related debt	4,393,455	-	(352,678)	4,040,777
Unrestricted	16,941	737,382	126,794	881,117
Total net position	$ 4,410,396	$ 737,382	$ (225,884)	$ 4,921,894

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER FUNDS
For the Year Ended June 30, 2025

	60	62	68	
	Water Operation & Development Fund	***Water Reserve Fund***	***Water Debt Service Fund***	***Totals***
Operating revenues:				
Charges for services	$ 590,965	$ 15,568	$ 73,711	$ 680,244
Other operating income	2,697	-	-	2,697
Total operating revenues	593,662	15,568	73,711	682,941
Operating expenses:				
Personal services	326,926	-	-	326,926
Utilities	20,019	36,532	-	56,551
Engineering & Testing	12,041	-	-	12,041
Supplies & Repairs	49,788	-	-	49,788
Administrative	36,153	-	-	36,153
Depreciation	131,514	-	-	131,514
Total operating expenses	576,441	36,532	-	612,973
Operating income (loss)	17,221	(20,964)	73,711	69,968
Nonoperating revenues (expenses):				
Investment income	11,959	37,134	5,065	54,158
Interest expense	-	-	(9,493)	(9,493)
Total nonoperating revenues (expenses)	11,959	37,134	(4,428)	44,665
Income (loss) before transfers	29,180	16,170	69,283	114,633
Transfers in	-	65,000	-	65,000
Transfers out	(74,000)	-	(4,789)	(78,789)
Equity transfers in (out)	160,359	(160,359)	-	-
Change in net position	115,539	(79,189)	64,494	100,844
Total net position - beginning	4,294,857	816,571	(290,378)	4,821,050
Total net position - ending	$ 4,410,396	$ 737,382	$ (225,884)	$ 4,921,894

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF CASH FLOWS

WATER FUNDS

For the Year Ended June 30, 2025

	60	62	68	
	Water Operation & Development Fund	***Water Reserve Fund***	***Water Debt Service Fund***	***Totals***
Cash Flows from Operating Activities:				
Receipts from customers	$ 592,793	$ 15,568	$ 73,301	$ 681,662
Other miscellaneous receipts	2,697	-	-	2,697
Payments to suppliers	(106,948)	763	-	(106,185)
Payments to employees	(347,185)	-	-	(347,185)
Net cash provided (used) by operating activities	141,357	16,331	73,301	230,989
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	(74,000)	65,000	(4,789)	(13,789)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	-	(160,359)	-	(160,359)
Payments on capital debt	-	-	(68,115)	(68,115)
Net cash provided (used) by capital and related financing activities	-	(160,359)	(68,115)	(228,474)
Cash Flows from Investing Activities:				
Interest and dividends	11,959	37,134	5,065	54,158
Net increase (decrease) in cash and investments	79,316	(41,894)	5,462	42,884
Beginning cash and investments	226,311	816,571	114,755	1,157,637
Ending cash and investments	$ 305,627	$ 774,677	$ 120,217	$ 1,200,521
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ 17,221	$ (20,964)	$ 73,711	$ 69,968
Adjustments to reconcile operating income to net cash provided (used by operating activities:				
Depreciation	131,514	-	-	131,514
(Increase) decrease in accounts receivable	829	-	(410)	419
Increase (decrease) in accounts payable	11,053	37,295	-	48,348
Increase (decrease) in accrued payroll	(11,195)	-	-	(11,195)
Increase (decrease) in unearned revenue	(3,529)	-	-	(3,529)
Increase (decrease) in customer deposits	4,528	-	-	4,528
Increase (decrease) in pension liability	36,592	-	-	36,592
Increase (decrease) in OPEB liability	(1,071)	-	-	(1,071)
(Increase) decrease in deferred outflows	(27,520)	-	-	(27,520)
Increase (decrease) in deferred inflows	(17,065)	-	-	(17,065)
Net cash provided (used) by operating activities	$ 141,357	$ 16,331	$ 73,301	$ 230,989

Noncash capital activities:

The Water Reserve Fund transferred capital assets with a net book value of $160,359 to the Water Operation & Development Fund.

CITY OF IRRIGON, OREGON

SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
WATER OPERATIONS AND DEVELOPMENT FUND - 060
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Charges for services	$ 568,300	$ 568,300	$ 590,965	$ 22,665
Investment income	5,000	5,000	11,959	6,959
Miscellaneous revenue	3,400	3,400	2,697	(703)
Total revenues	576,700	576,700	605,621	28,921
EXPENDITURES				
Personal services	336,700	336,700	335,990	710
Materials and services	188,000	188,000	118,002	69,998
Contingency	38,000	38,000	-	38,000
Total expenditures	562,700	562,700	453,992	108,708
Excess of revenues over (under) expenditures	14,000	14,000	151,629	137,629
OTHER FINANCING SOURCES (USES)				
Transfers out	(74,000)	(74,000)	(74,000)	-
Change in fund balance	(60,000)	(60,000)	77,629	137,629
Total fund balance - beginning	160,000	160,000	165,520	5,520
Total fund balance - ending	$ 100,000	$ 100,000	$ 243,149	$ 143,149

Reconciliation to GAAP:

Capital assets, net	4,393,456
Pension deferred outflow	119,911
Pension liability	(301,993)
Pension deferred inflow	(36,388)
OPEB deferred outflow	1,423
OPEB liability	(2,638)
OPEB deferred inflow	(6,524)
	$ 4,410,396

Detail of Fund Balance:

Cash and investments	$ 224,927
Restricted cash	80,700
Accounts receivable	59,001
Customer deposits	(80,700)
Unearned revenue	(7,177)
Accounts payable	(19,201)
Accrued payroll	(14,400)
	$ 243,150

CITY OF IRRIGON, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
WATER RESERVE FUND - 062
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Charges for services	$ 700,100	$ 700,100	$ 15,568	$ (684,532)
Investment income	28,000	28,000	37,134	9,134
Proceeds from sale of assets	-	-	-	-
Total revenues	728,100	728,100	52,702	(675,398)
EXPENSES				
Materials and services	171,000	171,000	53,592	117,408
Capital Outlay	1,398,500	1,398,500	143,299	1,255,201
Total expenses	1,569,500	1,569,500	196,891	1,372,609
Excess of revenues over (under) expenditures	(841,400)	(841,400)	(144,189)	697,211
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	65,000	65,000	-
Total other financing sources (uses)	65,000	65,000	65,000	-
Change in fund balance	(776,400)	(776,400)	(79,189)	697,211
Total fund balance - beginning	776,400	776,400	816,571	40,171
Total fund balance - ending	$ -	$ -	$ 737,382	$ 737,382

CITY OF IRRIGON, OREGON

SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

WATER DEBT SERVICE FUND - 068

For the Year Ended June 30, 2025

	Budgeted Amounts		*Actual Amounts*	*Variance with*
	Original	*Final*	*Budgetary Basis*	*Final Budget*
REVENUES				
Charges for services	$ 74,500	$ 74,500	$ 73,711	$ (789)
Investment income	2,200	2,200	5,065	2,865
Total revenues	76,700	76,700	78,776	2,076
EXPENSES				
Debt service	68,200	68,200	68,071	129
Excess of revenues over (under) expenditures	8,500	8,500	10,705	2,205
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,800)	(4,800)	(4,788)	12
Net change in fund balance	3,700	3,700	5,917	2,217
Total fund balance - beginning	127,600	127,600	120,878	(6,722)
Total fund balance - ending	$ 131,300	$ 131,300	$ 126,795	$ (4,505)

Adjustments to GAAP:	
Bonds payable	(340,578)
Bond premium, net	(12,101)
	$ (225,884)

Detail of Fund Balance:	
Cash and investments	$ 120,217
Accounts receivable	6,952
Accrued interest payable	(375)
	$ 126,794

CITY OF IRRIGON, OREGON
COMBINING STATEMENT OF NET POSITION
SEWER FUNDS
June 30, 2025

	70 Sewer Operation & Development Fund	72 Sewer Reserve Fund	78 Sewer Debt Service Fund	Totals
ASSETS				
Current assets:				
Cash and investments	$ 328,162	$ 907,596	$ 389,758	$ 1,625,516
Accounts receivable	60,164	-	32,927	93,091
Total current assets	388,326	907,596	422,685	1,718,607
Noncurrent assets:				
Capital assets, net of accumulated depreciation	13,636,795	-	-	13,636,795
Restricted cash	-	-	84,038	84,038
Total noncurrent assets	13,636,795	-	84,038	13,720,833
Total assets	14,025,121	907,596	506,723	15,439,440
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows of resources	127,799	-	-	127,799
OPEB deferred outflows of resources	1,516	-	-	1,516
Total deferred outflows of resources	129,315	-	-	129,315
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	40,351	-	-	40,351
Accrued payroll	16,072	-	-	16,072
Accrued interest payable	-	-	24,031	24,031
Bond premium, net	-	-	5,172	5,172
Bonds, notes and leases payable	-	-	216,258	216,258
Total current liabilities	56,423	-	245,461	301,884
Noncurrent liabilities:				
Bond premium, net	-	-	9,908	9,908
Bonds, notes and leases payable	-	-	4,050,626	4,050,626
Pension liability	321,858	-	-	321,858
OPEB liability	2,811	-	-	2,811
Total noncurrent liabilities	324,669	-	4,060,534	4,385,203
Total liabilities	381,092	-	4,305,995	4,687,087
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows of resources	38,782	-	-	38,782
OPEB deferred inflows of resources	6,954	-	-	6,954
Total deferred inflows of resources	45,736	-	-	45,736
NET POSITION				
Invested in capital assets, net of related debt	13,636,795	-	(4,281,964)	9,354,831
Restricted for debt service	-	-	84,038	84,038
Unrestricted	90,813	907,596	398,654	1,397,063
Total net position	$ 13,727,608	$ 907,596	$ (3,799,272)	$ 10,835,932

CITY OF IRRIGON, OREGON

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

SEWER FUNDS

For the Year Ended June 30, 2025

	70 Sewer Operation & Development Fund	72 Sewer Reserve Fund	78 Sewer Debt Service Fund	Totals
Operating revenues:				
Charges for services	$ 611,798	$ 21,008	$ 338,529	$ 971,335
Other operating income	5,492	-	-	5,492
Total operating revenues	617,290	21,008	338,529	976,827
Operating expenses:				
Personal services	351,471	-	-	351,471
Utilities	21,717	-	-	21,717
Engineering & Testing	29,284	-	-	29,284
Supplies & Repairs	86,244	-	-	86,244
Administrative	46,592	-	-	46,592
Depreciation	374,429	-	-	374,429
Total operating expenses	909,737	-	-	909,737
Operating income (loss)	(292,447)	21,008	338,529	67,090
Nonoperating revenues (expenses):				
Investment income	13,460	38,748	19,700	71,908
Interest expense	-	-	(93,562)	(93,562)
Total nonoperating revenues (expenses)	13,460	38,748	(73,862)	(21,654)
Income (loss) before transfers	(278,987)	59,756	264,667	45,436
Capital contributions	196,704	-	-	196,704
Transfers in	-	94,400	-	94,400
Transfers out	(104,400)	-	(15,224)	(119,624)
Change in net position	(186,683)	154,156	249,443	216,916
Total net position - beginning	13,914,291	753,440	(4,048,715)	10,619,016
Total net position - ending	$ 13,727,608	$ 907,596	$ (3,799,272)	$ 10,835,932

CITY OF IRRIGON, OREGON

COMBINING STATEMENT OF CASH FLOWS
SEWER FUNDS
For the Year Ended June 30, 2025

	70 Sewer Operation & Development Fund	72 Sewer Reserve Fund	78 Sewer Debt Service Fund	Totals
Cash Flows from Operating Activities:				
Receipts from customers	$ 609,881	$ 21,008	$ 337,277	$ 968,166
Other miscellaneous receipts	5,492	-	-	5,492
Payments to suppliers	(153,478)	-	-	(153,478)
Payments to employees	(365,776)	-	-	(365,776)
Net cash provided (used) by operating activities	96,119	21,008	337,277	454,404
Cash Flows from Noncapital Financing Activities:				
Transfers in (out)	(104,400)	94,400	(15,224)	(25,224)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(23,746)	-	-	(23,746)
Proceeds from capital debt	-	-	-	-
Payments on capital debt	-	-	(356,155)	(356,155)
Net cash provided (used) by capital and related financing activities	(23,746)	-	(356,155)	(379,901)
Cash Flows from Investing Activities:				
Interest and dividends	13,460	38,748	19,700	71,908
Net increase (decrease) in cash and investments	(18,567)	154,156	(14,402)	121,187
Beginning cash and investments	346,729	753,440	488,198	1,588,367
Ending cash and investments	$ 328,162	$ 907,596	$ 473,796	$ 1,709,554
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ (292,447)	$ 21,008	$ 338,529	$ 67,090
Adjustments to reconcile operating income to net cash provided (used by operating activities:				
Depreciation	374,429	-	-	374,429
(Increase) decrease in accounts receivable	(1,917)	-	(1,252)	(3,169)
Increase (decrease) in accounts payable	30,359	-	-	30,359
Increase (decrease) in accrued payroll	(10,315)	-	-	(10,315)
Increase (decrease) in pension liability	45,394	-	-	45,394
Increase (decrease) in OPEB liability	(1,053)	-	-	(1,053)
(Increase) decrease in deferred outflows	(31,590)	-	-	(31,590)
Increase (decrease) in deferred inflows	(16,741)	-	-	(16,741)
Net cash provided (used) by operating activities	$ 96,119	$ 21,008	$ 337,277	$ 454,404

Noncash capital and financing activities:
The Sewer Operation & Development Fund received capital assets from the Governmental Activities. The net book value at the time of transfer was $196,704.

CITY OF IRRIGON, OREGON

SCHEDULE OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SEWER OPERATIONS AND DEVELOPMENT FUND - 070
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Charges for services	$ 681,400	$ 681,400	$ 611,798	$ (69,602)
Investment income	10,600	10,600	13,461	2,861
Miscellaneous revenue	3,000	3,000	5,492	2,492
Total revenues	695,000	695,000	630,751	(64,249)
EXPENDITURES				
Personal services	377,000	377,000	355,462	21,538
Materials and services	227,000	227,000	183,838	43,162
Capital Outlay	75,000	75,000	23,746	51,254
Contingency	121,600	121,600	-	121,600
Total expenditures	800,600	800,600	563,046	237,554
Income (loss) before transfers	(105,600)	(105,600)	67,705	173,305
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	-	-
Transfers out	(104,400)	(104,400)	(104,400)	-
Total other financing sources (uses)	(104,400)	(104,400)	(104,400)	-
Change in fund balance	(210,000)	(210,000)	(36,695)	173,305
Total fund balance - beginning	310,000	310,000	368,598	58,598
Total fund balance - ending	$ 100,000	$ 100,000	$ 331,903	$ 231,903

Reconciliation to GAAP:

Capital assets, net	13,636,795
Pension liability	(321,858)
Pension deferred outflow	127,799
Pension deferred inflow	(38,782)
OPEB liability	(2,811)
OPEB deferred outflow	1,516
OPEB deferred inflow	(6,954)
	$ 13,727,608

Detail of Fund Balance:

Cash and investments	$ 328,162
Accounts receivable	60,164
Grants receivable	-
Prepaid expenses	-
Accounts payable	(40,351)
Accrued payroll	(16,072)
	$ 331,903

CITY OF IRRIGON, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SEWER RESERVE FUND - 072
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Charges for services	$ 94,500	$ 94,500	$ 21,008	$ (73,492)
Investment income	22,000	22,000	38,748	16,748
Total revenues	116,500	116,500	59,756	(56,744)
EXPENDITURES				
Materials and services	190,000	190,000	-	190,000
Capital Outlay	720,400	720,400	-	720,400
Total expenditures	910,400	910,400	-	910,400
Excess of revenues over (under) expenditures	(793,900)	(793,900)	59,756	853,656
OTHER FINANCING SOURCES (USES)				
Transfers in	94,400	94,400	94,400	-
Change in fund balance	(699,500)	(699,500)	154,156	853,656
Total fund balance - beginning	699,500	699,500	753,440	53,940
Total fund balance - ending	$ -	$ -	$ 907,596	$ 907,596

CITY OF IRRIGON, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SEWER DEBT SERVICE FUND - 078
For the Year Ended June 30, 2025

	Budgeted Amounts		*Actual Amounts*	*Variance with*
	Original	*Final*	*Budgetary Basis*	*Final Budget*
REVENUES				
Charges for services	$ 340,000	$ 340,000	$ 338,529	$ (1,471)
Investment income	12,000	12,000	19,700	7,700
Total revenues	352,000	352,000	358,229	6,229
EXPENSES				
Debt service	279,500	279,500	276,394	3,106
Excess of revenues over (under) expe	72,500	72,500	81,835	9,335
OTHER FINANCING SOURCES (USES)				
Transfers out	(15,500)	(15,500)	(15,224)	276
Net change in fund balance	57,000	57,000	66,611	9,611
Total fund balance - beginning	325,800	325,800	416,080	90,280
Total fund balance - ending	$ 382,800	$ 382,800	$ 482,691	$ 99,891

Reconciliation to GAAP:	
Bonds and notes payable	(4,266,883)
Bond premium, net	(15,080)
	$ (3,799,272)

Detail of Fund Balance:	
Cash and investments	$ 389,758
Restricted cash	84,038
Accounts receivable	32,927
Accrued interest payable	(24,032)
	$ 482,691

CITY OF IRRIGON, OREGON

COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Water System		Sewer System	
	2025	**2024**	**2025**	**2024**
ASSETS				
Current assets:				
Cash and investments	$ 1,200,521	$ 1,157,635	$ 1,625,516	$ 1,504,916
Accounts receivable	65,953	66,374	93,091	89,924
Total current assets	1,266,474	1,224,009	1,718,607	1,594,840
Noncurrent assets:				
Capital assets, net of accumulated depreciation	4,393,455	4,364,610	13,636,795	13,790,774
Restricted cash	-	-	84,038	83,449
Total noncurrent assets	4,393,455	4,364,610	13,720,833	13,874,223
Total assets	5,659,929	5,588,619	15,439,440	15,469,063
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows of resources	119,911	92,756	127,799	96,623
OPEB deferred outflows of resources	1,423	1,058	1,516	1,102
Total deferred outflows of resources	121,334	93,814	129,315	97,725
LIABILITIES				
Current liabilities:				
Accounts payable	56,496	8,148	40,351	9,992
Accrued payroll	14,400	25,595	16,072	26,387
Customer deposits	80,700	76,172	-	-
Unavailable revenue	7,177	10,706	-	-
Accrued interest payable	375	420	24,031	103,793
Bond premium, net	4,150	5,152	5,172	6,421
Bonds, notes and leases payable	55,650	53,424	216,258	176,411
Total current liabilities	218,948	179,617	301,884	323,004
Noncurrent liabilities:				
Bond premium, net	7,950	12,101	9,908	15,080
Bonds, notes and leases payable	284,928	340,578	4,050,626	4,266,883
Net pension liability	301,993	265,401	321,858	276,464
Net OPEB liability	2,638	3,709	2,811	3,864
Total noncurrent liabilities	597,509	621,789	4,385,203	4,562,291
Total liabilities	816,457	801,406	4,687,087	4,885,295
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows of resources	36,388	54,552	38,782	56,826
OPEB deferred inflows of resources	6,524	5,425	6,954	5,651
Total deferred inflows of resources	42,912	59,977	45,736	62,477
NET POSITION				
Net investment in capital assets	4,040,777	3,953,355	9,354,831	9,325,979
Restricted for debt service	-	-	84,038	83,449
Unrestricted	881,117	867,695	1,397,063	1,209,588
Total net position	$ 4,921,894	$ 4,821,050	$ 10,835,932	$ 10,619,016

CITY OF IRRIGON, OREGON

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Water System		Sewer System	
	2025	2024	2025	2024
Operating revenues:				
Charges for services	$ 680,244	$ 655,567	$ 971,335	$ 985,650
Other operating income	2,697	4,294	5,492	5,817
Total operating revenues	682,941	659,861	976,827	991,467
Operating expenses:				
Personal services	326,926	297,888	351,471	294,949
Utilities	56,551	29,618	21,717	21,252
Engineering & testing	12,041	9,136	29,284	27,043
Supplies & repairs	49,788	93,551	86,244	70,056
Administrative	36,153	36,336	46,592	43,553
Depreciation	131,514	129,584	374,429	361,693
Total operating expenses	612,973	596,113	909,737	818,546
Operating income (loss)	69,968	63,748	67,090	172,921
Nonoperating revenues (expenses):				
Investment income	54,158	39,807	71,908	47,243
Interest expense	(9,493)	(10,532)	(93,562)	(59,778)
Total nonoperating revenues (expenses)	44,665	29,275	(21,654)	(12,535)
Income (loss) before transfers	114,633	93,023	45,436	160,386
Capital contributions	-	7,886	196,704	277,215
Extraordinary item - Debt principal forgiveness	-	-	-	500,000
Transfers out	(13,789)	(13,944)	(25,224)	(24,224)
Change in net position	100,844	86,965	216,916	913,377
Total net position - beginning	4,821,050	4,734,085	10,619,016	9,705,639
Total net position - ending	$ 4,921,894	$ 4,821,050	$ 10,835,932	$ 10,619,016

COMPLIANCE SECTION

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REPORT OF INDEPENDENT AUDITOR REQUIRED BY MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS

Mayor and City Council
City of Irrigon
Irrigon, Oregon

I have audited the basic financial statements of City of Irrigon, Oregon, as of and for the year ended June 30, 2025, and have issued my report thereon dated November 19, 2025. I conducted my 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 Irrigon's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I 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).**

Nothing came to my attention that caused me to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

The purpose of this report is solely to describe the scope of my testing of internal control and compliance with certain provisions of laws, regulations, contracts, grants, and the results of that testing based on provision of the Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320, and not to provide an opinion on the effectiveness of the City’s internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

REBECCA PRICE, CPA

Rebecca Price

Gilroy, California
November 19, 2025