

CITY OF STAYTON



Stayton, Oregon

**ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020**

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CITY OF STAYTON
OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2020

MAYOR

Henry Porter

CITY COUNCIL*

Paige Hook

Jordan Ohrt

David Patty

Christopher Molin

Ben McDonald (Term Began December 2, 2019)

Brian Quigley (Term Ended December 2, 2019)

*The Mayor and Councilors receive mail at the City address

CITY MANAGER

Keith Campbell

CITY ADDRESS

362 N. Third Avenue
Stayton, Oregon 97383

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Stayton
Stayton, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Stayton (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our 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, each major fund, and the aggregate remaining fund information of City of Stayton, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General and Street Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - vii and the schedules on pages 58 – 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 18, 2020, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

December 18, 2020

By:



Bradley G. Bingenheimer,
Member

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management’s Discussion and Analysis

The management of the City of Stayton offers readers of the City’s financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020.

Financial Highlights

- The City’s net position increased by \$517,000 (2%) during the current fiscal year.
- The impact of COVID-19 has been substantial. The City has experienced a drastic reduction in revenues and responded by reducing expenses when and where possible by focusing on essential services.

Overview of the Financial Statements

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

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

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

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

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Stayton maintains eight (8) governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Street Funds. Information for the remaining (non-major) funds are combined into a single aggregate presentation. Individual fund information for each of the remaining funds is provided in the form of combining schedules in the supplemental information.

Proprietary Funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Stayton uses six (6) enterprise funds to account for its water, sewer, storm water and related system development charges. The City uses three (3) internal services funds to account for Public Works Administration, Facilities, and Vehicle Replacement fund.

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

Fiduciary funds. Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of results of operations.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Budgetary comparison schedules for major governmental funds are presented immediately following the notes to the basic financial statements.

Other Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

Table 1 - Net Position as of June 30

(amounts in thousands)

	Governmental		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 5,488	\$ 5,360	\$ 7,200	\$ 6,748	\$ 12,688	\$ 12,108
Capital assets	9,612	9,598	21,202	22,115	30,814	31,713
Total assets	15,100	14,958	28,402	28,863	43,502	43,821
Deferred outflows of resources	1,228	1,073	212	441	1,440	1,514
Liabilities						
Long-term liabilities	2,713	2,201	15,199	16,073	17,912	18,274
Other liabilities	175	432	463	464	638	896
Total liabilities	2,888	2,633	15,662	16,537	18,550	19,170
Deferred inflows of resources	302	256	117	107	419	363
Net position:						
Net investment in capital asset	9,612	9,634	6,131	6,244	15,743	15,878
Restricted for:						
Highways and streets	1,324	1,166	-	-	1,324	1,166
Swimming pool	251	213	-	-	251	213
Capital projects	827	769	1,056	1,140	1,883	1,909
Debt service	-	-	945	-	945	-
Other purposes	26	314	-	-	26	314
Unrestricted	1,098	1,046	4,703	5,276	5,801	6,322
Total net position	\$ 13,138	\$ 13,142	\$ 12,835	\$ 12,660	\$ 25,973	\$ 25,802

The net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Stayton, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26.0 million as of June 30, 2020, an increase of \$0.2 million (1.0%) from June 30, 2019.

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The City of Stayton’s net investment in capital assets reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The City of Stayton uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Stayton’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay these debts must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 - Changes in Net Position

(amounts in thousands)

	Governmental		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for Services	\$ 597	\$ 600	\$ 4,981	\$ 5,137	\$ 5,578	\$ 5,737
Grants /Contributions	923	927	66	530	989	1,457
General revenue						
Property taxes	2,479	2,377	-	-	2,479	2,377
Other general revenues	1,604	1,575	136	168	1,740	1,743
Total revenue	<u>5,603</u>	<u>5,479</u>	<u>5,183</u>	<u>5,835</u>	<u>10,786</u>	<u>11,314</u>
Expenses						
Governmental activities						
General government	1,712	1,458	-	-	1,712	1,458
Public safety	2,503	2,216	-	-	2,503	2,216
Highways and streets	646	818	-	-	646	818
Culture and recreation	1,315	1,158	-	-	1,315	1,158
Business-type activities						
Water	-	-	1,355	1,456	1,355	1,456
Wastewater	-	-	2,535	2,557	2,535	2,557
Stormwater	-	-	203	167	203	167
Total expenses	<u>6,176</u>	<u>5,650</u>	<u>4,093</u>	<u>4,180</u>	<u>10,269</u>	<u>9,830</u>
Change in net position before transfers	(573)	(171)	1,090	1,655	517	1,484
Transfers	<u>773</u>	<u>285</u>	<u>(773)</u>	<u>(285)</u>	<u>-</u>	<u>-</u>
Change in net position	200	114	317	1,370	517	1,484
Net position - beginning	13,142	13,003	12,660	11,290	25,802	24,293
Prior period adjustment	<u>(204)</u>	<u>25</u>	<u>(142)</u>	<u>-</u>	<u>(346)</u>	<u>25</u>
Net position - ending	<u>\$ 13,138</u>	<u>\$ 13,142</u>	<u>\$ 12,835</u>	<u>\$ 12,660</u>	<u>\$ 25,973</u>	<u>\$ 25,802</u>

At the end of the current fiscal year, the City of Stayton is able to report positive balances of net position in its governmental and business-type activities as well as the government as a whole.

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The General Fund final amended budget increased a net of \$100,000 due to the following adjustments:

1. Increased beginning fund balance to actual
2. Unanticipated grant received
3. Increased expenses to due to unexpected maintenance costs

Capital Asset and Debt Administration

Capital assets. The investment in capital assets includes land, buildings and improvements, infrastructure, and equipment and vehicles.

The City of Stayton’s investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$30.8 million (net of accumulated depreciation). During fiscal year 2020 the City acquired \$0.4 million of governmental assets while incurring \$0.4 million in depreciation. Acquisitions included a Police patrol vehicle and street paving overlays. The City acquired \$0.05 million of business-type assets, while incurring \$1.0 million in depreciation expense.

The following table summarizes the City of Stayton’s capital assets as of June 30, 2020:

Table 3 Capital Assets as of June 30th
 (net of depreciation, in thousands)

	Governmental		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,759	\$ 1,759	\$ 1,347	\$ 1,347	\$ 3,106	\$ 3,106
Buildings and improvements	2,789	2,907	4,101	4,214	6,890	7,121
Equipment and vehicles	597	642	622	740	1,219	1,382
Infrastructure	4,208	4,291	15,097	15,758	19,305	20,049
Construction in progress	259	-	35	56	294	56
Capital assets, net of depreciation	<u>\$ 9,612</u>	<u>\$ 9,599</u>	<u>\$ 21,202</u>	<u>\$ 22,115</u>	<u>\$ 30,814</u>	<u>\$ 31,714</u>

Additional information on the City of Stayton’s capital assets can be found in note 4.

Long-term debt.

Table 4 - Outstanding Long-term Debt Obligations as of June 30th
 (in thousands)

	Governmental		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Bonds payable	\$ -	\$ -	\$ 14,463	\$ 15,969	\$ 14,463	\$ 15,969
Total long-term debt payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,463</u>	<u>\$ 15,969</u>	<u>\$ 14,463</u>	<u>\$ 15,969</u>

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Current year principal payments were \$738,000 and \$62,000 of premium. Additional information on the City of Stayton’s long-term debt can be found in note 7.

Economic Factors and Next Year’s Budgets and Rates

In preparing the budget for fiscal year 2020-21, the City made 2.5% CPI adjustments as per our fiscal policy. This includes the City’s utility bill which includes wastewater, stormwater and streets. City Council approved an overall increase of 5% to the water portion of the utility bill.

The creation of a budget, even in relatively certain times, is challenging. Doing so, with so much uncertainty of the short- and long-term impacts of COVID-19, is extremely difficult. In the past we could predict with more confidence a realistic framework of the coming budget year.

If the COVID-19 pandemic impacts are short in nature, then we will be in a better position to move forward in the coming years. In the meantime, the City is responding by delaying capital projects, reducing expenses, closely monitoring revenues, and leaving vacant positions unfilled.

The funds facing major concern are the funds supported by the expiring local option levy, which includes the Stayton Family Memorial Pool and Stayton Public Library. The Pool is facing a permanent closure and a reduction in hours at the Library.

City staff and the Governing Body will need to be mindful of the unfolding economic conditions, being flexible and cautious in our approach. Time will provide more clarity, and we will need to be guided by the realities of the data during and after this pandemic.

The City’s budget includes asset planning and management of our infrastructure, materials, and equipment that is required and necessary to the function and services of our community and Council goals.

Requests for information. This financial report is designed to provide a general overview of the City of Stayton’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director and can be reached by email at cityofstayton@ci.stayton.or.us or 362 N. 3rd Avenue, Stayton, 97383.

POLICE
386 N. THIRD AVENUE
STAYTON, OR 97383
(503) 769-3423
FAX (503) 769-7497

PLANNING
362 N. THIRD AVENUE
STAYTON, OR 97383
(503) 769-2998
FAX (503) 767-2134

POOL
400 W. VIRGINIA STREET
STAYTON, OR 97383
(503) 767-7665

PUBLIC WORKS
362 N. THIRD AVENUE
STAYTON, OR 97383
(503) 769-2919
FAX (503) 767-2134

WASTEWATER
950 JETTERS WAY
STAYTON, OR 97383
(503) 769-2810
FAX (503) 769-7413

LIBRARY
515 N. FIRST AVENUE
STAYTON, OR 97383
(503) 769-3313
FAX (503) 769-3218

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BASIC FINANCIAL STATEMENTS

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CITY OF STAYTON

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,767,752	\$ 6,302,097	\$ 11,069,849
Internal balances	109,215	(109,215)	-
Receivables, net	418,282	423,472	841,754
Inventory	25,194	462,386	487,580
Prepaid items	34,602	13,581	48,183
Net pension asset	109,635	98,720	208,355
Net other postemployment benefit asset	23,903	9,111	33,014
Capital assets:			
Land and construction in progress	2,017,751	1,382,186	3,399,937
Other capital assets, net	<u>7,593,775</u>	<u>19,820,137</u>	<u>27,413,912</u>
TOTAL ASSETS	<u>15,100,109</u>	<u>28,402,475</u>	<u>43,502,584</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Refunded debt charges	-	42,341	42,341
Pension related items	1,173,761	148,467	1,322,228
Other postemployment benefit related items	<u>54,658</u>	<u>20,835</u>	<u>75,493</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,228,419</u>	<u>211,643</u>	<u>1,440,062</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	171,996	175,808	347,804
Accrued interest payable	-	196,654	196,654
Deposits	4,015	90,414	94,429
Long-term liabilities:			
Due within one year	186,585	876,585	1,063,170
Due in more than one year	<u>2,525,906</u>	<u>14,321,651</u>	<u>16,847,557</u>
TOTAL LIABILITIES	<u>2,888,502</u>	<u>15,661,112</u>	<u>18,549,614</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	260,046	101,592	361,638
Other postemployment benefit related items	<u>41,888</u>	<u>15,969</u>	<u>57,857</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>301,934</u>	<u>117,561</u>	<u>419,495</u>
<u>NET POSITION</u>			
Net investment in capital assets	9,611,526	6,131,696	15,743,222
Restricted for:			
Highways and streets	1,324,227	-	1,324,227
Swimming pool	251,471	-	251,471
Capital projects	827,151	1,055,751	1,882,902
Debt service	-	944,848	944,848
Other purposes	25,735	-	25,735
Unrestricted	<u>1,097,982</u>	<u>4,703,150</u>	<u>5,801,132</u>
TOTAL NET POSITION	<u>\$ 13,138,092</u>	<u>\$ 12,835,445</u>	<u>\$ 25,973,537</u>

See accompanying notes

CITY OF STAYTON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital Grants	Governmental Activities	Business-type Activities	Totals
			Grants and Contributions	and Contributions			
Governmental activities:							
General government	\$ 1,711,800	\$ 55,525	\$ 181,746	\$ -	\$ (1,474,529)		\$ (1,474,529)
Public safety	2,503,327	166,962	3,427	-	(2,332,938)		(2,332,938)
Highways and streets	645,837	109,622	536,744	113,934	114,463		114,463
Culture and recreation	1,314,711	265,329	63,836	22,588	(962,958)		(962,958)
TOTAL GOVERNMENTAL ACTIVITIES	<u>6,175,675</u>	<u>597,438</u>	<u>785,753</u>	<u>136,522</u>	<u>(4,655,962)</u>		<u>(4,655,962)</u>
Business-type activities:							
Water	1,356,780	1,605,291	-	21,190		\$ 269,701	269,701
Wastewater	2,534,919	3,071,687	-	19,361		556,129	556,129
Stormwater	202,665	304,166	-	25,805		127,306	127,306
TOTAL BUSINESS-TYPE ACTIVITIES	<u>4,094,364</u>	<u>4,981,144</u>	<u>-</u>	<u>66,356</u>		<u>953,136</u>	<u>953,136</u>
TOTALS	<u>\$ 10,270,039</u>	<u>\$ 5,578,582</u>	<u>\$ 785,753</u>	<u>\$ 202,878</u>	<u>(4,655,962)</u>	<u>953,136</u>	<u>(3,702,826)</u>
General revenues:							
Taxes levied for:							
General purposes					2,099,137	-	2,099,137
Specific purposes					379,966	-	379,966
Franchise fees					781,012	-	781,012
Fuel taxes					177,154	-	177,154
Grants and contributions not restricted to specific programs					374,276	-	374,276
Rents					59,130	-	59,130
Unrestricted investment earnings					108,148	123,746	231,894
Miscellaneous					104,759	13,007	117,766
Transfers					<u>772,758</u>	<u>(772,758)</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>4,856,340</u>	<u>(636,005)</u>	<u>4,220,335</u>
Change in net position					200,378	317,131	517,509
Net position - beginning					13,141,751	12,659,989	25,801,740
Prior period adjustment					<u>(204,037)</u>	<u>(141,675)</u>	<u>(345,712)</u>
Net position - ending					<u>\$ 13,138,092</u>	<u>\$ 12,835,445</u>	<u>\$ 25,973,537</u>

See accompanying notes

CITY OF STAYTON

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General	Street	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,586,790	\$ 1,247,930	\$ 1,354,120	\$ 4,188,840
Receivables	314,086	60,110	44,086	418,282
Due from other funds	138,600	-	-	138,600
Prepaid items	25,547	3,638	5,174	34,359
TOTAL ASSETS	\$ 2,065,023	\$ 1,311,678	\$ 1,403,380	\$ 4,780,081
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 122,948	\$ 12,645	\$ 34,877	\$ 170,470
Consumer deposits	4,015	-	-	4,015
TOTAL LIABILITIES	126,963	12,645	34,877	174,485
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	106,962	-	11,068	118,030
TOTAL DEFERRED INFLOWS OF RESOURCES	106,962	-	11,068	118,030
FUND BALANCES				
Nonspendable	25,547	3,638	5,174	34,359
Restricted for:				
Highways and streets	-	1,295,395	-	1,295,395
Swimming pool	-	-	242,253	242,253
Capital projects	-	-	827,151	827,151
Other purposes	25,735	-	-	25,735
Committed for:				
Library programs	-	-	282,857	282,857
Assigned for:				
Pensions	94,516	-	-	94,516
Parks	139,608	-	-	139,608
Unassigned	1,545,692	-	-	1,545,692
TOTAL FUND BALANCES	1,831,098	1,299,033	1,357,435	4,487,566
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,065,023	\$ 1,311,678	\$ 1,403,380	

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

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

Inventories used in governmental activities are not current financial resources and, therefore, are not reported in the funds	25,194
The statement of net position reports a net pension asset and net other postemployment benefit asset for its participation in the retirement plan and other postemployment benefit plan for employees of City of Stayton	133,538
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	9,611,526
The government-wide statements report as a deferred outflow, contributions made to OPERS subsequent to the measurement date of June 30, 2019 and changes in assumptions and investment returns related to its participation in OPERS and the retirement plan for employees of City of Stayton	1,173,761
The government-wide statements report as a deferred outflow, contributions made subsequent to the measurement date of June 30, 2019 and the net difference between projected and actual earnings related to its participation in the Retiree Health Insurance Account for employees of the City of Stayton	54,658
The government-wide statements report a deferred inflow related to changes in assumptions and investment returns related to participation in OPERS and the retirement plan for employees of City of Stayton	(260,046)
The government-wide statements report a deferred inflow related to changes in assumptions and investment returns related to participation in other postemployment benefit plans for employees of City of Stayton	(41,888)
Internal service funds are used by management to charge the costs of centralized services and facilities maintenance services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the statement of net position	548,244
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds	118,030
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,712,491)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 13,138,092

See accompanying notes

CITY OF STAYTON

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	General	Street	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 2,116,462	\$ -	\$ 369,341	\$ 2,485,803
Franchise fees	781,012	-	-	781,012
Licenses, permits and fees	56,930	-	1,300	58,230
Fines and forfeitures	145,846	-	9,137	154,983
Charges for services	51,282	88,830	230,490	370,602
Donations	-	-	6,500	6,500
System development charges	-	-	45,911	45,911
Intergovernmental	260,229	627,355	1,381	888,965
Grants	265,190	-	-	265,190
Fuel taxes	-	177,154	-	177,154
Interest	42,473	24,770	26,803	94,046
Miscellaneous	111,976	22,289	55,955	190,220
TOTAL REVENUES	<u>3,831,400</u>	<u>940,398</u>	<u>746,818</u>	<u>5,518,616</u>
EXPENDITURES				
Current				
General government	1,575,386	-	-	1,575,386
Public safety	2,348,370	-	-	2,348,370
Highways and streets	112,080	245,427	-	357,507
Culture and recreation	339,283	-	814,611	1,153,894
Capital outlay	52,472	305,940	53,553	411,965
TOTAL EXPENDITURES	<u>4,427,591</u>	<u>551,367</u>	<u>868,164</u>	<u>5,847,122</u>
Excess (deficiency) of revenues over expenditures	<u>(596,191)</u>	<u>389,031</u>	<u>(121,346)</u>	<u>(328,506)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,423,400	31,529	469,032	1,923,961
Transfers out	<u>(778,532)</u>	<u>(261,900)</u>	<u>(406,871)</u>	<u>(1,447,303)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>644,868</u>	<u>(230,371)</u>	<u>62,161</u>	<u>476,658</u>
Net change in fund balances	48,677	158,660	(59,185)	148,152
Fund balances at beginning of year	1,782,421	1,165,567	1,416,620	4,364,608
Prior period adjustment	-	(25,194)	-	(25,194)
Fund balance at end of year	<u>\$ 1,831,098</u>	<u>\$ 1,299,033</u>	<u>\$ 1,357,435</u>	<u>\$ 4,487,566</u>

See accompanying notes

CITY OF STAYTON

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 148,152

*Amounts reported for governmental activities in the
Statement of Activities are different because of the following*

Governmental funds report the acquisition of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:

Acquisition of capital assets	\$ 420,954	
Depreciation	<u>(408,065)</u>	12,889

The changes in net pension liability (asset) and deferred inflows and outflows related to the entity's participation in OPERS and the Retirement Plan for Employees of the City of Stayton are reported as pension expense on the statement of activities (109,025)

The changes in other postemployment benefit liability (asset) and deferred outflows related to the entity's participation in the Retirement Health Insurance Account for employees of the City are reported as other postemployment benefit revenue on the statement of activities 66,888

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Taxes	18,616	
Court fees	<u>18,599</u>	37,215

Internal service funds are used by management to charge the costs of public works services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the statement of net position 65,373

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

Compensated absences		<u>(21,114)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 200,378

See accompanying notes

CITY OF STAYTON

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget		Actual	Variance
	Original	Final Budget		
REVENUES				
Property taxes	\$ 2,074,000	\$ 2,074,000	\$ 2,106,462	\$ 32,462
Franchise fees	882,200	882,200	781,012	(101,188)
Licenses, permits and fees	168,500	168,500	198,746	30,246
Charges for services	7,600	7,600	29,544	21,944
Intergovernmental	234,500	249,500	260,229	10,729
Grants	200,000	200,000	265,190	65,190
Rents	32,400	32,400	25,768	(6,632)
Interest	28,900	28,900	35,921	7,021
Miscellaneous	66,100	66,100	134,976	68,876
TOTAL REVENUES	3,694,200	3,709,200	3,837,848	128,648
EXPENDITURES				
Police	2,206,700	2,245,700	2,150,842	94,858
Planning	214,800	229,800	203,128	26,672
Community center	59,300	59,300	37,308	21,992
Municipal court	75,400	77,400	73,383	4,017
City council and administration	1,179,700	1,197,200	1,094,921	102,279
Non-departmental	220,000	220,000	203,954	16,046
Street lights	115,900	115,900	112,080	3,820
Contingency	475,300	453,300	-	453,300
TOTAL EXPENDITURES	4,547,100	4,598,600	3,875,616	722,984
Excess (deficiency) of revenues over expenditures	(852,900)	(889,400)	(37,768)	851,632
OTHER FINANCING SOURCES (USES)				
Transfers in	818,400	818,400	818,400	-
Transfers out	(681,300)	(747,832)	(747,832)	-
TOTAL OTHER FINANCING SOURCES (USES)	137,100	70,568	70,568	-
Net change in fund balance	(715,800)	(818,832)	32,800	851,632
Fund balance at beginning of year	1,315,160	1,418,192	1,424,119	5,927
Fund balance at end of year	\$ 599,360	\$ 599,360	\$ 1,456,919	\$ 857,559
Reconciliation to generally accepted accounting principles				
Due from other funds			138,600	
Fund balance at end of year			\$ 1,595,519	

See accompanying notes

CITY OF STAYTON

**STREET FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 90,800	\$ 90,800	\$ 88,830	\$ (1,970)
Intergovernmental	670,100	670,100	627,355	(42,745)
Fuel taxes	217,000	217,000	177,154	(39,846)
Interest	20,500	20,500	24,770	4,270
Miscellaneous	-	-	22,289	22,289
TOTAL REVENUES	<u>998,400</u>	<u>998,400</u>	<u>940,398</u>	<u>(58,002)</u>
EXPENDITURES				
Personnel services	92,700	92,700	86,302	6,398
Materials and services	275,700	275,700	155,090	120,610
Capital outlay	470,000	470,000	309,975	160,025
Contingency	957,284	971,784	-	971,784
TOTAL EXPENDITURES	<u>1,795,684</u>	<u>1,810,184</u>	<u>551,367</u>	<u>1,258,817</u>
Excess (deficiency) of revenues over expenditures	<u>(797,284)</u>	<u>(811,784)</u>	<u>389,031</u>	<u>1,200,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	35,900	48,100	31,529	(16,571)
Transfers out	<u>(264,200)</u>	<u>(261,900)</u>	<u>(261,900)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(228,300)</u>	<u>(213,800)</u>	<u>(230,371)</u>	<u>(16,571)</u>
Net change in fund balance	(1,025,584)	(1,025,584)	158,660	1,184,244
Fund balance at beginning of year	1,025,584	1,025,584	1,165,567	139,983
Prior period adjustment	-	-	<u>(25,194)</u>	<u>(25,194)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,299,033</u>	<u>\$ 1,299,033</u>

See accompanying notes

CITY OF STAYTON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2020

	Business-type Activities			Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,144,289	\$ 4,529,982	\$ 377,742	\$ 6,052,013	\$ 828,996
Receivables, net	120,618	275,068	27,786	423,472	-
Inventory	72,358	390,028	-	462,386	-
Prepaid items	4,042	6,063	808	10,913	2,911
Total current assets	1,341,307	5,201,141	406,336	6,948,784	831,907
Net pension asset	27,947	33,707	2,535	64,189	34,531
Net other postemployment benefits asset	2,400	3,541	218	6,159	2,952
Capital assets					
Land	40,182	219,952	1,086,717	1,346,851	-
Construction in progress	-	35,335	-	35,335	-
Other capital assets, net	6,703,122	11,632,010	1,485,005	19,820,137	-
TOTAL ASSETS	8,114,958	17,125,686	2,980,811	28,221,455	869,390
DEFERRED OUTFLOWS OF RESOURCES					
Refunded debt charges	42,341	-	-	42,341	-
Pension related items	42,030	50,693	3,813	96,536	51,931
Other postemployment benefit related items	5,489	8,098	498	14,085	6,750
TOTAL DEFERRED OUTFLOWS OF RESOURCES	89,860	58,791	4,311	152,962	58,681
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	71,321	55,841	6,397	133,559	43,775
Accrued interest payable	9,511	178,824	8,319	196,654	-
Consumer deposits	45,816	44,598	-	90,414	-
Due to other funds	-	-	138,600	138,600	-
Compensated absences payable	24,053	19,727	2,646	46,426	9,863
Long-term obligations due within one year	251,414	542,144	26,738	820,296	-
Total current liabilities	402,115	841,134	182,700	1,425,949	53,638
Long-term obligations due in more than one year	3,317,930	10,306,434	674,180	14,298,544	23,107
TOTAL LIABILITIES	3,720,045	11,147,568	856,880	15,724,493	76,745
DEFERRED INFLOWS OF RESOURCES					
Pension related items	28,760	34,688	2,609	66,057	35,535
Other postemployment benefit related items	4,207	6,206	382	10,795	5,174
TOTAL DEFERRED INFLOWS OF RESOURCES	32,967	40,894	2,991	76,852	40,709
NET POSITION					
Net investment in capital assets	3,192,748	1,066,439	1,872,509	6,131,696	-
Restricted for:					
Capital projects	471,364	491,370	93,017	1,055,751	-
Debt service	-	944,848	-	944,848	-
Unrestricted	787,694	3,493,358	159,725	4,440,777	810,617
TOTAL NET POSITION	\$ 4,451,806	\$ 5,996,015	\$ 2,125,251	12,573,072	\$ 810,617
Adjustment to reflect internal service fund balances related to business-type activities				262,373	
Net position of the business-type activities				\$ 12,835,445	

See accompanying notes

CITY OF STAYTON

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2020**

	Business-type Activities			Totals Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
OPERATING REVENUES					
Charges for services	\$ 1,605,291	\$ 3,071,687	\$ 304,166	\$ 4,981,144	\$ 33,362
OPERATING EXPENSES					
Personnel services	324,452	408,513	29,376	762,341	389,723
Materials and services	447,859	1,158,028	106,812	1,712,699	151,158
Depreciation	374,245	570,367	21,189	965,801	-
Total operating expenses	1,146,556	2,136,908	157,377	3,440,841	540,881
Operating income (loss)	458,735	934,779	146,789	1,540,303	(507,519)
NONOPERATING REVENUES (EXPENSES)					
Interest income	23,377	93,487	6,882	123,746	18,747
Miscellaneous	448	7,914	-	8,362	-
Interest expense	(85,592)	(292,083)	(13,158)	(390,833)	-
Total nonoperating revenue (expenses)	(61,767)	(190,682)	(6,276)	(258,725)	18,747
Income (loss) before transfers	396,968	744,097	140,513	1,281,578	(488,772)
Capital contributions	21,190	19,361	25,805	66,356	-
Transfers in	27,354	40,836	2,052	70,242	579,800
Transfers out	(468,400)	(595,200)	(63,100)	(1,126,700)	-
Change in net position	(22,888)	209,094	105,270	291,476	91,028
Net position - beginning	4,527,468	5,848,144	2,021,776	12,397,388	745,472
Prior period adjustment	(52,774)	(61,223)	(1,795)	(115,792)	(25,883)
Net position - ending	\$ 4,451,806	\$ 5,996,015	\$ 2,125,251	\$ 12,573,072	\$ 810,617
Change in net position				\$ 291,476	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				25,655	
Change in net position of the business-type activities				\$ 317,131	

See accompanying notes

CITY OF STAYTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Business-type Activities			Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 1,623,148	\$ 3,027,854	\$ 303,806	\$ 4,954,808	\$ -
Receipts from other funds	-	-	-	-	33,362
Payments to suppliers	(451,648)	(1,248,798)	(117,087)	(1,817,533)	(132,972)
Payments to employees	(328,655)	(427,606)	(27,966)	(784,227)	(398,933)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>842,845</u>	<u>1,351,450</u>	<u>158,753</u>	<u>2,353,048</u>	<u>(498,543)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	27,354	40,836	2,052	70,242	579,800
Transfers out	(468,400)	(595,200)	(63,100)	(1,126,700)	-
NET CASH (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(441,046)</u>	<u>(554,364)</u>	<u>(61,048)</u>	<u>(1,056,458)</u>	<u>579,800</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
System development charges received	21,190	19,361	25,805	66,356	-
Other	448	7,914	-	8,362	-
Acquisition of capital assets	(18,500)	-	(34,897)	(53,397)	-
Principal paid on long-term obligations	(210,000)	(502,392)	(48,787)	(761,179)	-
Interest paid on long-term obligations	(118,523)	(322,117)	(21,957)	(462,597)	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(325,385)</u>	<u>(797,234)</u>	<u>(79,836)</u>	<u>(1,202,455)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	23,377	93,487	6,882	123,746	18,747
Net increase (decrease) in cash and cash equivalents	99,791	93,339	24,751	217,881	100,004
Cash and cash equivalents - beginning of year	1,044,498	4,436,643	352,991	5,834,132	728,992
Cash and cash equivalents - end of year	<u>\$ 1,144,289</u>	<u>\$ 4,529,982</u>	<u>\$ 377,742</u>	<u>\$ 6,052,013</u>	<u>\$ 828,996</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 458,735	\$ 934,779	\$ 146,789	\$ 1,540,303	\$ (507,519)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	374,245	570,367	21,189	965,801	-
(Increase) decrease in assets and deferred outflows					
Receivables, net	16,713	(43,676)	(360)	(27,323)	-
Inventories	-	(29,100)	-	(29,100)	-
Prepaid items	(4,042)	(6,063)	(808)	(10,913)	(2,911)
Net pension asset	(27,947)	(33,707)	(2,535)	(64,189)	(34,531)
Net other postemployment benefits asset	(2,400)	(3,541)	(218)	(6,159)	(2,952)
Pension related items	84,501	32,528	3,707	120,736	65,107
Other postemployment benefit related items	17,422	6,971	864	25,257	14,442
Increase (decrease) in liabilities and deferred inflows					
Accounts payable and accrued liabilities	253	(55,607)	(9,467)	(64,821)	21,097
Consumer deposits	1,144	(157)	-	987	-
Compensated absences payable	448	6,439	2,646	9,533	3,460
Net pension liability	(32,519)	(21,388)	(1,933)	(55,840)	(30,079)
Net other postemployment benefits liability	(36,244)	(20,697)	(1,709)	(58,650)	(27,968)
Pension related items	(10,730)	8,715	262	(1,753)	(992)
Other postemployment benefit related items	3,266	5,587	326	9,179	4,303
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 842,845</u>	<u>\$ 1,351,450</u>	<u>\$ 158,753</u>	<u>\$ 2,353,048</u>	<u>\$ (498,543)</u>

See accompanying notes

CITY OF STAYTON

**STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2020**

	<u>Pension Trusts</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 371,296
Receivables	31,288
Investments, at fair value	
Mutual funds	<u>8,290,330</u>
 TOTAL ASSETS	 <u>8,692,914</u>
 <u>NET POSITION</u>	
Net position held in trust for:	
Pension benefits	8,441,244
Other postemployment benefits	<u>251,670</u>
 TOTAL NET POSITION	 <u>\$ 8,692,914</u>

See accompanying notes

CITY OF STAYTON

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2020**

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	\$ 363,925
Investment earnings	<u>227,277</u>
Total additions	<u>591,202</u>
DEDUCTIONS	
Benefits	<u>329,831</u>
Total deductions	<u>329,831</u>
Change in net position	261,371
Net position - beginning of year	<u>8,431,543</u>
Net position - end of year	<u><u>\$ 8,692,914</u></u>

See accompanying notes

CITY OF STAYTON

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

1. Summary of significant accounting policies

A. Financial reporting entity

The **CITY OF STAYTON** (City) was organized under the general laws of the State of Oregon. Control of the City is vested in its Mayor and Council Members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the Mayor and Council. The chief administrative officer is the City Manager.

The accompanying financial statements present all activities and funds for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within two months of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental funds:

- *General* – The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- *Street* – This fund provides for street and bridge repairs and maintenance within the City. The primary sources of revenue include state gas tax turnovers, local fuel tax approved by voters, and maintenance fees collected by the City.

The City reports the following major proprietary funds:

- *Water* – The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water system and billing and collection activities. The primary source of revenue is user fees and charges.
- *Wastewater* – The Wastewater Fund is used to account for the provision of wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the wastewater system and billing and collection activities. The primary source of revenue is user fees and charges.
- *Stormwater* – The Stormwater Fund accounts for the City's stormwater utility activities. Annual maintenance objectives include storm basin and storm line cleaning, repair replacement, and tracking and billing storm charges. Revenues for this fund are received from storm user fees.

The City also reports the following fund types:

- *Special revenue* – are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- *Capital projects* – are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or proprietary funds).

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

- *Enterprise* – accounts for the operations of predominately self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis.
- *Internal Service* – accounts for the cost of providing services to other funds of the City which are charged a fee on a cost reimbursement basis for those services.
- *Fiduciary* – accounts for the Retirement Plan for Employees of the City of Stayton and the Retirement Health Insurance Account.

D. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

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

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the personnel services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds except for the General Fund where budgetary control is established at the department level.

E. Cash and cash equivalents

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

F. Property taxes

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

G. User charges and fines receivable

User charges and fines receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that have not been collected by the time the financial statements are issued.

H. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories consist of materials and supplies maintained for system maintenance and operation.

I. Capital assets

Capital assets are recorded in the statement of net position at cost or estimated historical cost if purchased or constructed. Donated items are recorded at their estimated fair value at the date of donation. The City records capital assets for items with original cost, or estimated fair value if donated, of \$5,000 or more and an expected economic useful life of 1 year or more.

Public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks, storm sewers, and other assets that are immovable and of value to the City) that have been acquired or significantly reconstructed have been capitalized at estimated historical cost.

Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in the change in net position. Depreciation taken on contributed capital assets is recorded as an expense of operations and charged to retained earnings.

Capital assets are depreciated using the straight-line method over the following estimated useful lives with prorated depreciation in the year of acquisition and prorated depreciation in the year of disposal.

<u>Asset category</u>	<u>Years</u>
Infrastructure	40
Buildings and improvements	40 - 50
Equipment and vehicles	7

J. Long-term obligations

Long-term obligations consist of notes, bonds, and compensated absences.

Long-term obligations expected to be repaid from proprietary funds are accounted for in the business-type activities and proprietary funds. Long-term obligations expected to be repaid from governmental funds are accounted for in the governmental activities.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

K. Compensated absences

Vacation and earned compensated leave amounts are accrued as they are earned. Sick leave is earned each month with no limit on accumulation for Police represented employees and a 600 hour limit on accumulation for American Federation of State, County and Municipal Employees (AFSCME) and non-represented employees. Vacation may be accumulated up to 120-240 hours depending on years of service. Sick leave is not paid out upon termination; vacation leave is paid out if termination occurs after an initial six (6) month trial period.

L. Pensions – Oregon Public Employee Retirement System

Police employees of the City participate in the Oregon Public Employee Retirement System (OPERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Pensions – Retirement Plan for Employees of the City of Stayton

Substantially all of the City's non-police employees are participants in the Retirement Plan for Employees of the City of Stayton (the Plan). Contributions to the Plan are made on a current basis as required by the Plan and are charged to expenditures or expenses when due and the employer has made a formal commitment to provide the contribution.

The assets of the Plan are invested in various mutual funds. The City pays the investment expenses of the Plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the net position of the Plan and additions to/deductions from the net position of the Plan have been determined on the same basis as reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Other postemployment benefits

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

O. Deferred outflow / inflows of resources

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

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

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

P. Equity classification

Government-wide and proprietary fund net position

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

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

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

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

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

Governmental fund type fund balance reporting

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

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

Committed — Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

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

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

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

Q. Risk management

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

2. Cash, cash equivalents and investments

The City's cash, cash equivalents and investments at June 30, 2020 are as follows:

Cash and cash equivalents	
Deposits with financial institutions	\$ 524,969
State of Oregon Local Government Investment Pool	10,543,750
Money markets	371,296
Cash on hand	<u>1,130</u>
Total cash and cash equivalents	11,441,145
Investments	
Mutual funds	<u>8,290,330</u>
Total cash, cash equivalents and investments	<u>\$ 19,731,475</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash, cash equivalents and investments (continued)

Cash, cash equivalents and investments are presented in the financial statements as follows:

Governmental activities	
Cash and cash equivalents	\$ 4,767,752
Business-type activities	
Cash and cash equivalents	<u>6,302,097</u>
 Total cash and cash equivalents - government-wide statement of net position	 11,069,849
 Fiduciary funds	
Cash and cash equivalents	371,296
Investments	<u>8,290,330</u>
	<u>\$ 19,731,475</u>

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

A. Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2020, none of the City's bank balances were exposed to custodial credit risk as defined by GASB.

B. State of Oregon Local Government Investment Pool

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash, cash equivalents and investments (continued)

C. Investments

As of June 30, 2020 the City had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in months)</u>
Mutual funds	Not Rated	<u>\$ 8,290,330</u>	100%	N/A

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

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

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

Portfolio Credit Rating: The City does not have a formal policy that establishes a minimum average credit rating for its investment portfolio.

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

Fair Value Measurements: The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investment in equities and mutual funds are measured using level 1 inputs.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The City's receivables at June 30, 2020 are shown below:

	Governmental Activities / Funds				Business-type Activities / Proprietary Funds			
	General	Street	Total Nonmajor	Totals	Water	Wastewater	Stormwater	Totals
User charges	\$ -	\$ -	\$ -	\$ -	\$ 242,790	\$ 275,068	\$ 27,786	\$ 545,644
Property taxes	81,033	-	14,570	95,603	-	-	-	-
Accounts	255,827	60,110	29,516	345,453	-	-	-	-
Allowance for doubtful accounts	(22,774)	-	-	(22,774)	(122,172)	-	-	(122,172)
	<u>\$ 314,086</u>	<u>\$ 60,110</u>	<u>\$ 44,086</u>	<u>\$ 418,282</u>	<u>\$ 120,618</u>	<u>\$ 275,068</u>	<u>\$ 27,786</u>	<u>\$ 423,472</u>

4. Capital assets

A. Capital asset activity for governmental activities for the year ended June 30, 2020 was as follows:

	Balances July 1, 2019	Additions	Deletions and Reclassifications	Balances June 30, 2020
Capital assets not being depreciated				
Land	\$ 1,759,203	\$ -	\$ -	\$ 1,759,203
Construction in progress	-	258,548	-	258,548
Total capital assets not being depreciated	<u>1,759,203</u>	<u>258,548</u>	<u>-</u>	<u>2,017,751</u>
Capital assets being depreciated				
Infrastructure	11,950,738	56,381	(29,098)	11,978,021
Buildings and improvements	7,600,696	53,553	29,098	7,683,347
Equipment and vehicles	<u>1,613,610</u>	<u>52,472</u>	<u>-</u>	<u>1,666,082</u>
Total capital assets being depreciated	<u>21,165,044</u>	<u>162,406</u>	<u>-</u>	<u>21,327,450</u>
Less accumulated depreciation for:				
Infrastructure	7,660,155	126,614	(17,060)	7,769,709
Buildings and improvements	4,693,893	184,389	17,060	4,895,342
Equipment and vehicles	<u>971,562</u>	<u>97,062</u>	<u>-</u>	<u>1,068,624</u>
Total accumulated depreciation	<u>13,325,610</u>	<u>408,065</u>	<u>-</u>	<u>13,733,675</u>
Total capital assets being depreciated, net	<u>7,839,434</u>	<u>(245,659)</u>	<u>-</u>	<u>7,593,775</u>
Governmental activities capital assets, net	<u>\$ 9,598,637</u>	<u>\$ 12,889</u>	<u>\$ -</u>	<u>\$ 9,611,526</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

B. Capital asset activity for business-type activities for the year ended June 30, 2020 was as follows:

	Balances July 1, 2019	Additions	Deletions and Reclassifications	Balances June 30, 2020
Capital assets not being depreciated				
Land	\$ 1,346,851	\$ -	\$ -	\$ 1,346,851
Construction in progress	<u>55,926</u>	<u>-</u>	<u>(20,591)</u>	<u>35,335</u>
Total capital assets not being depreciated	<u>1,402,777</u>	<u>-</u>	<u>(20,591)</u>	<u>1,382,186</u>
Capital assets being depreciated				
Infrastructure	35,008,395	34,897	20,591	35,063,883
Buildings and improvements	6,465,746	18,500	-	6,484,246
Equipment and vehicles	<u>2,167,533</u>	<u>-</u>	<u>-</u>	<u>2,167,533</u>
Total capital assets being depreciated	<u>43,641,674</u>	<u>53,397</u>	<u>20,591</u>	<u>43,715,662</u>
Less accumulated depreciation for:				
Infrastructure	19,249,193	718,114	-	19,967,307
Buildings and improvements	2,252,103	130,417	-	2,382,520
Equipment and vehicles	<u>1,428,428</u>	<u>117,270</u>	<u>-</u>	<u>1,545,698</u>
Total accumulated depreciation	<u>22,929,724</u>	<u>965,801</u>	<u>-</u>	<u>23,895,525</u>
Total capital assets being depreciated, net	<u>20,711,950</u>	<u>(912,404)</u>	<u>20,591</u>	<u>19,820,137</u>
Business-type activities capital assets, net	<u>\$ 22,114,727</u>	<u>\$ (912,404)</u>	<u>\$ -</u>	<u>\$ 21,202,323</u>

C. Depreciation expense was charged to functions/programs of the City as follows:

<i>Governmental activities</i>	
General government	\$ 35,190
Public safety	58,755
Highways and streets	139,304
Culture and recreation	<u>174,816</u>
Total depreciation expense - governmental activities	<u>\$ 408,065</u>
<i>Business-type activities</i>	
Water	\$ 374,245
Sewer	570,367
Stormwater	<u>21,189</u>
Total depreciation expense - business-type activities	<u>\$ 965,801</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Unavailable revenue

Property taxes which are due the City, but not received within 60 days after year end are reported as unavailable revenue in the governmental funds as follows:

	Governmental Funds		
	General	Total Nonmajor	Totals
Property taxes	\$ 63,047	\$ 11,068	\$ 74,115
Accounts	43,915	-	43,915
	<u>\$ 106,962</u>	<u>\$ 11,068</u>	<u>\$ 118,030</u>

6. Interfund transactions and balances

The interfund transfers during the year ended June 30, 2020 were as follows:

	In	Out
<u>Governmental</u>		
General	\$ 1,261,800	\$ 778,532
General - noncash	161,600	-
Street	31,529	261,900
Nonmajor governmental	469,032	245,271
Nonmajor governmental - noncash	-	161,600
<u>Proprietary</u>		
Enterprise		
Water	27,354	468,400
Wastewater	40,836	595,200
Stormwater	2,052	63,100
Internal service	579,800	-
Totals	<u>\$ 2,574,003</u>	<u>\$ 2,574,003</u>

As part of the budget, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

The Vehicle Replacement Fund loaned \$230,000 to the Stormwater Fund in 2015-16. In fiscal year 2019-20, the Vehicle Replacement Fund was closed and the remaining balance of the loan transferred to the General Fund. The loan is being repaid in annual installments of \$23,000 plus interest of 1 percent. At June 30, 2020, the loan balance is \$138,600.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations

A. Changes in long-term obligations for the year ended June 30, 2020 were as follows:

	Outstanding July 1, 2019	Additions	Reductions	Outstanding June 30, 2020	Balances Due Within One Year
<u>Governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 165,471	\$ 21,114	\$ -	\$ 186,585	\$ 186,585
Net pension liability	1,967,514	371,288	-	2,338,802	-
Net other postemployment benefit obligation	<u>238,266</u>	<u>17,548</u>	<u>68,710</u>	<u>187,104</u>	<u>-</u>
Total long-term obligations	<u>\$ 2,523,745</u>	<u>\$ 409,950</u>	<u>\$ 68,710</u>	<u>\$ 2,712,491</u>	<u>\$ 186,585</u>
<u>Business-type activities</u>					
Long-term debt					
General obligation bonds:					
2013 Full Faith and Credit Refunding	\$ 3,550,000	\$ -	\$ 365,000	\$ 3,185,000	\$ 375,000
2016 Full Faith and Credit Refunding	3,360,000	-	210,000	3,150,000	215,000
2019 Full Faith and Credit	725,000	-	25,788	699,212	26,738
Direct Borrowing - Revenue bond:					
USDA Sewer Revenue Bonds	7,565,492	-	137,395	7,428,097	141,174
Premium	<u>670,702</u>	<u>-</u>	<u>62,384</u>	<u>608,318</u>	<u>62,384</u>
Total long-term debt	16,639,821	-	800,567	15,070,627	820,296
Other long-term obligations					
Compensated absences	43,296	12,993	-	56,289	56,289
Net pension liability	85,919	-	85,919	-	-
Net other postemployment benefit obligation	<u>143,409</u>	<u>-</u>	<u>72,089</u>	<u>71,320</u>	<u>-</u>
Total long-term obligations	<u>\$ 17,198,315</u>	<u>\$ 12,993</u>	<u>\$ 958,575</u>	<u>\$ 15,198,236</u>	<u>\$ 876,585</u>

B. Business-type activities long-term debt obligations

2013 Full Faith and Credit Refunding – The City issued bonds in the amount of \$5,810,000 to refund previously issued long-term obligations. Interest on outstanding bonds varies between 2 and 4 percent based on bond maturity dates.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

2016 Full Faith and Credit Refunding – The City issued bonds in the amount of \$3,945,000 to refund previously issued long-term obligations. Interest on outstanding bonds varies between 1.15 and 4 percent based on bond maturity dates. See footnote 8D for additional information on the refunding.

2019 Full Faith and Credit – The City issued bonds in the amount of \$725,000 to finance stormwater system improvements. Semi-annual payments vary from \$23,116 to \$25,013 and include interest calculated at a variable rate. The variable interest rate starts at 2.62 percent per annum. On and after each Reset Date of February 1, 2024, February 1, 2020 and February 1, 2034, the Adjustable Rate is adjusted to equal the five-year Federal Home Loan Bank Des Moines Regular Fixed Advance Rate index as of that Reset Date, plus 25 basis points, calculated on a 30/360 day basis. In no event shall the Adjustable Interest Rate fall below 2.62 percent per annum or exceed 7.62 percent per annum.

USDA Sewer Revenue Bonds – The City issued bonds in the amount of \$8,316,000 to finance sewer improvements. Annual payments of \$345,447 include interest at 2.75 percent. The City must maintain a loan reserve in the amount of \$944,848 to pay for operations, maintenance and future bond payments.

C. The future maturities of business-type activities long-term obligations are as follows:

Fiscal Year	2013 Full Faith and Credit Refunding		2016 Full Faith and Credit Refunding		2019 Full Faith and Credit Financing		USDA Sewer Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 375,000	\$ 103,150	\$ 215,000	\$ 114,136	\$ 26,738	\$ 19,768	\$ 141,174	\$ 204,273	\$ 757,912	\$ 441,327
2022	385,000	88,150	220,000	109,600	27,652	18,967	145,057	200,390	777,709	417,107
2023	400,000	72,750	230,000	102,850	28,597	18,139	149,046	196,401	807,643	390,140
2024	410,000	60,750	235,000	94,700	29,575	17,282	153,144	192,303	827,719	365,035
2025	425,000	48,450	245,000	85,100	30,585	16,396	157,356	188,091	857,941	338,037
2026-30	1,190,000	67,650	1,380,000	267,400	169,349	67,598	854,118	873,117	3,593,467	1,275,765
2031-35	-	-	625,000	25,100	200,345	40,478	978,199	749,036	1,803,544	814,614
2036-40	-	-	-	-	186,371	11,202	1,120,305	606,930	1,306,676	618,132
2041-45	-	-	-	-	-	-	1,283,055	444,180	1,283,055	444,180
2046-50	-	-	-	-	-	-	1,469,450	257,785	1,469,450	257,785
2051-55	-	-	-	-	-	-	977,193	59,148	977,193	59,148
	<u>\$3,185,000</u>	<u>\$440,900</u>	<u>\$3,150,000</u>	<u>\$798,886</u>	<u>\$699,212</u>	<u>\$209,830</u>	<u>\$7,428,097</u>	<u>\$3,971,654</u>	<u>\$14,462,309</u>	<u>\$5,421,270</u>

D. Refunded debt charges

Advance refundings have resulted in differences between the reacquisition price and the net carrying amount of the refunded debt. The differences, reported in the accompanying financial statements as deferred outflows of resources, will be charged to operations through the year 2032 using the straight-line method.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan – Oregon Public Employees Retirement System

A. Plan description

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

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

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf.

B. Description of benefit terms

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

Tier One/Tier Two retirement benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 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.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan - OPERS (continued)

Death benefits

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

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

Disability benefits

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

Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

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

Pension benefits

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

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

General service: 1.5 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan - OPERS (continued)

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

Death benefits

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

Disability benefits

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

Benefit changes after retirement

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

C. Contributions

OPERS funding policy provides for periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation.

Tier One/Tier Two employer contribution rates are 29.33 percent and the OPSRP employer contribution rates are 17.62 percent for general service employees and 22.25 percent for police and fire employees. Statutorily required employer contributions for the year ended June 30, 2020 were \$187,969 and additional contributions were \$250,000.

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

Net pension liability

At June 30, 2020, the City reported a liability of \$2,338,802 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan - OPERS (continued)

Employers' long-term contribution efforts are based on projected rates that have two major components:

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

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

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions.

At June 30, 2019, the City's proportion was 0.01352096 percent, which was a decrease of 0.00107451 percent from its proportion measured as of June 30, 2018.

Pension expense

For the year ended June 30, 2020, the City recognized pension expense of \$571,138.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2019, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between projected and actual earnings

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan - OPERS (continued)

The average remaining service lives determined as of the beginning of each measurement period are:

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

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

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 128,978	\$ -
Change of assumptions	317,285	-
Net difference between projected and actual earnings on pension plan investments	-	66,303
Changes in proportionate share	102,561	47,718
Difference between contributions and proportionate share of system contributions	22,090	33,203
Contributions subsequent to the measurement date	<u>437,969</u>	<u>-</u>
 Total	 <u>\$ 1,008,883</u>	 <u>\$ 147,224</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$437,969 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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 ends June 30,	
2021	\$ 231,949
2022	31,567
2023	80,500
2024	72,171
2025	<u>7,503</u>
 Total	 <u>\$ 423,690</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan - OPERS (continued)

E. Actuarial methods and assumptions used in developing total pension liability

The contribution rates (Tier One/ Tier Two and OPSRP) were developed and the total pension liability measured as of June 30, 2019 was based on an actuarial valuation as of December 31, 2017 using the following methods and assumptions:

Experience study report	2016, published July 26, 2017
Actuarial cost method	Entry age normal
Inflation rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount rate	7.2 percent
Administrative expenses – Tier One/Tier Two	\$37.5 million per year added to normal cost
Administrative expenses – OPSRP	\$6.5 million per year added to normal cost
Projected salary increases	3.5 percent
Mortality	Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with <i>Moro</i> decision; blend based on service <i>Healthy retirees and beneficiaries:</i> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan - OPERS (continued)

UAL amortization

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

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

Discount rate

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

Assumed asset allocation

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	37.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	12.50%
Opportunity portfolio	<u>0.00%</u>
Total	<u><u>100.00%</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan - OPERS (continued)

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

Long-Term Expected Rate of Return		Annual	Compound Annual	
Asset Class	Target Allocation*	Arithmetic Return	(Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %
* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.				

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Defined benefit pension plan - OPERS (continued)

Depletion date projection

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

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

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

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

H. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of net pension liability	\$ 3,745,384	\$ 2,338,802	\$ 1,161,687

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan – Retirement Plan for Employees of the City of Stayton

A. Plan description

All eligible non-police employees are participants in the defined benefit retirement plan of City of Stayton (the Plan), a single employer defined benefit public employment.

The Plan was established by the Stayton City Council who may amend the plan.

The City does not issue a separate financial report available to the public for this plan.

B. Plan membership

All full-time non-police employees are eligible to participate in the Plan after six months of employment.

As of July 1, 2019, plan membership consisted of 25 retirees and beneficiaries, 5 vested terminated participants, 4 nonvested terminated participants, and 23 active participants.

C. Description of benefit terms

Normal retirement

Members are able to receive benefits after attaining age 65. Retirement benefits will equal the amount developed by the benefit formula plus the amount developed by converting the accrued required, supplemental and voluntary contribution balances to an annuity, as of the date the benefit is being determined. The benefit formula amount is (i) times (ii) times (iii) below:

- i. 1.43 percent for the period commencing July 1, 1973 and thereafter (effective for employees whose severance of employment occurs after June 30, 1992).
- ii. The larger of (a) or (b)
 - a) The average of basic monthly earnings for each month in a 36 consecutive month period during the last 120 months of employment which produce the highest average rate of compensation.
 - b) The average of basic monthly earnings in effect on the July 1st of the three consecutive years during the last ten years of employment which produces the highest average rate.
- iii. The number of years and completed months of employment commencing on or after July 1, 1973.

Retirement benefits are subject to annual cost of living adjustments up to 2 percent per year.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan – Retirement Plan for Employees of the City of Stayton (continued)

Early retirement

Members are able to receive early retirement benefits after attaining age 55 with reduced benefits except for members with at least 30 years of service or after age 58. Retirement benefits are reduced based upon the number of years the member still needed to work to reach normal retirement status. The benefit ranges from 64 percent to 78 percent of the benefit that would result if they were of normal retirement age.

Late retirement

Members that continue working beyond the normal retirement age receive increases to their retirement benefits equal to the larger of the amount developed by the benefit formula as of the Late Retirement Date or the amount developed by the benefit formula as of the Normal Retirement Date multiplied by the appropriate percentage from the following table, based on the number of years by which the retirement is subsequent to the Normal Retirement Date.

<u>Number of Years</u>	<u>Percentage</u>
0	100%
1	107%
2	114%
3	122%
4	129%
5	136%

For each additional year after 5, the percentage will be increased 3.6 percent.

Disability

Members that become totally and permanently disabled prior to the Normal Retirement Date are entitled to disability benefits. The benefit is based on the actuarial equivalent of the amount developed by the benefit formula as of the date of disability plus the amount developed by converting the accrued required, supplemental, and voluntary contribution balances to an annuity as of the date the benefit is being determined.

Severance benefit

Members are eligible for severance benefits after completion of 5 years of coverage. The benefit is the sum of the amount developed by the benefit formula as of termination plus the amount developed by converting the accrued required, supplemental, and voluntary contribution balances to an annuity as of the date of termination. Terminated employees may elect to receive their required, supplemental and voluntary contribution balances as of termination in one lump sum payment in lieu of the monthly benefit.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan – Retirement Plan for Employees of the City of Stayton (continued)

Death benefits

The beneficiaries of members who have not begun to receive benefits under the plan are entitled to either a lump-sum payment of the required and supplemental contribution balance, including interest to date of death plus an amount equal to the accrued required and supplemental contribution balance, including interest, provided by the employer plus the accrued voluntary contribution balance including interest to date of death.

D. Contributions

The City is required by the Plan's provisions to pay the employees' contribution to the Plan of six percent of covered salaries. In addition the City will contribute additional amounts necessary to fund the Plan sufficient to pay benefits when due based on annual actuarial valuations. City contributions to the plan for the year ended June 30, 2020 were \$262,685.

E. Net pension liability (asset), changes in net pension liability (asset), pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2020, the City reported a net pension liability (asset) of \$(208,355). The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total pension liability	\$ 7,982,276
Plan fiduciary net position	<u>8,190,631</u>
Net pension liability (asset)	<u>\$ (208,355)</u>
Fiduciary net position as a percentage of total pension liability	102.61%

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan – Retirement Plan for Employees of the City of Stayton (continued)

Changes in the net pension liability (asset) is as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
Beginning balances	\$ 7,576,069	\$ 7,408,109	\$ 167,960
Changes for the year:			
Service cost	244,921	-	244,921
Interest on total pension liability	499,052	-	499,052
Effect of economic/demographic (gains) or losses	(73,788)	-	(73,788)
Effect of assumptions, changes or inputs	22,568	-	22,568
Benefit payments	(286,546)	(286,546)	-
Net investment income	-	464,435	(464,435)
Employer contributions	-	604,633	(604,633)
Ending balances	<u>\$ 7,982,276</u>	<u>\$ 8,190,631</u>	<u>\$ (208,355)</u>

For the year ended June 30, 2020, the City recognized pension expense of \$237,001. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred -Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 177,791
Changes of assumptions or inputs	50,660	-
Net difference between projected and actual earnings on pension plan investments	-	36,623
City's contributions subsequent to the measurement date	<u>262,685</u>	<u>-</u>
	<u>\$ 313,345</u>	<u>\$ 214,414</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan – Retirement Plan for Employees of the City of Stayton (continued)

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date in the amount of \$262,685 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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 ends June 30,	
2021	\$ (30,387)
2022	(112,306)
2023	(17,140)
2024	(3,921)
2025	-

F. Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. Under this method, a normal cost is determined for each active member. The normal cost is the annual contribution determined as a level percentage of base salary with would be paid from year of entry to year of retirement to fund the projected retirement benefit. The normal cost for the Plan is the sum of the individuals' normal costs. The actuarial accrued liability for active plan members is an accumulated of the normal costs from entry to the valuation date. The actuarial accrued liability for inactive members is the actuarial present value of the accrued benefits. The actuarial accrued liability for the Plan is the sum of the individual actuarial accrued liabilities. The unfunded actuarial liability is the difference between the actuarial accrued liability and the actuarial value of assets, which is amortized over an 18-year period and assumes the annual payment will increase by the salary scale assumption each year.

G. Actuarial methods and assumptions used in developing total pension liability

Valuation Date	June 30, 2019.
Actuarial Cost Method	Individual Entry Age Normal, Level Percentage of Pay
Amortization Method	Amortized as a level percent of payroll over a period of 20 years.
Asset Valuation Method	Market value gains and losses smoothed over five years, with result not less than 80% or greater than 120% of market value
Actuarial Assumptions:	
Inflation Rate	2 percent
Investment rate of return	6.5 percent
Projected Salary Increases	Salaries for individuals are assumed to grow at 3.5 percent per annum
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and 12 month set-backs for males

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan – Retirement Plan for Employees of the City of Stayton (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount rate

The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion date projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the retirement plan for the employees of the City:

- The City has a formal written policy to calculate an actuarial determined contribution (ADC).
- The ADC is based on a closed amortization period that will decrease over time until it reaches 15 years. Once that occurs new layers will be amortized over closed 15 year periods. This funding policy 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 (20 years) if future experience follows assumptions.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the Plan's independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan – Retirement Plan for Employees of the City of Stayton (continued)

Long-term expected rate of return

The long-term expected rate of return assumption of 6.5 percent is based on a blending of the projected return on plan assets and a 20-year tax-exempt, high quality general obligation municipal bond yield or index rate.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability calculated using the discount rate of 6.5 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Net pension liability	\$ 813,190	\$ (208,355)	\$ (1,056,272)

10. Defined contribution plan – OPERS Individual account program

A. Plan description

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

B. Pension benefits

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

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

C. 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined contribution plan – OPERS Individual account program (continued)

D. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2020 were \$42,924.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

11. Other postemployment benefits – Group health insurance

A. Plan description

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits.

The Plan was established by the Stayton City Council who may amend the plan.

The City does not issue a separate financial report available to the public for this plan.

B. Plan membership

All full-time non-police employees are eligible to participate in the Plan after six months of employment.

As of July 1, 2019, plan membership consisted of 25 retirees, 5 vested terminated participants, 4 non-vested terminated participants, and 23 active participants.

C. Description of benefit terms

The City provides a benefit for each eligible employee who retires or becomes disabled on or after July 1, 1994, who is receiving retirement or disability benefit from the Plan, has earned seven years of participation in the Plan at the time of retirement or disability, and is age 65. Eligible employees will receive a benefit equal to the monthly cost of coverage under a health care insurance contract entered into with the Employer that provides coverage after retirement or \$100, whichever is less. This amount shall be paid from the Retirement Health Insurance Account (RHIA). Payment shall begin the first of the month coinciding with, or the next following, the later of age 65 or the eligible employee's date of retirement. Payments shall terminate at the earlier of the date of the eligible employee's death, election by the eligible employee to terminate coverage, or cessation of premium required payments by the eligible employee.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits – Group health insurance (continued)

D. Contributions

The RHIA is funded with contributions by the Employer. The recommended contribution rate is determined by the actuary and is calculated as the sum of the annual normal cost plus a provision for administrative expenses plus the amortization payment of the unfunded actuarial accrued liability, as a percentage of payroll. Temporarily, the recommended contribution rate includes a fourth component, a phase-in adjustment. The phase-in adjustment spreads, over three years, the increases in recommended contribution rate associated with the assumption changes adopted by the City. For the fiscal year ended June 30, 2020, the actuarial determined contribution rate was 1.1 percent of covered payroll. City contributions to the plan for the year ended June 30, 2020 were \$10,945.

E. Net other postemployment benefit liability (asset), changes in net other postemployment benefit liability (asset), other postemployment benefit expense, deferred outflows of resources and deferred inflows of resources related to other postemployment benefit liabilities

At June 30, 2020, the City reported a net other postemployment benefit liability (asset) of \$(33,014). The net other postemployment benefit liability (asset) was measured as of June 30, 2019, and the total other postemployment benefit liability used to calculate the net other postemployment benefit liability was determined by an actuarial valuation as of that date as follows:

Total other postemployment benefit liability	\$	207,898
Plan fiduciary net position		<u>240,912</u>
Net other postemployment benefit liability (asset)	\$	<u>(33,014)</u>

Fiduciary net position as a percentage of total other postemployment benefit liability 115.88%

Changes in the net other postemployment benefit liability (asset) are as follows:

	Total other postemployment benefit liability	Plan Fiduciary Net Position	Net other postemployment benefit liability (asset)
Beginning balances	\$ 250,678	\$ 110,009	\$ 140,669
Changes for the year			
Service cost	6,469	-	6,469
Interest on total OPEB liability	16,403	-	16,403
Effect of economic/demographic (gains) or losses	(57,707)	-	(57,707)
Effect of assumptions, changes or inputs	1,655	-	1,655
Benefit payments	(9,600)	(9,600)	-
Net investment income	-	10,447	(10,447)
Employer contributions	-	130,056	(130,056)
Ending balances	<u>\$ 207,898</u>	<u>\$ 240,912</u>	<u>\$ (33,014)</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits – Group health insurance (continued)

For the year ended June 30, 2020, the City recognized other postemployment benefit revenue of \$(118,500). At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,579	\$ 3,272
Changes of assumptions or inputs	1,422	-
Net difference between projected and actual earnings	-	382
Contributions made subsequent to measurement date	<u>10,945</u>	<u>-</u>
	<u>\$ 61,946</u>	<u>\$ 3,654</u>

\$10,945 reported as deferred outflows of resources related to other postemployment benefits resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net other postemployment benefit obligation in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in postemployment benefit expense as follows:

Year ends June 30,	
2021	\$ 7,774
2022	7,057
2023	7,705
2024	7,802
2025	7,813
Thereafter	9,196

F. Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. Under this method, a normal cost is determined for each active member. The normal cost is the annual contribution determined as a level percentage of base salary with would be paid from year of entry to year of retirement to fund the projected retirement benefit. The normal cost for the Plan is the sum of the individuals' normal costs. The actuarial accrued liability for active plan members is an accumulated of the normal costs from entry to the valuation date. The actuarial accrued liability for inactive members is the actuarial present value of the accrued benefits. The actuarial accrued liability for the Plan is the sum of the individual actuarial accrued liabilities. The unfunded actuarial liability is the difference between the actuarial accrued liability and the actuarial value of assets. The unfunded actuarial liability is amortized over a 18-year period and assumes the annual payment will increase by the salary scale assumption each year.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits – Group health insurance (continued)

G. Actuarial methods and assumptions used in developing the total other postemployment benefit obligation:

Valuation Date	July 1, 2019.
Actuarial Cost Method	Individual entry age normal, level percentage of pay
Amortization Method	Amortized as a level percent of payroll over a period of 18 years.
Asset Valuation Method	Market value gains and losses smoothed over five years, with result not less than 80% or greater than 120% of market value
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Investment rate of return	6.5 percent
Projected Salary Increases	Salaries for individuals are assumed to grow at 3.5 percent per annum
Mortality	
Healthy retirees and beneficiaries:	RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs

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.

Discount rate

The discount rate used to measure the total other postemployment benefit obligation was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the other postemployment benefit 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 other postemployment benefit plan investments for the Plan was applied to all periods of projected benefit payments to determine the total other postemployment benefit obligation.

Healthcare cost trend rate

The benefit provided through the other postemployment benefit plan is a set dollar amount each month, therefore, the healthcare cost trend rates have no effect on the other postemployment benefit obligation.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits – Group health insurance (continued)

Depletion date projection

GASB 74 generally requires that a blended discount rate be used to measure the Total Other Postemployment Benefit Obligation (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 74 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 74 (paragraph 51) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the other postemployment benefits plan for the employees of the City:

- The City has a formal written policy to calculate an actuarial determined contribution (ADC).
- The ADC is based on a closed amortization period that will decrease over time until it reaches 15 years. Once that occurs new layers will be amortized over closed 15 year periods. This funding policy 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 (20 years) if future experience follows assumptions.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the Plan's independent actuary's opinion that the detailed depletion date projections outlined in GASB 74 would indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-term expected rate of return

The long-term expected rate of return assumption of 6.5 percent is based on a blending of the projected return on plan assets and a 20-year tax-exempt, high quality general obligation municipal bond yield or index rate.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefits – Group health insurance (continued)

Sensitivity of the net other postemployment benefit obligation to changes in the discount rate

The following presents the net other postemployment benefit obligation calculated using the discount rate of 6.5 percent, as well as what the City’s net other postemployment benefit obligation would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Net other postemployment benefit liability (asset)	\$ 7,039	\$ (33,014)	\$ (54,702)

The following presents the net other postemployment benefit obligation calculated using current healthcare cost trend rates, as well as what the City’s net other postemployment benefit obligation would be if it were calculated using healthcare cost trend rates that are 1 percent lower or 1 percent higher than the current rate:

	1 Percentage Point Lower	Current Trend	1 Percentage Point Higher
Net other postemployment benefit liability (asset)	\$ (33,014)	\$ (33,014)	\$ (33,014)

12. Other postemployment benefits - implicit subsidy

A. Plan description and benefits provided

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003 are allowed to continue, at the retirees’ expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

B. Plan membership

As of July 1, 2019, there were 36 active employees, 1 eligible retiree, and 1 spouse of ineligible retirees for a total of 38 plan members.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits - implicit subsidy (continued)

C. Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the City are as follows:

For retirees	\$	688
For spouses of retirees		744

D. Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2020, the City reported a total OPEB liability of \$258,424. The total OPEB liability was measured as of June 30, 2019 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balances at June 30, 2019	\$ 241,006
Changes for the year:	
Service cost	14,261
Interest	9,614
Changes in assumptions or other inputs	7,363
Benefit payments	<u>(13,820)</u>
Balances at June 30, 2020	<u>\$ 258,424</u>

For the year ended June 30, 2020, the City recognized OPEB expense of \$9,065. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 18,765
Changes of assumptions	6,454	35,438
City's contributions subsequent to the measurement date	<u>7,093</u>	<u>-</u>
	<u>\$ 13,547</u>	<u>\$ 54,203</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits - implicit subsidy (continued)

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$7,093 will be recognized as an adjustment to the total OPEB liability in the year ended June 30, 2021. 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 ends June 30,	
2021	\$ (7,718)
2022	(7,718)
2023	(7,718)
2024	(7,718)
2025	(7,718)
Thereafter	(9,159)

E. Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee’s pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee’s service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

F. Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2018
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Projected Salary Increases	3.5 percent
Mortality	Healthy retirees and beneficiaries: RP-2000 white collar male and female set back one year for male, generational per Scale BB for males and females

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits - implicit subsidy (continued)

Discount rate

The discount rate used to measure the total OPEB liability was 3.5 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.87 percent.

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2018	6.75%
2019	7.00%
2020	5.50%
2021-2025	5.00%
2026-2029	4.75%
2030-2033	5.00%
2034	5.25%
2035	5.75%
2036-2038	6.00%
2039-2045	5.75%
2046-2050	5.50%
2051-2061	5.25%
2062-2065	5.00%
2066+	4.75%

Dental costs are assumed to increase 4.5 percent in all future years.

Sensitivity of the City's total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City's total OPEB liability calculated using the discount rate of 3.5 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 279,395	\$ 258,424	\$ 238,732
	<u>1 Percentage Point Lower</u>	<u>Current Trend Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 230,540	\$ 258,424	\$ 290,654

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. Intergovernmental agreement

The City has an intergovernmental agreement with the City of Sublimity, to provide sewage treatment services. The Agreement has been renewed until June 30, 2020. The agreement is automatically extended from year to year on the same terms and conditions unless it is modified or terminated by mutual written agreement of the cities of Stayton and Sublimity.

The City of Sublimity pays the City of Stayton for wholesale sewer service (operations, capital replacement and administrative services) in addition to a variable percent of debt service payments on the USDA Sewer Revenue Bonds (16.33% for 2019-20) and 27.88 percent of the debt service payments on the Full Faith and Credit Refunding Bonds.

14. Net position restricted through enabling legislation

The amount of net position restricted by enabling legislation is as follows:

Governmental activities

Capital projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$ 827,151
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Business-type activities

Capital projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	1,055,751
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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. Segment information for enterprise funds

The City has issued Full Faith and Credit Refunding Bonds to finance water, sewer, and stormwater systems. Summary financial information for the water, sewer, and stormwater systems as of and for the year ended June 30, 2020 is as follows:

Condensed statement of net position	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Assets			
Current	\$ 1,341,307	\$ 5,201,141	\$ 406,336
Noncurrent	30,347	37,248	2,753
Capital	<u>6,743,304</u>	<u>11,887,297</u>	<u>2,571,722</u>
Total assets	<u>8,114,958</u>	<u>17,125,686</u>	<u>2,980,811</u>
Deferred outflows of resources	<u>89,860</u>	<u>58,791</u>	<u>4,311</u>
Liabilities			
Current	402,115	841,134	182,700
Noncurrent	<u>3,317,930</u>	<u>10,306,434</u>	<u>674,180</u>
Total liabilities	<u>3,720,045</u>	<u>11,147,568</u>	<u>856,880</u>
Deferred inflows of resources	<u>32,967</u>	<u>40,894</u>	<u>2,991</u>
Net position			
Net investment in capital assets	3,192,748	1,066,439	1,872,509
Restricted	471,364	1,436,218	93,017
Unrestricted	<u>787,694</u>	<u>3,493,358</u>	<u>159,725</u>
Total net position	<u>\$ 4,451,806</u>	<u>\$ 5,996,015</u>	<u>\$ 2,125,251</u>
Condensed statement of revenues, expenses and changes in fund net position			
Operating revenue	\$ 1,605,291	\$ 3,071,687	\$ 304,166
Depreciation expense	374,245	570,367	21,189
Other operating expenses	<u>772,311</u>	<u>1,566,541</u>	<u>136,188</u>
Operating income	458,735	934,779	146,789
Nonoperating revenues (expenses)	<u>(61,767)</u>	<u>(190,682)</u>	<u>(6,276)</u>
Income before transfers	396,968	744,097	140,513
Transfers in	27,354	215,811	2,052
Transfers out	<u>(468,400)</u>	<u>(770,175)</u>	<u>(63,100)</u>
Change in net position	(22,888)	209,094	105,270
Net position – beginning	4,527,468	5,848,144	2,021,776
Prior period adjustment	<u>(52,774)</u>	<u>(61,223)</u>	<u>(1,795)</u>
Net position – ending	<u>\$ 4,451,806</u>	<u>\$ 5,996,015</u>	<u>\$ 2,125,251</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. Segment information for enterprise funds (continued)

Condensed statement of cash flows	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Net cash provided by (used in):			
Operating activities	\$ 842,845	\$ 1,351,450	\$ 158,753
Non-capital financing activities	(441,046)	(554,364)	(61,048)
Capital and related financing activities	(325,385)	(797,234)	(79,836)
Investing activities	23,377	93,487	6,882
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	99,791	93,339	24,751
Cash and cash equivalents - beginning	1,044,498	4,436,643	352,991
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents - ending	<u>\$ 1,144,289</u>	<u>\$ 4,529,982</u>	<u>\$ 377,742</u>

16. Budgetary perspective differences

Revenues

Total General Fund revenues - budgetary basis	\$ 3,837,848
Interfund loan	(23,000)
Revenues of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	4,116
Parks	<u>12,436</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 3,831,400</u>

Expenditures

Total General Fund expenditures - budgetary basis	\$ 3,875,616
Expenditures of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	250,000
Parks	<u>301,975</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 4,427,591</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

16. Budgetary perspective differences (continued)

Other financing sources (uses)

Total General Fund other financing sources (uses) - budgetary basis	\$ 70,568
Interfund loan	161,600
Other financing sources (uses) of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	190,400
Parks	<u>222,300</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 644,868</u>

Beginning fund balance

Total General Fund beginning fund balance - budgetary basis	\$ 1,424,119
Beginning fund balance of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	150,000
Parks	<u>208,302</u>
Total beginning fund balance reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 1,782,421</u>

Ending fund balance

Total General Fund ending fund balance - budgetary basis	\$ 1,456,919
Interfund loan	138,600
Ending fund balance of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	94,516
Parks	<u>141,063</u>
Total ending fund balance reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 1,831,098</u>

17. Tax abatements

Marion County has designated historic property under ORS 358.475-.545 that abates property taxes on historic properties and property under ORS 285C for partial abatement on enterprise zones. As a result, the property taxes that the City will receive for the 2019-20 levy year has been reduced by \$82 and \$7,476, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

18. Prior period adjustment

The beginning fund balance of the Street Fund has been decreased \$25,194 at June 30, 2019 as the City determined the presentation of inventory in the fund and budget to actual statements was inconsistent with the current financial resources basis of accounting utilized for fund presentation.

The beginning fund balance and beginning net position in the Water and Wastewater have been decreased \$24,977 and \$30,719, respectively to recognize additional customer deposits at June 30, 2019.

In addition, the beginning net position of the governmental activities and Water, Wastewater, Stormwater, and Public Works Funds have been decreased \$204,037, \$27,797, \$30,504, \$1,795, and \$25,883, respectively to recognize an additional other postemployment benefit plan not previously reported by the City.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF STAYTON

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

Year Ended June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.01352096%	\$ 2,338,802	\$ 940,352	249%	80%
2018	0.00124465%	1,885,473	1,023,561	184%	82%
2017	0.00127657%	1,720,817	954,756	180%	83%
2016	0.00133512%	2,004,319	949,451	211%	81%
2015	0.00137446%	789,140	967,205	82%	92%
2014	0.00135573%	(307,306)	903,339	-34%	104%

* Information will be accumulated annually until 10 years is presented

CITY OF STAYTON
SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years Ended *

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
2020	\$ 187,969	\$ 437,969	\$ (250,000)	\$ 958,395	45.70%
2019	159,585	159,585	-	940,352	16.97%
2018	182,834	182,834	-	1,023,561	17.86%
2017	212,099	212,099	-	954,756	22.21%
2016	190,064	190,064	-	949,451	20.02%
2015	185,123	185,123	-	967,205	19.14%

* Information will be accumulated annually until 10 years is presented

CITY OF STAYTON

SCHEDULE OF NET PENSION LIABILITY AND CHANGES IN NET PENSION LIABILITY
RETIREMENT PLAN FOR THE EMPLOYEES OF THE CITY OF STAYTON
Last 10 Plan Years*

	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015	For the Year Ended June 30, 2014
<u>Beginning of year</u>						
Total pension liability	\$ 7,576,069	\$ 7,135,977	\$ 7,014,532	\$ 6,582,356	\$ 5,814,484	\$ 5,460,247
Fiduciary net position	7,408,109	6,882,911	6,267,517	6,149,862	5,909,978	5,089,313
Net pension liability (asset)	<u>\$ 167,960</u>	<u>\$ 253,066</u>	<u>\$ 747,015</u>	<u>\$ 432,494</u>	<u>\$ (95,494)</u>	<u>\$ 370,934</u>
<u>Changes in total pension liability</u>						
Service cost	\$ 244,921	\$ 236,639	\$ 234,298	\$ 226,375	\$ 196,034	\$ 205,098
Interest on total pension liability	499,052	470,246	461,171	434,734	384,088	362,649
Effect of economic/demographic losses	(73,788)	-	(266,243)	-	(59,144)	(48,357)
Effect of assumption changes or inputs	22,568	-	-	-	441,438	-
Benefit payments	<u>(286,546)</u>	<u>(266,793)</u>	<u>(307,781)</u>	<u>(228,933)</u>	<u>(194,544)</u>	<u>(165,153)</u>
Net change in total pension liability	<u>\$ 406,207</u>	<u>\$ 440,092</u>	<u>\$ 121,445</u>	<u>\$ 432,176</u>	<u>\$ 767,872</u>	<u>\$ 354,237</u>
<u>Changes in fiduciary net position</u>						
Employer contributions	\$ 604,633	\$ 230,677	\$ 223,999	\$ 213,582	\$ 198,193	\$ 203,582
Member contributions	-	77,795	76,484	76,542	68,901	70,200
Investment income net of expenses	464,435	483,519	647,240	106,824	183,402	729,046
Benefit payments	(286,546)	(266,793)	(307,781)	(228,933)	(194,544)	(165,153)
Administrative expenses	<u>-</u>	<u>-</u>	<u>(24,548)</u>	<u>(50,360)</u>	<u>(16,068)</u>	<u>(17,010)</u>
Net change in fiduciary net position	<u>\$ 782,522</u>	<u>\$ 525,198</u>	<u>\$ 615,394</u>	<u>\$ 117,655</u>	<u>\$ 239,884</u>	<u>\$ 820,665</u>
<u>End of year</u>						
Total pension liability	\$ 7,982,276	\$ 7,576,069	\$ 7,135,977	\$ 7,014,532	\$ 6,582,356	\$ 5,814,484
Fiduciary net position	<u>8,190,631</u>	<u>7,408,109</u>	<u>6,882,911</u>	<u>6,267,517</u>	<u>6,149,862</u>	<u>5,909,978</u>
Net pension liability	<u>\$ (208,355)</u>	<u>\$ 167,960</u>	<u>\$ 253,066</u>	<u>\$ 747,015</u>	<u>\$ 432,494</u>	<u>\$ (95,494)</u>
Fiduciary net position as a percent of total pension liability	102.6%	97.8%	96.5%	89.4%	93.4%	101.6%
Covered payroll	\$ 1,399,047	\$ 1,393,167	\$ 1,346,055	\$ 1,188,545	\$ 1,148,353	\$ 1,051,497
Net pension liability as a percent of covered payroll	12.1%	12.1%	18.8%	62.9%	37.7%	-9.1%

*Information will be accumulated until 10 years are presented

CITY OF STAYTON
SCHEDULE OF EMPLOYER CONTRIBUTIONS
RETIREMENT PLAN FOR THE EMPLOYEES OF THE CITY OF STAYTON
Last 10 Fiscal Years
(Amounts in Thousands)

	June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 263	\$ 315	\$ 322	\$ 288	\$ 270	\$ 277	\$ 255	\$ 305	\$ 313	\$ 319
Actual employer contribution	263	605	308	300	290	267	274	306	315	314
Contribution deficiency (excess)	-	(290)	14	(12)	(20)	10	(19)	(1)	(2)	5
Covered payroll	1,508	1,399	1,393	1,346	1,189	1,148	1,051	1,108	1,178	1,230
Contribution as a percent of covered payroll	17.44%	43.25%	22.11%	22.29%	24.39%	23.26%	26.07%	27.62%	26.74%	25.53%
Valuation date	7/1/2019	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009
Assumed investment rate of return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

Notes to schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Effective July 1, 2006: Individual entry age normal, level percent of pay Through July 1, 2005: Aggregate actuarial cost method
Amortization method	Effective July 1, 2017: Closed 20-year amortization, level percent of pay, with the balance amortized each year and the amortization period reducing one year per year until it reach 15 years. Once the amortization period reaches 15 years, new bases will be amortized over 15 years (layered amortization) Effective July 1, 2015: Closed 22-year amortization, level percent of pay Effective July 1, 2014: Closed 23-year amortization, level percent of pay Effective July 1, 2013: Closed 24-year amortization, level percent of pay Effective July 1, 2012: Closed 25-year amortization, level percent of pay Effective July 1, 2006: Open 20-year amortization, level percent of pay
Asset valuation method	Effective July 1, 2009: Market value gains and losses smoothed over five years, with result less than 80% or greater than 120% of market value Through July 1, 2008: Market value of assets
Healthy mortality	Effective July 1, 2015: RP-2000 Sex-distinct, generational per Scale BB, blended 25% blue collar/75% white collar, set back 12 months for males and no setback for females Effective July 1, 2012: Healthy Combined RP-2000 mortality projected to 2020 Effective July 1, 2010: Healthy Combined RP-2000 mortality projected to 2010 Through July 1, 2009: Healthy Combined RP-2000 mortality
Cost of living increases	2 percent per year
Salary increases	Effective July 1, 2015: 3.5 percent per year Effective July 1, 2012: 4 percent per year Effective July 1, 2010: 4.5 percent per year Effective July 1, 2006: 5 percent per year

CITY OF STAYTON

**SCHEDULE OF INVESTMENT RATE OF RETURN
RETIREMENT PLAN FOR THE EMPLOYEES OF THE CITY OF STAYTON
Last 10 Fiscal Years Ended***

<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2020	2.65%
2019	5.95%
2018	7.03%
2017	10.40%
2016	1.75%
2015	3.10%
2014	14.24%

*Information will be accumulated until 10 years are presented

CITY OF STAYTON

**SCHEDULE OF NET OTHER POSTEMPLOYMENT BENEFIT OBLIGATION AND CHANGES IN
NET OTHER POSTEMPLOYMENT BENEFIT OBLIGATION
EMPLOYEE BENEFIT PLAN FOR THE EMPLOYEES OF THE CITY OF STAYTON
Last 10 Plan Years***

	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016
<u>Beginning of year</u>				
Total other postemployment benefit obligation	\$ 250,678	\$ 237,854	\$ 231,855	\$ 221,388
Fiduciary net position	<u>110,009</u>	<u>96,262</u>	<u>80,288</u>	<u>71,341</u>
Net other postemployment benefit obligation (asset)	<u>\$ 140,669</u>	<u>\$ 141,592</u>	<u>\$ 151,567</u>	<u>\$ 150,047</u>
<u>Changes in total other postemployment benefit obligation</u>				
Service cost	\$ 6,469	\$ 6,250	\$ 4,616	\$ 4,460
Interest on total other postemployment benefit obligation	16,403	15,574	15,098	14,408
Effect of economic/demographic losses	(57,707)	-	-	-
Effect of assumption changes or inputs	1,655	-	(5,315)	-
Benefit payments	<u>(9,600)</u>	<u>(9,000)</u>	<u>(8,400)</u>	<u>(8,400)</u>
Net change in total other postemployment benefit obligation	<u>\$ (42,780)</u>	<u>\$ 12,824</u>	<u>\$ 5,999</u>	<u>\$ 10,468</u>
<u>Changes in fiduciary net position</u>				
Employer contributions	\$ 130,056	\$ 15,767	\$ 15,999	\$ 16,627
Investment income net of expenses	10,447	6,980	8,689	1,304
Benefit payments	(9,600)	(9,000)	(8,400)	(8,400)
Administrative expenses	<u>-</u>	<u>-</u>	<u>(314)</u>	<u>(584)</u>
Net change in fiduciary net position	<u>\$ 130,903</u>	<u>\$ 13,747</u>	<u>\$ 15,974</u>	<u>\$ 8,947</u>
<u>End of year</u>				
Total other post employee benefit obligation	\$ 207,898	\$ 250,678	\$ 237,854	\$ 231,856
Fiduciary net position	<u>240,912</u>	<u>110,009</u>	<u>96,262</u>	<u>80,288</u>
Net other postemployment benefit obligation (asset)	<u>\$ (33,014)</u>	<u>\$ 140,669</u>	<u>\$ 141,592</u>	<u>\$ 151,568</u>
Fiduciary net position as a percent of total other postemployment benefit obligation	115.88%	43.88%	40.47%	34.63%
Covered payroll	\$ 1,399,047	\$ 1,393,167	\$ 1,346,055	\$ 1,188,545
Net other postemployment benefit obligation as a percent of covered payroll	-2.36%	10.10%	10.52%	12.75%

*Information will be accumulated until 10 years are presented

CITY OF STAYTON

SCHEDULE OF EMPLOYER CONTRIBUTIONS

**EMPLOYEE BENEFIT PLAN FOR THE EMPLOYEES OF THE CITY OF STAYTON
Last 10 Fiscal Years
(Amounts in Thousands)**

	June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 11	\$ 11	\$ 17	\$ 15	\$ 15	\$ 10	\$ 8	\$ 10	\$ 10	\$ 7
Actual employer contribution	11	130	16	16	17	9	8	9	7	5
Contribution deficiency (excess)	-	(119)	1	(1)	(2)	1	-	1	3	2
Covered payroll	1,508	1,399	1,393	1,346	1,189	1,148	1,051	1,108	1,178	1,230
Contribution as a percent of covered payroll	0.73%	9.29%	1.15%	1.19%	1.43%	0.78%	0.76%	0.81%	0.59%	0.41%
Valuation date	7/1/2019	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009
Assumed investment rate of return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

Notes to schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Effective July 1, 2006: Individual entry age normal, level percent of pay Through July 1, 2005: Aggregate actuarial cost method
Amortization method	Effective July 1, 2017: Closed 20-year amortization, level percent of pay, with the balance being amortized each year and the amortization period reducing one year per year until it reaches 15 years. Once the amortization period reaches 15 years, new bases will be amortized over 15 years (layered amortization) Effective July 1, 2015: Closed 22-year amortization, level percent of pay Effective July 1, 2014: Closed 23-year amortization, level percent of pay Effective July 1, 2013: Closed 24-year amortization, level percent of pay Effective July 1, 2012: Closed 25-year amortization, level percent of pay Effective July 1, 2006: Open 20-year amortization, level percent of pay
Asset valuation method	Effective July 1, 2009: Market value gains and losses smoothed over five years, with result not less than 80% or greater than 120% of market value Through July 1, 2008: Market value of assets
Healthy mortality	Effective July 1, 2015: RP-2000 Sex-distinct, generational per Scale BB, blended 25% blue collar/75% white collar, set back 12 months for males and no setback for females Effective July 1, 2012: Healthy Combined RP-2000 mortality projected to 2020 Effective July 1, 2010: Healthy Combined RP-2000 mortality projected to 2010 Through July 1, 2009: Healthy Combined RP-2000 mortality
Cost of living increases	2 percent per year
Salary increases	Effective July 1, 2015: 3.5 percent per year Effective July 1, 2012: 4 percent per year Effective July 1, 2010: 4.5 percent per year Effective July 1, 2006: 5 percent per year

CITY OF STAYTON

**SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN
EMPLOYEE BENEFIT PLAN FOR THE EMPLOYEES OF THE CITY OF STAYTON
Last 10 Fiscal Years***

<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2020	2.65%
2019	5.95%
2018	7.09%
2017	10.53%
2016	1.77%

*Information will be accumulated until 10 years are presented

CITY OF STAYTON

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
Last Ten Plan Years***

	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018
Service cost	\$ 14,261	\$ 19,035
Interest on total OPEB liability	9,614	10,576
Effect of economic/demographic gains or losses	-	(24,917)
Effect of assumptions changes or inputs	7,363	(29,013)
Benefit payments	(13,820)	(21,913)
Net change in total OPEB liability	17,418	(46,232)
Total OPEB liability - beginning of year	241,006	287,238
Total OPEB liability - end of year	\$ 258,424	\$ 241,006
Covered payroll	\$ 2,339,399	\$ 2,416,728
Total OPEB liability as a percentage of covered payroll	11.05%	9.97%

NOTES TO SCHEDULE

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

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CITY OF STAYTON
COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2020

	General	Pension Stabilization	Parks	Total
ASSETS				
Cash and cash equivalents	\$ 1,347,720	\$ 94,516	\$ 144,554	\$ 1,586,790
Receivables	314,086	-	-	314,086
Due from other funds	138,600	-	-	138,600
Prepaid items	24,092	-	1,455	25,547
TOTAL ASSETS	\$ 1,824,498	\$ 94,516	\$ 146,009	\$ 2,065,023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 118,002	\$ -	\$ 4,946	\$ 122,948
Consumer deposits	4,015	-	-	4,015
TOTAL LIABILITIES	122,017	-	4,946	126,963
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	106,962	-	-	106,962
TOTAL DEFERRED INFLOWS OF RESOURCES	106,962	-	-	106,962
FUND BALANCES				
Nonspendable	24,092	-	1,455	25,547
Restricted for other purposes	25,735	-	-	25,735
Assigned for:				
Pensions	-	94,516	-	94,516
Parks	-	-	139,608	139,608
Unassigned	1,545,692	-	-	1,545,692
TOTAL FUND BALANCES	1,595,519	94,516	141,063	1,831,098
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,824,498	\$ 94,516	\$ 146,009	\$ 2,065,023

CITY OF STAYTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUNDS
For the Year Ended June 30, 2020**

	General	Pension Stabilization	Parks	Total
REVENUES				
Property taxes	\$ 2,106,462	\$ -	\$ 10,000	\$ 2,116,462
Franchise fees	781,012	-	-	781,012
Licenses, permits and fees	56,930	-	-	56,930
Fines and forfeitures	145,846	-	-	145,846
Charges for services	51,282	-	-	51,282
Intergovernmental	260,229	-	-	260,229
Grants	265,190	-	-	265,190
Interest	35,921	4,116	2,436	42,473
Miscellaneous	111,976	-	-	111,976
TOTAL REVENUES	3,814,848	4,116	12,436	3,831,400
EXPENDITURES				
Current				
General government	1,575,386	-	-	1,575,386
Public safety	2,098,370	250,000	-	2,348,370
Highways and streets	112,080	-	-	112,080
Culture and recreation	37,308	-	301,975	339,283
Capital outlay	52,472	-	-	52,472
TOTAL EXPENDITURES	3,875,616	250,000	301,975	4,427,591
Excess (deficiency) of revenues over expenditures	<u>(60,768)</u>	<u>(245,884)</u>	<u>(289,539)</u>	<u>(596,191)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	980,000	190,400	253,000	1,423,400
Transfers out	(747,832)	-	(30,700)	(778,532)
TOTAL OTHER FINANCING SOURCES (USES)	232,168	190,400	222,300	644,868
Net change in fund balances	171,400	(55,484)	(67,239)	48,677
Fund balances at beginning of year	1,424,119	150,000	208,302	1,782,421
Fund balance at end of year	<u>\$ 1,595,519</u>	<u>\$ 94,516</u>	<u>\$ 141,063</u>	<u>\$ 1,831,098</u>

CITY OF STAYTON

**PENSION STABILIZATION - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 1,000	\$ 4,116	\$ 3,116
TOTAL REVENUES	1,000	4,116	3,116
EXPENDITURES			
Personnel services	250,000	250,000	-
Materials and services	2,000	-	2,000
Contingency	89,400	-	89,400
TOTAL EXPENDITURES	341,400	250,000	91,400
Excess (deficiency) of revenues over expenditures	(340,400)	(245,884)	94,516
OTHER FINANCING SOURCES (USES)			
Transfers in	190,400	190,400	-
TOTAL OTHER FINANCING SOURCES (USES)	190,400	190,400	-
Net change in fund balance	(150,000)	(55,484)	94,516
Fund balance at beginning of year	150,000	150,000	-
Fund balance at end of year	\$ -	\$ 94,516	\$ 94,516

CITY OF STAYTON

**PARKS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Property taxes	\$ 10,000	\$ 10,000	\$ -
Interest	<u>-</u>	<u>2,436</u>	<u>2,436</u>
TOTAL REVENUES	<u>10,000</u>	<u>12,436</u>	<u>2,436</u>
EXPENDITURES			
Personnel services	103,500	90,953	12,547
Materials and services	215,650	211,022	4,628
Capital outlay	10,000	-	10,000
Contingency	<u>79,943</u>	<u>-</u>	<u>79,943</u>
TOTAL EXPENDITURES	<u>409,093</u>	<u>301,975</u>	<u>107,118</u>
Excess (deficiency) of revenues over expenditures	<u>(399,093)</u>	<u>(289,539)</u>	<u>109,554</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	253,000	253,000	-
Transfers out	<u>(50,800)</u>	<u>(30,700)</u>	<u>20,100</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>202,200</u>	<u>222,300</u>	<u>20,100</u>
Net change in fund balance	(196,893)	(67,239)	129,654
Fund balance at beginning of year	<u>196,893</u>	<u>208,302</u>	<u>11,409</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 141,063</u></u>	<u><u>\$ 141,063</u></u>

CITY OF STAYTON

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and cash equivalents	\$ 526,969	\$ 827,151	\$ 1,354,120
Receivables	44,086	-	44,086
Prepaid items	5,174	-	5,174
TOTAL ASSETS	\$ 576,229	\$ 827,151	\$ 1,403,380
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 34,877	\$ -	\$ 34,877
TOTAL LIABILITIES	34,877	-	34,877
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	11,068	-	11,068
TOTAL DEFERRED INFLOWS OF RESOURCES	11,068	-	11,068
FUND BALANCES			
Nonspendable	5,174	-	5,174
Restricted for:			
Swimming pool	242,253	-	242,253
Capital projects	-	827,151	827,151
Committed for library programs	282,857	-	282,857
TOTAL FUND BALANCES	530,284	827,151	1,357,435
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 576,229	\$ 827,151	\$ 1,403,380

CITY OF STAYTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Special Revenue	Capital Projects	Totals
REVENUES			
Property taxes	\$ 369,341	\$ -	\$ 369,341
Licenses, permits and fees	1,300	-	1,300
Fines and forfeitures	9,137	-	9,137
Charges for services	230,490	-	230,490
Donations	6,500	-	6,500
System development charges	-	45,911	45,911
Intergovernmental	1,381	-	1,381
Interest	10,047	16,756	26,803
Miscellaneous	55,955	-	55,955
	<u>684,151</u>	<u>62,667</u>	<u>746,818</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Culture and recreation	814,611	-	814,611
Capital outlay	53,553	-	53,553
	<u>868,164</u>	<u>-</u>	<u>868,164</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	<u>(184,013)</u>	<u>62,667</u>	<u>(121,346)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	314,432	154,600	469,032
Transfers out	(43,500)	(363,371)	(406,871)
	<u>270,932</u>	<u>(208,771)</u>	<u>62,161</u>
TOTAL OTHER FINANCING SOURCES (USES)			
Net change in fund balances	86,919	(146,104)	(59,185)
Fund balances at beginning of year	443,365	973,255	1,416,620
	<u>530,284</u>	<u>827,151</u>	<u>1,357,435</u>
Fund balances at end of year	<u>\$ 530,284</u>	<u>\$ 827,151</u>	<u>\$ 1,357,435</u>

CITY OF STAYTON

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2020**

	Library	Swimming Pool	Totals
ASSETS			
Cash and cash equivalents	\$ 258,491	\$ 268,478	\$ 526,969
Receivables	36,741	7,345	44,086
Prepaid items	1,536	3,638	5,174
TOTAL ASSETS	\$ 296,768	\$ 279,461	\$ 576,229
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,887	\$ 27,990	\$ 34,877
TOTAL LIABILITIES	6,887	27,990	34,877
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	5,488	5,580	11,068
TOTAL DEFERRED INFLOWS OF RESOURCES	5,488	5,580	11,068
FUND BALANCES			
Nonspendable	1,536	3,638	5,174
Restricted for swimming pool operations	-	242,253	242,253
Committed for library programs	282,857	-	282,857
TOTAL FUND BALANCES	284,393	245,891	530,284
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 296,768	\$ 279,461	\$ 576,229

CITY OF STAYTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020**

	Library	Swimming Pool	Totals
REVENUES			
Property taxes	\$ 185,939	\$ 183,402	\$ 369,341
Licenses, permits and fees	1,300	-	1,300
Fines and forfeitures	9,137	-	9,137
Charges for services	106,563	123,927	230,490
Donations	6,500	-	6,500
Intergovernmental	1,381	-	1,381
Interest	5,229	4,818	10,047
Miscellaneous	25,955	30,000	55,955
TOTAL REVENUES	342,004	342,147	684,151
EXPENDITURES			
Current:			
Culture and recreation	452,969	361,642	814,611
Capital outlay	8,950	44,603	53,553
TOTAL EXPENDITURES	461,919	406,245	868,164
Excess (deficiency) of revenues over expenditures	(119,915)	(64,098)	(184,013)
OTHER FINANCING SOURCES (USES)			
Transfers in	197,900	116,532	314,432
Transfers out	(29,200)	(14,300)	(43,500)
TOTAL OTHER FINANCING SOURCES (USES)	168,700	102,232	270,932
Net change in fund balances	48,785	38,134	86,919
Fund balances at beginning of year	235,608	207,757	443,365
Fund balances at end of year	\$ 284,393	\$ 245,891	\$ 530,284

CITY OF STAYTON

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2020**

	Street System Development Charges	Parks System Development Charges	Totals
ASSETS			
Cash and cash equivalents	\$ 753,293	\$ 73,858	\$ 827,151
TOTAL ASSETS	\$ 753,293	\$ 73,858	\$ 827,151
FUND BALANCES			
Restricted for capital projects	\$ 753,293	\$ 73,858	\$ 827,151
TOTAL FUND BALANCES	753,293	73,858	827,151
TOTAL LIABILITIES AND FUND BALANCES	\$ 753,293	\$ 73,858	\$ 827,151

CITY OF STAYTON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2020**

	Vehicle Replacement	Street System Development Charges	Parks System Development Charges	Totals
REVENUES				
System development charges	\$ -	\$ 23,323	\$ 22,588	\$ 45,911
Interest	-	15,450	1,306	16,756
	-	38,773	23,894	62,667
TOTAL REVENUES				
Excess (deficiency) of revenues over expenditures	-	38,773	23,894	62,667
OTHER FINANCING SOURCES (USES)				
Transfers in	154,600	-	-	154,600
Transfers out	(359,336)	(4,035)	-	(363,371)
	(204,736)	(4,035)	-	(208,771)
TOTAL OTHER FINANCING SOURCES (USES)				
Net change in fund balances	(204,736)	34,738	23,894	(146,104)
Fund balances at beginning of year	204,736	718,555	49,964	973,255
Fund balances at end of year	\$ -	\$ 753,293	\$ 73,858	\$ 827,151

CITY OF STAYTON

**LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Property taxes	\$ 183,500	\$ 185,939	\$ 2,439
Licenses, permits and fees	1,300	1,300	-
Fines and forfeitures	10,000	9,137	(863)
Charges for services	98,300	106,563	8,263
Intergovernmental	1,300	1,381	81
Interest	2,100	5,229	3,129
Miscellaneous	30,000	32,455	2,455
 TOTAL REVENUES	 326,500	 342,004	 15,504
 EXPENDITURES			
Personnel services	384,100	337,709	46,391
Materials and services	136,900	115,260	21,640
Capital outlay	10,300	8,950	1,350
Contingency	173,449	-	173,449
 TOTAL EXPENDITURES	 704,749	 461,919	 242,830
 Excess (deficiency) of revenues over expenditures	 (378,249)	 (119,915)	 258,334
 OTHER FINANCING SOURCES (USES)			
Transfers in	197,900	197,900	-
Transfers out	(31,500)	(29,200)	2,300
 TOTAL OTHER FINANCING SOURCES (USES)	 166,400	 168,700	 2,300
 Net change in fund balance	(211,849)	48,785	260,634
Fund balance at beginning of year	211,849	235,608	23,759
 Fund balance at end of year	 \$ -	 \$ 284,393	 \$ 284,393

CITY OF STAYTON

**SWIMMING POOL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Property taxes	\$ 182,700	\$ 183,402	\$ 702
Charges for services	181,500	123,927	(57,573)
Interest	3,700	4,818	1,118
Miscellaneous	30,000	30,000	-
TOTAL REVENUES	397,900	342,147	(55,753)
EXPENDITURES			
Personnel services	303,200	210,995	92,205
Materials and services	154,632	150,647	3,985
Capital outlay	80,000	44,603	35,397
Contingency	146,522	-	146,522
TOTAL EXPENDITURES	684,354	406,245	278,109
Excess (deficiency) of revenues over expenditures	(286,454)	(64,098)	222,356
OTHER FINANCING SOURCES (USES)			
Transfers in	116,532	116,532	-
Transfers out	(14,300)	(14,300)	-
TOTAL OTHER FINANCING SOURCES (USES)	102,232	102,232	-
Net change in fund balance	(184,222)	38,134	222,356
Fund balance at beginning of year	184,222	207,757	23,535
Fund balance at end of year	\$ -	\$ 245,891	\$ 245,891

CITY OF STAYTON

**VEHICLE REPLACEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 154,600	\$ 154,600	\$ -
Transfers out	(200,000)	(197,736)	2,264
TOTAL OTHER FINANCING SOURCES (USES)	(45,400)	(43,136)	2,264
Net change in fund balance	(45,400)	(43,136)	2,264
Fund balance at beginning of year	45,400	43,136	(2,264)
Fund balance at end of year	\$ -	\$ -	\$ -

CITY OF STAYTON

**STREET SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
System development charges	\$ 70,300	\$ 23,323	\$ (46,977)
Interest	<u>7,000</u>	<u>15,450</u>	<u>8,450</u>
TOTAL REVENUES	<u>77,300</u>	<u>38,773</u>	<u>(38,527)</u>
EXPENDITURES			
Capital outlay	<u>754,345</u>	<u>-</u>	<u>754,345</u>
TOTAL EXPENDITURES	<u>754,345</u>	<u>-</u>	<u>754,345</u>
Excess (deficiency) of revenues over expenditures	<u>(677,045)</u>	<u>38,773</u>	<u>715,818</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(20,000)</u>	<u>(4,035)</u>	<u>15,965</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,000)</u>	<u>(4,035)</u>	<u>15,965</u>
Net change in fund balance	(697,045)	34,738	731,783
Fund balance at beginning of year	<u>697,045</u>	<u>718,555</u>	<u>21,510</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 753,293</u></u>	<u><u>\$ 753,293</u></u>

CITY OF STAYTON

**PARKS SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
System development charges	\$ 83,500	\$ 22,588	\$ (60,912)
Interest	600	1,306	706
TOTAL REVENUES	84,100	23,894	(60,206)
EXPENDITURES			
Capital outlay	143,436	-	143,436
TOTAL EXPENDITURES	143,436	-	143,436
Net change in fund balance	(59,336)	23,894	83,230
Fund balance at beginning of year	59,336	49,964	(9,372)
Fund balance at end of year	\$ -	\$ 73,858	\$ 73,858

CITY OF STAYTON

COMBINING STATEMENT OF NET POSITION
 WATER FUND
 June 30, 2020

	Water	Water System Development Charges	Total Water Fund
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 672,925	\$ 471,364	\$ 1,144,289
Receivables, net	120,618	-	120,618
Inventory	72,358	-	72,358
Prepaid items	4,042	-	4,042
	<hr/>	<hr/>	<hr/>
Total current assets	869,943	471,364	1,341,307
Net pension asset	27,947	-	27,947
Net other postemployment benefits asset	2,400	-	2,400
Capital assets			
Land	40,182	-	40,182
Other capital assets, net	6,703,122	-	6,703,122
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	7,643,594	471,364	8,114,958
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Refunded debt charges	42,341	-	42,341
Pension related items	42,030	-	42,030
Other postemployment benefit related items	5,489	-	5,489
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	89,860	-	89,860
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable and accrued liabilities	71,321	-	71,321
Accrued interest payable	9,511	-	9,511
Consumer deposits	45,816	-	45,816
Compensated absences payable	24,053	-	24,053
Long-term obligations due within one year	251,414	-	251,414
	<hr/>	<hr/>	<hr/>
Total current liabilities	402,115	-	402,115
Long-term obligations due in more than one year	3,317,930	-	3,317,930
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	3,720,045	-	3,720,045
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	28,760	-	28,760
Other postemployment benefit related items	4,207	-	4,207
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	32,967	-	32,967
<u>NET POSITION</u>			
Net investment in capital assets	3,192,748	-	3,192,748
Restricted for capital projects	-	471,364	471,364
Unrestricted	787,694	-	787,694
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 3,980,442	\$ 471,364	\$ 4,451,806

CITY OF STAYTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER FUND
For the Year Ended June 30, 2020**

	Water	Water System Development Charges	Total Water Fund
OPERATING REVENUES			
Charges for services	\$ 1,605,291	\$ -	\$ 1,605,291
OPERATING EXPENSES			
Personnel services	324,452	-	324,452
Materials and services	447,859	-	447,859
Depreciation	374,245	-	374,245
Total operating expenses	1,146,556	-	1,146,556
Operating income (loss)	458,735	-	458,735
NONOPERATING REVENUES (EXPENSES)			
Interest income	13,837	9,540	23,377
Miscellaneous	448	-	448
Interest expense	(85,592)	-	(85,592)
Total nonoperating revenue (expenses)	(71,307)	9,540	(61,767)
Income (loss) before transfers	387,428	9,540	396,968
Capital contributions	-	21,190	21,190
Transfers in	27,354	-	27,354
Transfers out	(468,400)	-	(468,400)
Total capital contributions and transfers	(441,046)	21,190	(419,856)
Change in net position	(53,618)	30,730	(22,888)
Net position - beginning	4,086,834	440,634	4,527,468
Prior period adjustment	(52,774)	-	(52,774)
Net position - ending	\$ 3,980,442	\$ 471,364	\$ 4,451,806

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
WATER FUND
For the Year Ended June 30, 2020

	Water	Water System Development Charges	Total Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,623,148	\$ -	\$ 1,623,148
Payments to suppliers	(451,648)	-	(451,648)
Payments to employees	(328,655)	-	(328,655)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	842,845	-	842,845
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	27,354	-	27,354
Transfers out	(468,400)	-	(468,400)
NET CASH (USED IN) NONCAPITAL FINANCING ACTIVITIES	(441,046)	-	(441,046)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development charges received	-	21,190	21,190
Other	448	-	448
Acquisition of capital assets	(18,500)	-	(18,500)
Principal paid on long-term obligations	(210,000)	-	(210,000)
Interest paid on long-term obligations	(118,523)	-	(118,523)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(346,575)	21,190	(325,385)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	13,837	9,540	23,377
Net increase (decrease) in cash and cash equivalents	69,061	30,730	99,791
Cash and cash equivalents - beginning of year	603,864	440,634	1,044,498
Cash and cash equivalents - end of year	\$ 672,925	\$ 471,364	\$ 1,144,289
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 458,735	\$ -	\$ 458,735
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	374,245	-	374,245
(Increase) decrease in assets and deferred outflows			
Receivables, net	16,713	-	16,713
Prepaid items	(4,042)	-	(4,042)
Net pension asset	(27,947)	-	(27,947)
Net other postemployment benefits asset	(2,400)	-	(2,400)
Pension related items	84,501	-	84,501
Other postemployment benefit related items	17,422	-	17,422
Increase (decrease) in liabilities and deferred inflows			
Accounts payable and accrued liabilities	253	-	253
Consumer deposits	1,144	-	1,144
Compensated absences payable	448	-	448
Net pension liability	(32,519)	-	(32,519)
Net other postemployment benefits liability	(36,244)	-	(36,244)
Pension related items	(10,730)	-	(10,730)
Other postemployment benefit related items	3,266	-	3,266
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 842,845	\$ -	\$ 842,845

CITY OF STAYTON

**WATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 1,925,000	\$ 1,605,291	\$ (319,709)
Interest	13,500	13,837	337
Miscellaneous	-	448	448
	1,938,500	1,619,576	(318,924)
TOTAL REVENUES			
EXPENDITURES			
Personnel services	378,300	328,655	49,645
Materials and services	558,900	430,772	128,128
Capital outlay	149,000	35,587	113,413
Debt service	328,600	328,523	77
Contingency	756,422	-	756,422
	2,171,222	1,123,537	1,047,685
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	(232,722)	496,039	728,761
OTHER FINANCING SOURCES (USES)			
Transfers in	28,000	27,354	(646)
Transfers out	(468,400)	(468,400)	-
	(440,400)	(441,046)	(646)
TOTAL OTHER FINANCING SOURCES (USES)			
Net change in fund balance	(673,122)	54,993	728,115
Fund balance at beginning of year	673,122	650,432	(22,690)
Prior period adjustment	-	(24,977)	(24,977)
	-	680,448	\$ 680,448
Fund balance at end of year	\$ -	680,448	\$ 680,448
<i>Reconciliation to generally accepted accounting principles</i>			
Inventory		72,358	
Net pension asset		27,947	
Net other postemployment benefits asset		2,400	
Capital assets, net		6,743,304	
Deferred outflows of resources		89,860	
Accrued interest payable		(9,511)	
Compensated absences payable		(24,053)	
Net other postemployment benefits liability		(18,788)	
Long-term obligations		(3,550,556)	
Deferred inflows of resources		(32,967)	
		72,358	
Net position - ending		\$ 3,980,442	

CITY OF STAYTON

**WATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
System development charges	\$ 86,900	\$ 21,190	\$ (65,710)
Interest	4,900	9,540	4,640
TOTAL REVENUES	91,800	30,730	(61,070)
EXPENDITURES			
Materials and services	55,000	-	55,000
Capital outlay	522,347	-	522,347
TOTAL EXPENDITURES	577,347	-	577,347
Net change in fund balance	(485,547)	30,730	516,277
Fund balance at beginning of year	485,547	440,634	(44,913)
Fund balance at end of year	\$ -	\$ 471,364	\$ 471,364

CITY OF STAYTON

COMBINING STATEMENT OF NET POSITION
WASTEWATER FUND
June 30, 2020

	Wastewater	Wastewater System Development Charges	Total Wastewater Fund
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 4,038,612	\$ 491,370	\$ 4,529,982
Receivables, net	275,068	-	275,068
Inventory	390,028	-	390,028
Prepaid items	6,063	-	6,063
Total current assets	4,709,771	491,370	5,201,141
Net pension asset	33,707	-	33,707
Net other postemployment benefits asset	3,541	-	3,541
Capital assets			
Land	219,952	-	219,952
Construction in progress	35,335	-	35,335
Other capital assets, net	11,632,010	-	11,632,010
TOTAL ASSETS	16,634,316	491,370	17,125,686
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	50,693	-	50,693
Other postemployment benefit related items	8,098	-	8,098
TOTAL DEFERRED OUTFLOWS OF RESOURCES	58,791	-	58,791
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable and accrued liabilities	55,841	-	55,841
Accrued interest payable	178,824	-	178,824
Consumer deposits	44,598	-	44,598
Compensated absences payable	19,727	-	19,727
Long-term obligations due within one year	542,144	-	542,144
Total current liabilities	841,134	-	841,134
Long-term obligations due in more than one year	10,306,434	-	10,306,434
TOTAL LIABILITIES	11,147,568	-	11,147,568
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	34,688	-	34,688
Other postemployment benefit related items	6,206	-	6,206
TOTAL DEFERRED INFLOWS OF RESOURCES	40,894	-	40,894
<u>NET POSITION</u>			
Net investment in capital assets	1,066,439	-	1,066,439
Restricted for:			
Capital projects	-	491,370	491,370
Debt service	944,848	-	944,848
Unrestricted	3,493,358	-	3,493,358
TOTAL NET POSITION	\$ 5,504,645	\$ 491,370	\$ 5,996,015

CITY OF STAYTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WASTEWATER FUND
For the Year Ended June 30, 2020**

	<u>Wastewater</u>	<u>Wastewater System Development Charges</u>	<u>Eliminations</u>	<u>Total Wastewater Fund</u>
OPERATING REVENUES				
Charges for services	\$ 3,071,687	\$ -	\$ -	\$ 3,071,687
OPERATING EXPENSES				
Personnel services	408,513	-	-	408,513
Materials and services	1,158,028	-	-	1,158,028
Depreciation	570,367	-	-	570,367
Total operating expenses	<u>2,136,908</u>	<u>-</u>	<u>-</u>	<u>2,136,908</u>
Operating income (loss)	<u>934,779</u>	<u>-</u>	<u>-</u>	<u>934,779</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	79,467	14,020	-	93,487
Miscellaneous	7,914	-	-	7,914
Interest expense	(292,083)	-	-	(292,083)
Total nonoperating revenue (expenses)	<u>(204,702)</u>	<u>14,020</u>	<u>-</u>	<u>(190,682)</u>
Income (loss) before transfers	730,077	14,020	-	744,097
Capital contributions	-	19,361	-	19,361
Transfers in	215,811	-	(174,975)	40,836
Transfers out	(595,200)	(174,975)	174,975	(595,200)
Total capital contributions and transfers	<u>(379,389)</u>	<u>(155,614)</u>	<u>-</u>	<u>(535,003)</u>
Change in net position	350,688	(141,594)	-	209,094
Net position - beginning	5,215,180	632,964	-	5,848,144
Prior period adjustment	(61,223)	-	-	(61,223)
Net position - ending	<u>\$ 5,504,645</u>	<u>\$ 491,370</u>	<u>\$ -</u>	<u>\$ 5,996,015</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
WASTEWATER FUND
For the Year Ended June 30, 2020

	Wastewater	Wastewater System Development Charges	Eliminations	Total Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,027,854	\$ -	\$ -	\$ 3,027,854
Payments to suppliers	(1,248,798)	-	-	(1,248,798)
Payments to employees	(427,606)	-	-	(427,606)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,351,450</u>	<u>-</u>	<u>-</u>	<u>1,351,450</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	40,836	-	-	40,836
Transfers out	(595,200)	-	-	(595,200)
NET CASH (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(554,364)</u>	<u>-</u>	<u>-</u>	<u>(554,364)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in	174,975	-	(174,975)	-
Transfers out	-	(174,975)	174,975	-
System development charges received	-	19,361	-	19,361
Other	7,914	-	-	7,914
Principal paid on long-term obligations	(502,392)	-	-	(502,392)
Interest paid on long-term obligations	(322,117)	-	-	(322,117)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(641,620)</u>	<u>(155,614)</u>	<u>-</u>	<u>(797,234)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	79,467	14,020	-	93,487
Net increase (decrease) in cash and cash equivalents	234,933	(141,594)	-	93,339
Cash and cash equivalents - beginning of year	3,803,679	632,964	-	4,436,643
Cash and cash equivalents - end of year	<u>\$ 4,038,612</u>	<u>\$ 491,370</u>	<u>\$ -</u>	<u>\$ 4,529,982</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 934,779	\$ -	\$ -	\$ 934,779
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	570,367	-	-	570,367
(Increase) decrease in assets and deferred outflows				
Receivables, net	(43,676)	-	-	(43,676)
Inventories	(29,100)	-	-	(29,100)
Prepaid items	(6,063)	-	-	(6,063)
Net pension asset	(33,707)	-	-	(33,707)
Net other postemployment benefits asset	(3,541)	-	-	(3,541)
Pension related items	32,528	-	-	32,528
Other postemployment benefit related items	6,971	-	-	6,971
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued liabilities	(55,607)	-	-	(55,607)
Consumer deposits	(157)	-	-	(157)
Compensated absences payable	6,439	-	-	6,439
Net pension liability	(21,388)	-	-	(21,388)
Net other postemployment benefits liability	(20,697)	-	-	(20,697)
Pension related items	8,715	-	-	8,715
Other postemployment benefit related items	5,587	-	-	5,587
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,351,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,351,450</u>

CITY OF STAYTON

**WASTEWATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 3,084,900	\$ 3,043,800	\$ (41,100)
Interest	54,200	79,467	25,267
Miscellaneous	23,000	7,914	(15,086)
TOTAL REVENUES	3,162,100	3,131,181	(30,919)
EXPENDITURES			
Personnel services	508,200	427,606	80,594
Materials and services	1,183,000	1,012,153	170,847
Capital outlay	175,000	174,975	25
Debt service	825,300	824,509	791
Contingency	453,700	-	453,700
TOTAL EXPENDITURES	3,145,200	2,439,243	705,957
Excess (deficiency) of revenues over expenditures	16,900	691,938	675,038
OTHER FINANCING SOURCES (USES)			
Transfers in	216,800	215,811	(989)
Transfers out	(592,900)	(595,200)	(2,300)
TOTAL OTHER FINANCING SOURCES (USES)	(376,100)	(379,389)	(3,289)
Net change in fund balance	(359,200)	312,549	671,749
Fund balance at beginning of year	3,508,085	3,909,587	401,502
Prior period adjustment	-	(30,719)	(30,719)
Fund balance at end of year	\$ 3,148,885	4,191,417	\$ 1,042,532

Reconciliation to generally accepted accounting principles

Inventory	390,028
Net pension asset	33,707
Net other postemployment benefits asset	3,541
Capital assets, net	11,887,297
Deferred outflows of resources	58,791
Unavailable revenues	27,887
Accrued interest payable	(178,824)
Compensated absences payable	(19,727)
Net other postemployment benefits liability	(27,720)
Long-term obligations	(10,820,858)
Deferred inflows of resources	(40,894)
Net position - ending	\$ 5,504,645

CITY OF STAYTON

**WASTEWATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
System development charges	\$ 64,700	\$ 19,361	\$ (45,339)
Interest	6,800	14,020	7,220
TOTAL REVENUES	71,500	33,381	(38,119)
EXPENDITURES			
Materials and services	65,000	-	65,000
Capital outlay	509,836	-	509,836
TOTAL EXPENDITURES	574,836	-	574,836
Excess (deficiency) of revenues over expenditures	(503,336)	33,381	536,717
OTHER FINANCING SOURCES (USES)			
Transfers out	(175,000)	(174,975)	25
TOTAL OTHER FINANCING SOURCES (USES)	(175,000)	(174,975)	25
Net change in fund balance	(678,336)	(141,594)	536,742
Fund balance at beginning of year	678,336	632,964	(45,372)
Fund balance at end of year	\$ -	\$ 491,370	\$ 491,370

CITY OF STAYTON

COMBINING STATEMENT OF NET POSITION
STORMWATER FUND
June 30, 2020

	Stormwater	Stormwater System Development Charges	Total Stormwater Fund
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 284,725	\$ 93,017	\$ 377,742
Receivables, net	27,786	-	27,786
Prepaid items	808	-	808
Total current assets	313,319	93,017	406,336
Net pension asset	2,535	-	2,535
Net other postemployment benefits asset	218	-	218
Capital assets			
Land	1,086,717	-	1,086,717
Other capital assets, net	1,485,005	-	1,485,005
TOTAL ASSETS	2,887,794	93,017	2,980,811
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	3,813	-	3,813
Other postemployment benefit related items	498	-	498
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,311	-	4,311
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable and accrued liabilities	6,397	-	6,397
Accrued interest payable	8,319	-	8,319
Due to other funds	138,600	-	138,600
Compensated absences payable	2,646	-	2,646
Long-term obligations due within one year	26,738	-	26,738
Total current liabilities	182,700	-	182,700
Long-term obligations due in more than one year	674,180	-	674,180
TOTAL LIABILITIES	856,880	-	856,880
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	2,609	-	2,609
Other postemployment benefit related items	382	-	382
TOTAL DEFERRED INFLOWS OF RESOURCES	2,991	-	2,991
<u>NET POSITION</u>			
Net investment in capital assets	1,872,509	-	1,872,509
Restricted for capital projects	-	93,017	93,017
Unrestricted	159,725	-	159,725
TOTAL NET POSITION	\$ 2,032,234	\$ 93,017	\$ 2,125,251

CITY OF STAYTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
STORMWATER FUND
For the Year Ended June 30, 2020**

	Stormwater	Stormwater System Development Charges	Total Stormwater Fund
OPERATING REVENUES			
Charges for services	\$ 304,166	\$ -	\$ 304,166
OPERATING EXPENSES			
Personnel services	29,376	-	29,376
Materials and services	106,812	-	106,812
Depreciation	21,189	-	21,189
Total operating expenses	157,377	-	157,377
Operating income (loss)	146,789	-	146,789
NONOPERATING REVENUES (EXPENSES)			
Interest income	5,696	1,186	6,882
Interest expense	(13,158)	-	(13,158)
Total nonoperating revenue (expenses)	(7,462)	1,186	(6,276)
Income (loss) before transfers	139,327	1,186	140,513
Capital contributions	-	25,805	25,805
Transfers in	2,052	-	2,052
Transfers out	(63,100)	-	(63,100)
Total capital contributions and transfers	(61,048)	25,805	(35,243)
Change in net position	78,279	26,991	105,270
Net position - beginning	1,955,750	66,026	2,021,776
Prior period adjustment	(1,795)	-	(1,795)
Net position - ending	\$ 2,032,234	\$ 93,017	\$ 2,125,251

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
STORMWATER FUND
For the Year Ended June 30, 2020

	Stormwater	Stormwater System Development Charges	Total Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 303,806	\$ -	\$ 303,806
Payments to suppliers	(117,087)	-	(117,087)
Payments to employees	(27,966)	-	(27,966)
	<u>158,753</u>	<u>-</u>	<u>158,753</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	2,052	-	2,052
Transfers out	(63,100)	-	(63,100)
	<u>(61,048)</u>	<u>-</u>	<u>(61,048)</u>
NET CASH (USED IN) NONCAPITAL FINANCING ACTIVITIES			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development charges received	-	25,805	25,805
Acquisition of capital assets	(34,897)	-	(34,897)
Principal paid on long-term obligations	(48,787)	-	(48,787)
Interest paid on long-term obligations	(21,957)	-	(21,957)
	<u>(105,641)</u>	<u>25,805</u>	<u>(79,836)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	5,696	1,186	6,882
Net increase (decrease) in cash and cash equivalents	(2,240)	26,991	24,751
Cash and cash equivalents - beginning of year	286,965	66,026	352,991
	<u>\$ 284,725</u>	<u>\$ 93,017</u>	<u>\$ 377,742</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 146,789	\$ -	\$ 146,789
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	21,189	-	21,189
(Increase) decrease in assets and deferred outflows			
Receivables, net	(360)	-	(360)
Prepaid items	(808)	-	(808)
Net pension asset	(2,535)	-	(2,535)
Net other postemployment benefits asset	(218)	-	(218)
Pension related items	3,707	-	3,707
Other postemployment benefit related items	864	-	864
Increase (decrease) in liabilities and deferred inflows			
Accounts payable and accrued liabilities	(9,467)	-	(9,467)
Compensated absences payable	2,646	-	2,646
Net pension liability	(1,933)	-	(1,933)
Net other postemployment benefits liability	(1,709)	-	(1,709)
Pension related items	262	-	262
Other postemployment benefit related items	326	-	326
	<u>\$ 158,753</u>	<u>\$ -</u>	<u>\$ 158,753</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			

CITY OF STAYTON

**STORMWATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 311,500	\$ 300,960	\$ (10,540)
Interest	4,400	5,696	1,296
TOTAL REVENUES	315,900	306,656	(9,244)
EXPENDITURES			
Personnel services	45,600	27,966	17,634
Materials and services	137,350	106,812	30,538
Capital outlay	65,000	34,897	30,103
Debt service	72,300	70,744	1,556
Contingency	154,829	-	154,829
TOTAL EXPENDITURES	475,079	240,419	234,660
Excess (deficiency) of revenues over expenditures	(159,179)	66,237	225,416
OTHER FINANCING SOURCES (USES)			
Transfers in	2,100	2,052	(48)
Transfers out	(63,100)	(63,100)	-
TOTAL OTHER FINANCING SOURCES (USES)	(61,000)	(61,048)	(48)
Net change in fund balance	(220,179)	5,189	225,368
Fund balance at beginning of year	220,179	298,527	78,348
Fund balance at end of year	\$ -	303,716	\$ 303,716

Reconciliation to generally accepted accounting principles

Net pension asset	2,535
Net other postemployment benefits asset	218
Capital assets, net	2,571,722
Deferred outflows of resources	4,311
Unavailable revenue	3,206
Accrued interest payable	(8,319)
Compensated absences payable	(2,646)
Due to other funds	(138,600)
Net other postemployment benefits liability	(1,705)
Long-term obligations	(699,213)
Deferred inflows of resources	(2,991)

Net position - ending **\$ 2,032,234**

CITY OF STAYTON

**STORMWATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
System development charges	\$ 77,200	\$ 25,805	\$ (51,395)
Interest	1,700	1,186	(514)
TOTAL REVENUES	78,900	26,991	(51,909)
EXPENDITURES			
Capital outlay	155,792	-	155,792
TOTAL EXPENDITURES	155,792	-	155,792
Net change in fund balance	(76,892)	26,991	103,883
Fund balance at beginning of year	76,892	66,026	(10,866)
Fund balance at end of year	\$ -	\$ 93,017	\$ 93,017

CITY OF STAYTON

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2020**

	Public Works Administration	Facilities	Totals
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 250,084	\$ 578,912	\$ 828,996
Prepaid items	<u>2,668</u>	<u>243</u>	<u>2,911</u>
Total current assets	252,752	579,155	831,907
Net pension asset	34,531	-	34,531
Net other postemployment benefits asset	<u>2,952</u>	<u>-</u>	<u>2,952</u>
TOTAL ASSETS	<u>290,235</u>	<u>579,155</u>	<u>869,390</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	51,931	-	51,931
Other postemployment benefit related items	<u>6,750</u>	<u>-</u>	<u>6,750</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>58,681</u>	<u>-</u>	<u>58,681</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable and accrued liabilities	42,249	1,526	43,775
Compensated absences payable	<u>9,863</u>	<u>-</u>	<u>9,863</u>
Total current liabilities	52,112	1,526	53,638
Long-term obligations due in more than one year	<u>23,107</u>	<u>-</u>	<u>23,107</u>
TOTAL LIABILITIES	<u>75,219</u>	<u>1,526</u>	<u>76,745</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	35,535	-	35,535
Other postemployment benefit related items	<u>5,174</u>	<u>-</u>	<u>5,174</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>40,709</u>	<u>-</u>	<u>40,709</u>
<u>NET POSITION</u>			
Unrestricted	<u>232,988</u>	<u>577,629</u>	<u>810,617</u>
TOTAL NET POSITION	<u>\$ 232,988</u>	<u>\$ 577,629</u>	<u>\$ 810,617</u>

CITY OF STAYTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2020**

	<u>Public Works Administration</u>	<u>Facilities</u>	<u>Totals</u>
OPERATING REVENUES			
Rents	\$ -	\$ 33,362	\$ 33,362
OPERATING EXPENSES			
Personnel services	378,841	10,882	389,723
Materials and services	<u>80,242</u>	<u>70,916</u>	<u>151,158</u>
Total operating expenses	<u>459,083</u>	<u>81,798</u>	<u>540,881</u>
Operating (loss)	<u>(459,083)</u>	<u>(48,436)</u>	<u>(507,519)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	<u>4,645</u>	<u>14,102</u>	<u>18,747</u>
Total nonoperating revenues (expenses)	<u>4,645</u>	<u>14,102</u>	<u>18,747</u>
Income (loss) before transfers	(454,438)	(34,334)	(488,772)
Transfers in	<u>495,800</u>	<u>84,000</u>	<u>579,800</u>
Change in net position	41,362	49,666	91,028
Total net position at beginning of year	217,509	527,963	745,472
Prior period adjustment	<u>(25,883)</u>	<u>-</u>	<u>(25,883)</u>
Total net position at end of year	<u>\$ 232,988</u>	<u>\$ 577,629</u>	<u>\$ 810,617</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2020

	Public Works Administration	Facilities	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from other funds	\$ -	\$ 33,362	\$ 33,362
Payments to suppliers	(63,339)	(69,633)	(132,972)
Payments to employees	(388,051)	(10,882)	(398,933)
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(451,390)</u>	<u>(47,153)</u>	<u>(498,543)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	<u>495,800</u>	<u>84,000</u>	<u>579,800</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>495,800</u>	<u>84,000</u>	<u>579,800</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>4,645</u>	<u>14,102</u>	<u>18,747</u>
Net increase in cash and cash equivalents	49,055	50,949	100,004
Cash and cash equivalents- beginning of year	<u>201,029</u>	<u>527,963</u>	<u>728,992</u>
Cash and cash equivalents - end of year	<u>\$ 250,084</u>	<u>\$ 578,912</u>	<u>\$ 828,996</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES			
Operating (loss)	\$ (459,083)	\$ (48,436)	\$ (507,519)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities			
(Increase) in assets and deferred outflows			
Prepaid items	(2,668)	(243)	(2,911)
Net pension asset	(34,531)	-	(34,531)
Net other postemployment benefits asset	(2,952)	-	(2,952)
Pension related items	65,107	-	65,107
Other postemployment benefit related items	14,442	-	14,442
Increase (decrease) in liabilities and deferred inflows			
Accounts payable and accrued liabilities	19,571	1,526	21,097
Compensated absences payable	3,460	-	3,460
Net pension liability	(30,079)	-	(30,079)
Net other postemployment benefits liability	(27,968)	-	(27,968)
Pension related items	(992)	-	(992)
Other postemployment benefit related items	<u>4,303</u>	<u>-</u>	<u>4,303</u>
NET CASH (USED IN) OPERATING ACTIVITIES	<u>\$ (451,390)</u>	<u>\$ (47,153)</u>	<u>\$ (498,543)</u>

CITY OF STAYTON

**PUBLIC WORKS ADMINISTRATION - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 3,600	\$ 4,645	\$ 1,045
TOTAL REVENUES	3,600	4,645	1,045
EXPENDITURES			
Personnel services	448,500	388,051	60,449
Materials and services	90,000	80,242	9,758
Contingency	141,442	-	141,442
TOTAL EXPENDITURES	679,942	468,293	211,649
Excess (deficiency) of revenues over expenditures	(676,342)	(463,648)	212,694
OTHER FINANCING SOURCES (USES)			
Transfers in	495,800	495,800	-
TOTAL OTHER FINANCING SOURCES (USES)	495,800	495,800	-
Net change in fund balance	(180,542)	32,152	212,694
Fund balance at beginning of year	180,542	178,351	(2,191)
Fund balance at end of year	\$ -	210,503	\$ 210,503
<i>Reconciliation to generally accepted accounting principles</i>			
Net pension asset		34,531	
Net other postemployment benefits asset		2,952	
Deferred outflows of resources		58,681	
Compensated absences payable		(9,863)	
Net other postemployment benefits liability		(23,107)	
Deferred inflows of resources		(40,709)	
Net position - ending		\$ 232,988	

CITY OF STAYTON

**FACILITIES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Rents	\$ 47,100	\$ 33,362	\$ (13,738)
Interest	<u>12,700</u>	<u>14,102</u>	<u>1,402</u>
TOTAL REVENUES	<u>59,800</u>	<u>47,464</u>	<u>(12,336)</u>
EXPENDITURES			
Personnel services	13,700	10,882	2,818
Materials and services	100,000	70,916	29,084
Contingency	<u>663,057</u>	<u>-</u>	<u>663,057</u>
TOTAL EXPENDITURES	<u>776,757</u>	<u>81,798</u>	<u>694,959</u>
Excess (deficiency) of revenues over expenditures	<u>(716,957)</u>	<u>(34,334)</u>	<u>682,623</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>84,000</u>	<u>84,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>84,000</u>	<u>84,000</u>	<u>-</u>
Net change in fund balance	(632,957)	49,666	682,623
Fund balance at beginning of year	<u>632,957</u>	<u>527,963</u>	<u>(104,994)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 577,629</u>	<u>\$ 577,629</u>

CITY OF STAYTON

**COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
June 30, 2020**

	<u>Retirement Plan for Employees of the City of Stayton</u>	<u>Retirement Health Insurance Account</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 360,555	\$ 10,741	\$ 371,296
Receivables	30,175	1,113	31,288
Investments, at fair value			
Mutual funds	<u>8,050,514</u>	<u>239,816</u>	<u>8,290,330</u>
 TOTAL ASSETS	 <u>8,441,244</u>	 <u>251,670</u>	 <u>8,692,914</u>
 <u>NET POSITION</u>			
Net position held in trust for:			
Pension benefits	8,441,244	-	8,441,244
Other postemployment benefits	<u>-</u>	<u>251,670</u>	<u>251,670</u>
 TOTAL NET POSITION	 <u>\$ 8,441,244</u>	 <u>\$ 251,670</u>	 <u>\$ 8,692,914</u>

CITY OF STAYTON

**COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
For the Year Ended June 30, 2020**

	<u>Retirement Plan for Employees of the City of Stayton</u>	<u>Retirement Health Insurance Account</u>	<u>Totals</u>
ADDITIONS			
Contributions	\$ 351,006	\$ 12,919	\$ 363,925
Investment earnings	<u>220,738</u>	<u>6,539</u>	<u>227,277</u>
Total additions	<u>571,744</u>	<u>19,458</u>	<u>591,202</u>
DEDUCTIONS			
Benefits	<u>321,131</u>	<u>8,700</u>	<u>329,831</u>
Total deductions	<u>321,131</u>	<u>8,700</u>	<u>329,831</u>
Change in net position	250,613	10,758	261,371
Net position - beginning of year	<u>8,190,631</u>	<u>240,912</u>	<u>8,431,543</u>
Net position - end of year	<u><u>\$ 8,441,244</u></u>	<u><u>\$ 251,670</u></u>	<u><u>\$ 8,692,914</u></u>

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Members of the City Council
City of Stayton
Stayton, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Stayton (the City) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 18, 2020.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 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, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Budgets legally required (ORS Chapter 294)

1. Amounts published in the City's financial summary, LB-1, should agree with amounts on the detail budget sheets per ORS 294.438. Actual numbers from 2018-19 reported on the LB-1 for resources and requirements are \$25,864,055 whereas amounts reported in the detail budget sheets are \$24,452,453 for resources and \$14,969,073 for requirements.
2. ORS 294.398 stipulates a municipal corporation may include an estimate of ending fund balance and reserves in its budget, however, no appropriation should be made for this amount. The Wastewater Fund's 2020-21 budget appropriations include a reserve for debt service of \$527,924 which is not allowed.

OAR 162-10-0230 Internal Control

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

Restriction on Use

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

Singer Lewak LLP

December 18, 2020

By:



Bradley G. Bingenheimer,
Member

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

To the Mayor and City Council
City of Stayton
Stayton, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Stayton (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Mayor and City Council
City of Stayton
Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Singer Lewak LLP".

December 18, 2020

CITY OF STAYTON

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2020**

Finding 2019-001

Status: The City took action to employ a full-time finance director to oversee the day-to-day accounting and year-end closing procedures of the City. In addition, modifications were made to internal controls to provide supervisory review and approval of accounting transactions, adjustments and reports.