

CITY OF STAYTON
FINANCIAL REPORT
June 30, 2021



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CITY OF STAYTON
OFFICERS AND MEMBERS OF THE GOVERNING BODY
Year Ended June 30, 2021

MAYOR

Henry Porter

CITY COUNCIL*

Paige Hook

Jordan Ohrt

David Patty

Ben McDonald

Christopher Molin

*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, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

To the Mayor and City
Council City of Stayton
Stayton, Oregon
Independent Auditor's Report

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, 2021, 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 Pension and OPEB Information on pages 64 – 72 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 were derived from and relate 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.

To the Mayor and City Council
City of Stayton
Stayton, Oregon
Independent Auditor's Report

Report 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 6, 2021, 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 the City's 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.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 6, 2021, on our considerations 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 provide an opinion on compliance.

Singer Lewak LLP

December 6, 2021

By:



Brad Bingenheimer, CPA, Partner

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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, 2021.

Financial Highlights

- The City’s net position increased by \$2.3 million (9%) during the current fiscal year.
- The City’s increase in revenues was contributed to on time grant funding and SDC fees collected.
- The City reduced expenses, did not fill vacant positions and held back on capital projects due to the uncertainties of the impacts of the pandemic resulting in the overall increase in net position.

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 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 (2) internal services funds to account for Public Works Administration and Facilities.

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	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 6,786	\$ 5,488	\$ 8,274	\$ 7,200	\$ 15,060	\$ 12,688
Capital assets	9,422	9,612	20,425	21,202	29,847	30,814
Total assets	16,208	15,100	28,699	28,402	44,907	43,502
Deferred outflows of resources	1,274	1,228	286	212	1,560	1,440
Liabilities						
Long-term liabilities	2,404	2,713	14,398	15,199	16,802	17,912
Other liabilities	124	175	529	463	653	638
Total liabilities	2,528	2,888	14,927	15,662	17,455	18,550
Deferred inflows of resources	667	302	70	117	737	419
Net position:						
Net investment in capital ass	9,423	9,612	6,174	6,131	15,597	15,743
Restricted for:						
Highways and streets	1,557	1,324	-	-	1,557	1,324
Swimming pool	318	251	-	-	318	251
Capital projects	1,072	827	1,161	1,056	2,233	1,883
Debt service	-	-	945	945	945	945
Other purposes	19	26	-	-	19	26
Unrestricted	1,898	1,098	5,708	4,703	7,606	5,801
Total net position	\$ 14,287	\$ 13,138	\$ 13,988	\$ 12,835	\$ 28,275	\$ 25,973

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 exceeded liabilities and deferred inflows by \$28.0 million as of June 30, 2021, an increase of \$2.3 million (9.0%) from June 30, 2020.

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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	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for Services	\$ 385	\$ 597	\$ 5,125	\$ 4,981	\$ 5,510	\$ 5,578
Grants /Contributions	1,455	923	335	66	1,790	989
General revenue						
Property taxes	2,586	2,479	-	-	2,586	2,479
Other general revenues	1,651	1,604	69	136	1,720	1,740
Total revenue	6,077	5,603	5,529	5,183	11,606	10,786
Expenses						
Governmental activities						
General government	1,318	1,712	-	-	1,318	1,712
Public safety	2,403	2,503	-	-	2,403	2,503
Highways and streets	948	646	-	-	948	646
Culture and recreation	970	1,315	-	-	970	1,315
Business-type activities						
Water	-	-	1,288	1,355	1,288	1,355
Wastewater	-	-	2,210	2,535	2,210	2,535
Stormwater	-	-	167	203	167	203
Total expenses	5,639	6,176	3,665	4,093	9,304	10,269
Change in net position before transfers	438	(573)	1,864	1,090	2,302	517
Transfers	711	773	(711)	(773)	-	-
Change in net position	1,149	200	1,153	317	2,302	517
Net position - beginning	13,138	13,142	12,835	12,660	25,973	25,802
Prior period adjustment	-	(204)	-	(142)	-	(346)
Net position - ending	\$ 14,287	\$ 13,138	\$ 13,988	\$ 12,835	\$ 28,275	\$ 25,973

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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Governmental activities. Governmental activities increased the net position by \$1.1 million (9%). There were no substantial changes in governmental revenue with the exception of one-time grant funding. The governmental expenditures were offset by the transfers in from business type activities. There was a decrease in expenditures by 9% as a result of internal cutbacks in reaction to the uncertainties of the COVID Pandemic.

Financial Analysis of the Government’s Funds

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

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

As of the end of the current fiscal year, the City of Stayton’s governmental funds reported combined ending fund balances of \$5.8 million, an increase of \$1.3 million from the previous year-end, primarily due to the City’s response to the COVID-19 pandemic by deferring capital projects and implementing a hiring freeze along with decreased spending.

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

As of June 30, 2021, the unrestricted net position of the propriety funds are as follows (in thousands):

- Water Fund \$ 949
- Wastewater Fund \$ 4,159
- Stormwater Fund \$ 273

The net change in position increased by \$1.1 million, higher than the prior year primarily due to the City’s response to the COVID-19 pandemic by deferring capital projects and implementing a hiring freeze along with decreased spending.

General Fund Budgetary Highlights

General Fund actual revenue of \$3.8 million was more than budgeted revenue of \$3.7 million primarily due one-time grant funding.

Expenditures for the General Fund were underspent, net of contingency by \$1 million when compared to the budget. The City intentionally held back on expenses in response to potential impacts of the COVID-19 pandemic.

There was no change to the final amended General Fund net budget.

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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, 2021, amounts to \$29.8 million (net of accumulated depreciation). During fiscal year 2021 the City acquired \$0.2 million of governmental assets while incurring \$0.4 million in depreciation. Acquisitions included a Police patrol vehicle and street paving overlays. The City acquired \$0.2 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, 2021:

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

	Governmental		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,759	\$ 1,759	\$ 1,347	\$ 1,347	\$ 3,106	\$ 3,106
Buildings and improvements	2,587	2,789	3,971	4,101	6,558	6,890
Equipment and vehicles	615	597	505	622	1,120	1,219
Infrastructure	4,342	4,208	14,567	15,097	18,909	19,305
Construction in progress	120	259	35	35	155	294
Capital assets, net of depreciation	\$ 9,423	\$ 9,612	\$ 20,425	\$ 21,202	\$ 29,848	\$ 30,814

Additional information on the City of Stayton’s capital assets can be found in note 5.

Long-term debt.

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

	Governmental		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds payable	\$ -	\$ -	\$ 13,705	\$ 14,463	\$ 13,705	\$ 14,463
Total long-term debt payable	\$ -	\$ -	\$ 13,705	\$ 14,463	\$ 13,705	\$ 14,463

Current year principal payments were \$758,000 and \$62,000 of premium. Additional information on the City of Stayton’s long-term debt can be found in note 8.

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 (503) 767-7665

PUBLIC WORKS
 362 N. THIRD AVENUE
 STAYTON, OR 97383
 (503) 769-2919
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WASTEWATER
 950 JETTERS WAY
 STAYTON, OR 97383
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LIBRARY
 515 N. FIRST AVENUE
 STAYTON, OR 97383
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City of Stayton

Administration • Finance

362 N. Third Avenue • Stayton, OR 97383
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Economic Factors and Next Year’s Budgets and Rates

In preparing the budget for fiscal year 2021-22, the City made 2.4% CPI adjustments as per our fiscal policy. This includes the City’s utility bill which includes water, 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 citygovernment@staytonoregon.gov or 362 N. 3rd Avenue, Stayton, 97383.

POLICE
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STAYTON, OR 97383
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PLANNING
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POOL
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PUBLIC WORKS
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WASTEWATER
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LIBRARY
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BASIC FINANCIAL STATEMENTS

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CITY OF STAYTON
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ 6,129,865	\$ 7,372,624	\$ 13,502,489
Internal balances	106,495	(106,495)	-
Receivables, net	500,023	430,362	930,385
Inventory	25,194	568,136	593,330
Net other postemployment benefit asset	23,346	8,738	32,084
Capital assets:			
Land and construction in progress	1,879,280	1,382,186	3,261,466
Other capital assets, net	7,543,417	19,042,962	26,586,379
Total assets	16,207,620	28,698,513	44,906,133
Deferred outflows of resources			
Refunded debt charges	-	38,492	38,492
Pension related items	1,197,844	220,118	1,417,962
Other postemployment benefit related items	75,837	27,069	102,906
Total deferred outflows of resources	1,273,681	285,679	1,559,360
Liabilities			
Accounts payable and accrued liabilities	116,276	233,902	350,178
Accrued interest payable	-	191,625	191,625
Deposits	8,000	102,656	110,656
Long-term liabilities:			
Due within one year	208,117	901,026	1,109,143
Due in more than one year	2,196,097	13,497,299	15,693,396
Total liabilities	2,528,490	14,926,508	17,454,998
Deferred inflows of resources			
Pension related items	630,882	56,100	686,982
Other postemployment benefit related items	34,714	13,453	48,167
Total deferred inflows of resources	665,596	69,553	735,149
Net position			
Net investment in capital assets	9,422,697	6,174,559	15,597,256
Restricted for:			
Highways and streets	1,556,912	-	1,556,912
Swimming pool	317,838	-	317,838
Capital projects	1,072,606	1,160,801	2,233,407
Debt service	-	944,848	944,848
Other purposes	19,150	-	19,150
Unrestricted	1,898,012	5,707,923	7,605,935
Total net position	\$ 14,287,215	\$ 13,988,131	\$ 28,275,346

See notes to financial statements

CITY OF STAYTON
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 1,318,007	\$ 78,509	\$ 164,088	\$ 1,357	\$ (1,074,053)		\$ (1,074,053)
Public safety	2,403,202	102,727	4,405	-	(2,296,070)		(2,296,070)
Highways and streets	947,606	89,699	792,028	243,858	177,979		177,979
Culture and recreation	969,419	113,945	119,409	129,416	(606,649)		(606,649)
Total governmental activities	5,638,234	384,880	1,079,930	374,631	(3,798,793)		(3,798,793)
Business-type activities:							
Water	1,288,709	1,627,334	-	100,112		\$ 438,737	438,737
Wastewater	2,210,020	3,183,723	-	96,428		1,070,131	1,070,131
Stormwater	166,911	314,078	-	138,279		285,446	285,446
Total business-type activities	3,665,640	5,125,135	-	334,819		1,794,314	1,794,314
Totals	\$ 9,303,874	\$ 5,510,015	\$ 1,079,930	\$ 709,450	(3,798,793)	1,794,314	(2,004,479)
General revenues:							
Taxes levied for:							
General purposes					2,205,399	-	2,205,399
Specific purposes					381,016	-	381,016
Franchise fees					742,970	-	742,970
Fuel taxes					191,403	-	191,403
Grants and contributions not restricted to specific programs					491,514	8,024	499,538
Rents					34,195	3,026	37,221
Unrestricted investment earnings					42,492	51,980	94,472
Miscellaneous					148,027	6,242	154,269
Transfers					710,900	(710,900)	-
Total general revenues and transfers					4,947,916	(641,628)	4,306,288
Change in net position					1,149,123	1,152,686	2,301,809
Net position - beginning					13,138,092	12,835,445	25,973,537
Net position - ending					\$ 14,287,215	\$ 13,988,131	\$ 28,275,346

See notes to financial statements

CITY OF STAYTON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General	Street	Total Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,267,067	\$ 1,415,827	\$ 1,766,541	\$ 5,449,435
Receivables	285,563	196,334	18,126	500,023
Due from other funds	115,600	-	-	115,600
Total assets	<u>\$ 2,668,230</u>	<u>\$ 1,612,161</u>	<u>\$ 1,784,667</u>	<u>\$ 6,065,058</u>
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 56,965	\$ 55,249	\$ 4,062	\$ 116,276
Consumer deposits	8,000	-	-	8,000
Total liabilities	<u>64,965</u>	<u>55,249</u>	<u>4,062</u>	<u>124,276</u>
Deferred inflows of resources				
Unavailable revenue	105,182	-	8,941	114,123
Fund balances				
Restricted for:				
Highways and streets	-	1,556,912	-	1,556,912
Swimming pool	-	-	313,399	313,399
Capital projects	-	-	1,072,606	1,072,606
Other purposes	19,150	-	-	19,150
Committed for:				
Library programs	-	-	385,659	385,659
Assigned for:				
Pensions	185,783	-	-	185,783
Parks	181,031	-	-	181,031
Unassigned	2,112,119	-	-	2,112,119
Total fund balances	<u>2,498,083</u>	<u>1,556,912</u>	<u>1,771,664</u>	<u>5,826,659</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,668,230</u>	<u>\$ 1,612,161</u>	<u>\$ 1,784,667</u>	<u>\$ 6,065,058</u>

See notes to financial statements

CITY OF STAYTON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2021

Fund balances - total governmental funds	\$	5,826,659
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
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 other postemployment benefit asset for its participation in the retirement plan and other postemployment benefit plan for employees of City of Stayton		23,346
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds		114,123
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		9,422,697
The government-wide statements report as a deferred outflow, contributions made to OPERS subsequent to the measurement date of June 30, 2020 and changes in assumptions and investment returns related to its participation in OPERS and the retirement plan for employees of City of Stayton		1,197,844
The government-wide statements report as a deferred outflow, contributions made subsequent to the measurement date of June 30, 2020 and the net difference between projected and actual earnings related to its participation in other postemployment benefit plans for employees of the City of Stayton		75,837
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		(630,882)
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		(34,714)
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		671,325
Some liabilities, including bonds payable, net pension liability and other postemployment benefit liability, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(2,404,214)</u>
Net position of governmental activities	\$	<u>14,287,215</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General	Street	Total Nonmajor Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 2,221,748	\$ -	\$ 373,143	\$ 2,594,891
Franchise fees	742,970	-	-	742,970
Licenses, permits and fees	57,789	-	280	58,069
Fines and forfeitures	103,742	-	5,059	108,801
Charges for services	27,490	89,699	108,606	225,795
Donations	25	-	110,000	110,025
System development charges	-	-	361,615	361,615
Intergovernmental	517,428	792,378	137,292	1,447,098
Rent	8,516	-	-	8,516
Fuel taxes	-	191,403	-	191,403
Interest	17,040	9,906	10,851	37,797
Miscellaneous	139,156	-	8,390	147,546
Total revenues	<u>3,835,904</u>	<u>1,083,386</u>	<u>1,115,236</u>	<u>6,034,526</u>
Expenditures				
Current				
General government	1,255,147	-	-	1,255,147
Public safety	2,175,361	-	-	2,175,361
Highways and streets	97,326	307,878	-	405,204
Culture and recreation	201,851	-	599,377	801,228
Capital outlay	67,934	366,224	58,335	492,493
Total expenditures	<u>3,797,619</u>	<u>674,102</u>	<u>657,712</u>	<u>5,129,433</u>
Excess (deficiency) of revenues over expenditures	<u>38,285</u>	<u>409,284</u>	<u>457,524</u>	<u>905,093</u>
Other financing sources (uses)				
Transfers in	1,222,600	123,895	140,000	1,486,495
Transfers out	(593,900)	(275,300)	(183,295)	(1,052,495)
Total other financing sources (uses)	<u>628,700</u>	<u>(151,405)</u>	<u>(43,295)</u>	<u>434,000</u>
Net change in fund balances	666,985	257,879	414,229	1,339,093
Fund balances at beginning of year	<u>1,831,098</u>	<u>1,299,033</u>	<u>1,357,435</u>	<u>4,487,566</u>
Fund balance at end of year	<u>\$ 2,498,083</u>	<u>\$ 1,556,912</u>	<u>\$ 1,771,664</u>	<u>\$ 5,826,659</u>

See notes to financial statements

CITY OF STAYTON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net change in fund balances - total governmental funds		\$ 1,339,093
<i>Amounts reported for governmental activities in the Statement of Activities are different because of the following</i>		
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	\$ 246,346	
Depreciation	<u>(426,186)</u>	(179,840)
The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position		(8,989)
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		(89,580)
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		(9,203)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Taxes	(8,476)	
Court fees	(7,785)	
Other	<u>12,354</u>	(3,907)
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		123,081
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>(21,532)</u>
Change in net position of governmental activities		<u>\$ 1,149,123</u>

CITY OF STAYTON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,211,748	\$ 111,748
Franchise fees	885,700	885,700	742,970	(142,730)
Licenses, permits and fees	30,900	30,900	57,789	26,889
Fines and forfeitures	172,000	172,000	103,742	(68,258)
Charges for services	1,700	1,700	27,490	25,790
Intergovernmental	405,500	405,500	513,119	107,619
Rents	24,500	24,500	8,516	(15,984)
Interest	28,900	28,900	15,334	(13,566)
Miscellaneous	94,000	94,000	162,156	68,156
Total revenues	<u>3,743,200</u>	<u>3,743,200</u>	<u>3,842,864</u>	<u>99,664</u>
Expenditures				
Police	2,298,100	2,298,100	2,158,782	139,318
Planning	239,100	239,100	157,107	81,993
Community center	53,650	53,650	26,816	26,834
Municipal court	73,200	93,200	76,543	16,657
City council and administration	1,227,800	1,207,800	954,379	253,421
Non-departmental	187,000	187,000	143,661	43,339
Street lights	115,000	115,000	97,326	17,674
Contingency	485,300	485,300	-	485,300
Total expenditures	<u>4,679,150</u>	<u>4,679,150</u>	<u>3,614,614</u>	<u>1,064,536</u>
Excess (deficiency) of revenues over expenditures	<u>(935,950)</u>	<u>(935,950)</u>	<u>228,250</u>	<u>1,164,200</u>
Other financing sources (uses)				
Transfers in	892,200	892,200	892,200	-
Transfers out	<u>(659,100)</u>	<u>(659,100)</u>	<u>(561,700)</u>	<u>97,400</u>
Total other financing sources (uses)	<u>233,100</u>	<u>233,100</u>	<u>330,500</u>	<u>97,400</u>
Net change in fund balance	(702,850)	(702,850)	558,750	1,261,600
Fund balance at beginning of year	<u>1,468,700</u>	<u>1,468,700</u>	<u>1,456,919</u>	<u>(11,781)</u>
Fund balance at end of year	<u>\$ 765,850</u>	<u>\$ 765,850</u>	\$ 2,015,669	<u>\$ 1,249,819</u>
Reconciliation to generally accepted accounting principles				
Due from other funds			<u>115,600</u>	
Fund balance at end of year			<u>\$ 2,131,269</u>	

See notes to financial statements

CITY OF STAYTON
STREET FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 90,800	\$ 90,800	\$ 89,699	\$ (1,101)
Intergovernmental	573,300	573,300	792,378	219,078
Fuel taxes	173,700	173,700	191,403	17,703
Interest	22,900	22,900	9,906	(12,994)
Total revenues	860,700	860,700	1,083,386	222,686
Expenditures				
Street	1,330,800	1,330,800	674,102	656,698
Contingency	601,900	601,900	-	601,900
Total expenditures	1,932,700	1,932,700	674,102	1,258,598
Excess (deficiency) of revenues over expenditures	(1,072,000)	(1,072,000)	409,284	1,481,284
Other financing sources (uses)				
Transfers in	202,000	202,000	123,895	(78,105)
Transfers out	(275,300)	(275,300)	(275,300)	-
Total other financing sources (uses)	(73,300)	(73,300)	(151,405)	(78,105)
Net change in fund balance	(1,145,300)	(1,145,300)	257,879	1,403,179
Fund balance at beginning of year	1,145,300	1,145,300	1,299,033	153,733
Fund balance at end of year	\$ -	\$ -	\$ 1,556,912	\$ 1,556,912

See notes to financial statements

CITY OF STAYTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities			Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
Assets					
Current assets					
Cash and cash equivalents	\$ 1,323,326	\$ 5,008,425	\$ 599,874	\$ 6,931,625	\$ 1,121,429
Receivables, net	134,776	267,835	27,751	430,362	-
Inventory	72,358	495,778	-	568,136	-
Total current assets	1,530,460	5,772,038	627,625	7,930,123	1,121,429
Net other postemployment benefits asset	2,306	3,406	203	5,915	2,823
Capital assets					
Land and construction in progress	40,182	255,287	1,086,717	1,382,186	-
Other capital assets, net	6,328,877	11,250,269	1,463,816	19,042,962	-
Total capital assets	6,369,059	11,505,556	2,550,533	20,425,148	-
Total assets	7,901,825	17,281,000	3,178,361	28,361,186	1,124,252
Deferred outflows of resources					
Refunded debt charges	38,492	-	-	38,492	-
Pension related items	60,164	76,588	6,693	143,445	76,673
Other postemployment benefit related items	7,067	10,350	749	18,166	8,903
Total deferred outflows of resources	105,723	86,938	7,442	200,103	85,576
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	46,757	47,852	5	94,614	139,288
Accrued interest payable	9,133	174,338	8,154	191,625	-
Consumer deposits	51,612	51,044	-	102,656	-
Due to other funds	-	-	115,600	115,600	-
Long-term obligations due within one year	275,601	572,043	33,208	880,852	20,174
Total current liabilities	383,103	845,277	156,967	1,385,347	159,462
Long-term obligations due in more than one year	3,065,434	9,756,580	646,832	13,468,846	28,453
Total liabilities	3,448,537	10,601,857	803,799	14,854,193	187,915
Deferred inflows of resources					
Pension related items	17,247	18,247	780	36,274	19,826
Other postemployment benefit related items	3,570	5,297	281	9,148	4,305
Total deferred inflows of resources	20,817	23,544	1,061	45,422	24,131
Net position					
Net investment in capital assets	3,069,917	1,226,265	1,878,377	6,174,559	-
Restricted for:					
Capital projects	518,831	411,953	230,017	1,160,801	-
Debt service	-	944,848	-	944,848	-
Unrestricted	949,446	4,159,471	272,549	5,381,466	997,782
Total net position	\$ 4,538,194	\$ 6,742,537	\$ 2,380,943	13,661,674	\$ 997,782
Adjustment to reflect internal service fund balances related to business-type activities				326,457	
Net position of the business-type activities				\$ 13,988,131	

See notes to financial statements

CITY OF STAYTON
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	<u>Business-type Activities</u>			<u>Totals Enterprise Funds</u>	<u>Internal Service Funds</u>
	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>		
Operating revenues					
Charges for services	\$ 1,627,334	\$ 3,183,723	\$ 314,078	\$ 5,125,135	\$ 888
Rents	-	-	-	-	28,705
Total operating revenues	<u>1,627,334</u>	<u>3,183,723</u>	<u>314,078</u>	<u>5,125,135</u>	<u>29,593</u>
Operating expenses					
Personnel services	247,916	351,067	41,154	640,137	357,409
Materials and services	453,738	853,405	48,991	1,356,134	161,260
Depreciation	374,245	575,204	21,189	970,638	-
Total operating expenses	<u>1,075,899</u>	<u>1,779,676</u>	<u>111,334</u>	<u>2,966,909</u>	<u>518,669</u>
Operating income (loss)	<u>551,435</u>	<u>1,404,047</u>	<u>202,744</u>	<u>2,158,226</u>	<u>(489,076)</u>
Nonoperating revenues (expenses)					
Grants	1,689	-	-	1,689	5,332
Rents	-	2,968	-	2,968	-
Interest income	9,807	36,989	3,680	50,476	6,200
Miscellaneous	5,418	-	-	5,418	418
Interest expense	(81,193)	(277,543)	(20,983)	(379,719)	-
Total nonoperating revenue (expenses)	<u>(64,279)</u>	<u>(237,586)</u>	<u>(17,303)</u>	<u>(319,168)</u>	<u>11,950</u>
Income (loss) before transfers	487,156	1,166,461	185,441	1,839,058	(477,126)
Capital contributions	90,932	85,761	135,851	312,544	35,291
Transfers in	-	-	-	-	629,000
Transfers out	(491,700)	(505,700)	(65,600)	(1,063,000)	-
Change in net position	86,388	746,522	255,692	1,088,602	187,165
Net position - beginning	<u>4,451,806</u>	<u>5,996,015</u>	<u>2,125,251</u>	<u>12,573,072</u>	<u>810,617</u>
Net position - ending	<u>\$ 4,538,194</u>	<u>\$ 6,742,537</u>	<u>\$ 2,380,943</u>	<u>\$ 13,661,674</u>	<u>\$ 997,782</u>
Change in net position				\$ 1,088,602	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>64,084</u>	
Change in net position of the business-type activities				<u>\$ 1,152,686</u>	

See notes to financial statements

CITY OF STAYTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities			Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
Cash flows from operating activities					
Receipts from customers	\$ 1,618,972	\$ 3,197,402	\$ 314,113	\$ 5,130,487	\$ 888
Receipts from other funds	-	-	-	-	28,705
Payments to suppliers	(474,260)	(961,081)	(54,575)	(1,489,916)	(62,836)
Payments to employees	(252,685)	(360,837)	(40,132)	(653,654)	(350,565)
Net cash provided by (used in) operating activities	<u>892,027</u>	<u>1,875,484</u>	<u>219,406</u>	<u>2,986,917</u>	<u>(383,808)</u>
Cash flows from noncapital financing activities					
Payments on interfund loan	-	-	(23,000)	(23,000)	-
Grants	1,689	2,968	-	4,657	5,332
Transfers in	-	-	-	-	629,000
Transfers out	(491,700)	(505,700)	(65,600)	(1,063,000)	-
Net cash provided by (used in) noncapital financing activities	<u>(490,011)</u>	<u>(502,732)</u>	<u>(88,600)</u>	<u>(1,081,343)</u>	<u>634,332</u>
Cash flows from capital and related financing activities					
System development charges received	90,932	85,761	135,851	312,544	35,291
Other	5,418	-	-	5,418	418
Acquisition of capital assets	-	(193,463)	-	(193,463)	-
Principal paid on long-term obligations	(215,000)	(515,597)	(27,057)	(757,654)	-
Interest paid on long-term obligations	(114,136)	(307,999)	(21,148)	(443,283)	-
Net cash provided by (used in) capital and related financing activities	<u>(232,786)</u>	<u>(931,298)</u>	<u>87,646</u>	<u>(1,076,438)</u>	<u>35,709</u>
Cash flows from investing activities					
Interest on investments	9,807	36,989	3,680	50,476	6,200
Net increase (decrease) in cash and cash equivalents	179,037	478,443	222,132	879,612	292,433
Cash and cash equivalents - beginning of year	1,144,289	4,529,982	377,742	6,052,013	828,996
Cash and cash equivalents - end of year	<u>\$ 1,323,326</u>	<u>\$ 5,008,425</u>	<u>\$ 599,874</u>	<u>\$ 6,931,625</u>	<u>\$ 1,121,429</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 551,435	\$ 1,404,047	\$ 202,744	\$ 2,158,226	\$ (489,076)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	374,245	575,204	21,189	970,638	-
(Increase) decrease in assets and deferred outflows					
Receivables, net	(14,158)	7,233	35	(6,890)	-
Inventories	-	(105,750)	-	(105,750)	-
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	94	135	15	244	129
Pension related items	(18,134)	(25,895)	(2,880)	(46,909)	(24,742)
Other postemployment benefit related items	(1,578)	(2,252)	(251)	(4,081)	(2,153)
Increase (decrease) in liabilities and deferred inflows					
Accounts payable and accrued liabilities	(24,564)	(7,989)	(6,392)	(38,945)	95,513
Consumer deposits	5,796	6,446	-	12,242	-
Compensated absences payable	(4,866)	(3,711)	2,910	(5,667)	10,311
Net pension liability	924	1,320	147	2,391	1,261
Net other postemployment benefits liability	2,994	4,276	476	7,746	4,085
Pension related items	(11,513)	(16,441)	(1,829)	(29,783)	(15,709)
Other postemployment benefit related items	(637)	(909)	(101)	(1,647)	(869)
Net cash provided by (used in) operating activities	<u>\$ 892,027</u>	<u>\$ 1,875,484</u>	<u>\$ 219,406</u>	<u>\$ 2,986,917</u>	<u>\$ (383,808)</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	<u>Pension Trusts</u>
Assets	
Cash and cash equivalents	\$ 335,745
Receivables	27,640
Investments, at fair value	
Mutual funds	<u>10,550,813</u>
 Total assets	 <u>10,914,198</u>
 Net position	
Net position held in trust for:	
Pension benefits	10,596,676
Other postemployment benefits	<u>317,522</u>
 Total net position	 <u>\$ 10,914,198</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2021

	<u>Pension Trusts</u>
Additions	
Contributions	\$ 365,288
Investment earnings	<u>2,220,081</u>
Total additions	<u>2,585,369</u>
Deductions	
Benefits	<u>364,085</u>
Total deductions	<u>364,085</u>
Change in net position	2,221,284
Net position - beginning of year	<u>8,692,914</u>
Net position - end of year	<u>\$ 10,914,198</u>

See notes to financial statements

NOTE 1 – FINANCIAL REPORTING ENTITY

The City of Stayton (the “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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements (that is, 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2 – 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).
- *Enterprise* – accounts for the operations of predominately self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *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.

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.

Cash and cash equivalents

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

Property taxes

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

Uncollected property taxes 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

User charges and fines receivable

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

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.

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 \$10,000 or more and an expected economic useful life of 1 year or more.

Public domain (infrastructure) capital assets (such as, roads, bridges, sidewalks, storm sewers, and other assets that are immovable and of value to the City) that have been acquired or 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):

Infrastructure	40 years
Buildings and improvements	40 to 50 years
Equipment and vehicles	7 years

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Pensions – Oregon Public Employee Retirement System (OPERS)

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.

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.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amounts that apply to a future period 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.

Net position

Government-wide and proprietary fund financial statements

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

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

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance

Governmental fund type fund balance reporting

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

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

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

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

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

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

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

Risk management

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

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City’s cash, cash equivalents and investments at June 30, 2021 are as follows:

Cash and cash equivalents	
Deposits with financial institutions	\$ 680,431
State of Oregon Local Government Investment Pool	12,820,793
Money markets	335,745
Cash on hand	<u>1,265</u>
Total cash and cash equivalents	13,838,234
Investments	
Mutual funds	<u>10,550,813</u>
Total cash, cash equivalents and investments	<u>\$ 24,389,047</u>

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

Governmental activities	
Cash and cash equivalents	\$ 6,129,865
Business-type activities	
Cash and cash equivalents	<u>7,372,624</u>
Total cash and cash equivalents - government-wide statement of net position	13,502,489
Fiduciary funds	
Cash and cash equivalents	335,745
Investments	<u>10,550,813</u>
	<u>\$ 24,389,047</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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City’s deposits with financial institutions up to \$250,000 each for the aggregate of all noninterest-bearing accounts and the aggregate of all interest-bearing accounts at each institution. 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, 2021, none of the City’s bank balances were exposed to custodial credit risk as defined by GASB.

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.

Investments

As of June 30, 2021, 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>\$10,550,813</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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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.

NOTE 4 – RECEIVABLES

The City's receivables at June 30, 2021, are shown below:

	Governmental Activities / Funds				Business-type Activities / Proprietary Funds			
	General	Street	Nonmajor	Totals	Water	Wastewater	Stormwater	Totals
User charges	\$ -	\$ 8,018	\$ -	\$ 8,018	\$ 221,824	\$ 267,835	\$ 27,751	\$ 517,410
Property taxes	76,938	-	12,539	89,477	-	-	-	-
Accounts	224,310	188,316	5,587	418,213	-	-	-	-
Allowance for doubtful accounts	(15,685)	-	-	(15,685)	(87,048)	-	-	(87,048)
	<u>\$ 285,563</u>	<u>\$ 196,334</u>	<u>\$ 18,126</u>	<u>\$ 500,023</u>	<u>\$ 134,776</u>	<u>\$ 267,835</u>	<u>\$ 27,751</u>	<u>\$ 430,362</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS

Capital asset activity for governmental activities

For the year ended June 30, 2021, capital asset activity for the governmental activities was as follows:

	Balances July 1, 2020	Additions	Deletions and Reclassification	Balances June 30, 2021
Capital assets not being depreciated				
Land	\$ 1,759,203	\$ -	\$ -	\$ 1,759,203
Construction in progress	258,548	120,077	(258,548)	120,077
Total capital assets not being depreciated	<u>2,017,751</u>	<u>120,077</u>	<u>(258,548)</u>	<u>1,879,280</u>
Capital assets being depreciated				
Infrastructure	11,978,021	-	249,559	12,227,580
Buildings and improvements	7,683,347	-	-	7,683,347
Equipment and vehicles	<u>1,666,082</u>	<u>126,269</u>	<u>-</u>	<u>1,792,351</u>
Total capital assets being depreciated	<u>21,327,450</u>	<u>126,269</u>	<u>249,559</u>	<u>21,703,278</u>
Less accumulated depreciation for:				
Infrastructure	7,769,709	115,793	-	7,885,502
Buildings and improvements	4,895,342	201,449	-	5,096,791
Equipment and vehicles	<u>1,068,624</u>	<u>108,944</u>	<u>-</u>	<u>1,177,568</u>
Total accumulated depreciation	<u>13,733,675</u>	<u>426,186</u>	<u>-</u>	<u>14,159,861</u>
Total capital assets being depreciated, net	<u>7,593,775</u>	<u>(299,917)</u>	<u>249,559</u>	<u>7,543,417</u>
Governmental activities capital assets, net	<u>\$ 9,611,526</u>	<u>\$(179,840)</u>	<u>\$ (8,989)</u>	<u>\$ 9,422,697</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (Continued)

Capital asset activity for business-type activities

For the year ended June 30, 2021, capital asset activity for the business-type activities was as follows:

	Balances July 1, 2020	Additions	Deletions and Reclassification	Balances June 30, 2021
Capital assets not being depreciated				
Land	\$ 1,346,851	\$ -	\$ -	\$ 1,346,851
Construction in progress	<u>35,335</u>	-	-	<u>35,335</u>
Total capital assets not being depreciated	<u>1,382,186</u>	-	-	<u>1,382,186</u>
Capital assets being depreciated				
Infrastructure	35,063,883	193,463	-	35,257,346
Buildings and improvements	6,484,246	-	-	6,484,246
Equipment and vehicles	<u>2,167,533</u>	-	-	<u>2,167,533</u>
Total capital assets being depreciated	<u>43,715,662</u>	<u>193,463</u>	-	<u>43,909,125</u>
Less accumulated depreciation for:				
Infrastructure	19,967,307	722,951	-	20,690,258
Buildings and improvements	2,382,520	130,417	-	2,512,937
Equipment and vehicles	<u>1,545,698</u>	<u>117,270</u>	-	<u>1,662,968</u>
Total accumulated depreciation	<u>23,895,525</u>	<u>970,638</u>	-	<u>24,866,163</u>
Total capital assets being depreciated, net	<u>19,820,137</u>	<u>(777,175)</u>	-	<u>19,042,962</u>
Business-type activities capital assets, net	<u>\$ 21,202,323</u>	<u>\$ (777,175)</u>	<u>\$ -</u>	<u>\$ 20,425,148</u>

Depreciation expense was charged to functions/programs of the City:

<i>Governmental activities</i>	
General government	\$ 35,190
Public safety	67,321
Highways and streets	145,543
Culture and recreation	<u>178,132</u>
Total depreciation expense - governmental activities	<u>\$ 426,186</u>
<i>Business-type activities</i>	
Water	\$ 374,245
Sewer	575,204
Stormwater	<u>21,189</u>
Total depreciation expense - business-type activities	<u>\$ 970,638</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – UNAVAILABLE REVENUE

As of June 30, 2021, 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	\$ 56,698	\$ 8,941	\$ 65,639
Accounts	48,484	-	48,484
	<u>\$ 105,182</u>	<u>\$ 8,941</u>	<u>\$ 114,123</u>

NOTE 7 – INTERFUND TRANSACTIONS AND BALANCES

The interfund transfers during the year ended June 30, 2021, were as follows:

	In	Out
<u>Governmental</u>		
General	\$1,222,600	\$ 593,900
Street	123,895	275,300
Nonmajor governmental	140,000	183,295
<u>Proprietary</u>		
Enterprise		
Water	-	491,700
Wastewater	-	505,700
Stormwater	-	65,600
Internal service	629,000	-
Totals	<u>\$2,115,495</u>	<u>\$2,115,495</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, 2021, the loan balance is \$115,600.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2021:

	Outstanding			Balances	
	Outstanding			Outstanding	Due Within
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>One Year</u>
<u>Governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 186,585	\$ 21,532	\$ -	\$ 208,117	\$ 208,117
Net pension liability	2,338,802	-	366,808	1,971,994	-
Net other postemployment benefit liability	<u>187,104</u>	<u>36,999</u>	<u>-</u>	<u>224,103</u>	<u>-</u>
Total long-term obligations	<u>\$ 2,523,745</u>	<u>\$ 58,531</u>	<u>\$ 366,808</u>	<u>\$ 2,404,214</u>	<u>\$ 208,117</u>
<u>Business-type activities</u>					
Long-term debt					
General obligation bonds:					
2013 Full Faith and Credit Refunding	\$ 3,185,000	\$ -	\$ 375,000	\$ 2,810,000	\$ 385,000
2016 Full Faith and Credit Refunding	3,150,000	-	215,000	2,935,000	220,000
2019 Full Faith and Credit	699,212	-	27,057	672,155	27,652
Direct Borrowing - Revenue bond:					
USDA Sewer Revenue Bonds	7,428,097	-	140,597	7,287,500	145,057
Premium	<u>608,318</u>	<u>-</u>	<u>62,384</u>	<u>545,934</u>	<u>62,384</u>
Total long-term debt	16,639,821	-	820,038	14,250,589	840,093
Other long-term obligations					
Compensated absences	56,289	4,644	-	60,933	60,933
Net pension liability	-	3,652	-	3,652	-
Net other postemployment benefit liability	<u>71,320</u>	<u>11,831</u>	<u>-</u>	<u>83,151</u>	<u>-</u>
Total long-term obligations	<u>\$ 17,198,315</u>	<u>\$ 20,127</u>	<u>\$ 820,038</u>	<u>\$ 14,398,325</u>	<u>\$ 901,026</u>

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

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% based on bond maturity dates.

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% based on bond maturity dates.

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%. On and after each Reset Date of February 1, 2024, February 1, 2029 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% or exceed 7.62% 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%. The City must maintain a loan reserve in the amount of \$944,848 to pay for operations, maintenance and future bond payments.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

Future maturities of business-type activities obligations

As of June 30, 2021, the future maturities of long-term obligations for business-type activities are as follows:

Fiscal Year	2013 Full Faith and Credit Refunding		2016 Full Faith and Credit Refunding		2019 Full Faith and Credit Financing	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 385,000	\$ 88,150	\$ 220,000	\$ 109,600	\$ 27,652	\$ 18,967
2023	400,000	72,750	230,000	102,850	28,597	18,139
2024	410,000	60,750	235,000	94,700	29,575	17,282
2025	425,000	48,450	245,000	85,100	30,585	16,396
2026	435,000	35,700	255,000	75,100	31,632	15,480
2027-31	755,000	31,950	1,435,000	211,100	175,138	62,526
2032-36	-	-	315,000	6,300	207,194	34,665
2037-41	-	-	-	-	141,782	6,607
2042-46	-	-	-	-	-	-
2047-51	-	-	-	-	-	-
2052-56	-	-	-	-	-	-
	<u>\$ 2,810,000</u>	<u>\$ 337,750</u>	<u>\$ 2,935,000</u>	<u>\$ 684,750</u>	<u>\$ 672,155</u>	<u>\$ 190,062</u>

Fiscal Year	USDA Sewer Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest
2022	\$ 145,057	\$ 200,390	\$ 777,709	\$ 417,107
2023	149,046	196,401	807,643	390,140
2024	153,144	192,303	827,719	365,035
2025	157,356	188,091	857,941	338,037
2026	161,683	183,764	883,315	310,044
2027-31	877,606	849,629	3,242,744	1,155,205
2032-36	1,005,100	722,135	1,527,294	763,100
2037-41	1,151,113	576,122	1,292,895	582,729
2042-46	1,318,339	408,896	1,318,339	408,896
2047-51	1,509,860	217,375	1,509,860	217,375
2052-56	659,196	31,698	659,196	31,698
	<u>\$ 7,287,500</u>	<u>\$ 3,766,804</u>	<u>\$ 13,704,655</u>	<u>\$ 4,979,366</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

Net pension and other postemployment benefit liabilities

The net pension and other postemployment benefit liabilities consist of the following:

	Net Pension Liability	Net Other Postemployment Benefit Liability
Governmental Activities	\$ 1,971,994	\$ 224,103
Business-type Activities	3,652	83,151
	\$ 1,975,646	\$ 307,254
Oregon Public Employees Retirement System	\$ 1,966,549	\$ -
Retirement plan for employees of the City of Stayton	9,097	-
Implicit Subsidy	-	307,254
	\$ 1,975,646	\$ 307,254

NOTE 9 – DEFERRED OUTFLOW AND DEFERRED INFLOWS

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.

Pension and other postemployment related items

As discussed in notes 10, 11, 13 and 14 deferred outflows and deferred inflow related to pension and other postemployment items are as follows:

	Deferred Outflows		Deferred Inflows	
	Pension Related	Other Postemployment Benefit Related	Pension Related	Other Postemployment Benefit Related
Oregon Public Employees Retirement System	\$ 926,136	\$ -	\$ 585,889	\$ -
Retirement plan for employees of the City of Stayton	491,826	-	101,093	-
Group health plan		59,375		2,591
Implicit Subsidy	-	43,531	-	45,576
	\$ 1,417,962	\$ 102,906	\$ 686,982	\$ 48,167

NOTE 10 – DEFINED BENEFIT PENSION PLAN – OPERS

Plan Description

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

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

OPERS produces an independently audited 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/2020-CAFR.pdf.

Description of benefit terms

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

Tier 1/Tier 2 retirement benefit (Chapter 238)

Tier 1/Tier 2 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% for general service employees and 2% for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55, and police and fire members after age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60.

NOTE 10 – 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 an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-covered job at the time of death.

Disability benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 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% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

NOTE 10 – 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% of the pension that would otherwise have been paid to the deceased member.

Disability benefits

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

Benefit changes after retirement

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

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 1/Tier 2 employer contribution rates are 25.87% and the OPSRP employer contribution rates are 16.52% for general service employees and 20.88% for police and fire employees. Employer contributions for the year ended June 30, 2021 were \$235,478.

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

Net pension liability

At June 30, 2021, the City reported a liability of \$1,966,549 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The City's proportion of the net pension liability was actuarially determined based on a projection of the City's long-term contributions effort to the pension plan relative to the long-term projected contributions effort of all participating employers. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liability (UAL).

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

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

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

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions. The employer's projected long-term contribution effort does not include payments toward the current value of transition liabilities and pre-SLGRP liabilities.

At June 30, 2020, the City's proportion was .00901118%, which was a decrease of .00450978% from its proportion measured as of June 30, 2019.

Pension expense

For the year ended June 30, 2021, the City recognized pension expense of \$384,637.

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, 2020, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Net differences between projected and actual investment earnings
- Changes in employer proportion since the prior measurement date
- Differences between employer contributions and employer's proportionate share of system contributions
- Contributions subsequent to the measurement date

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

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

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

- Fiscal Year ended June 30, 2020 - 5.3 years
- 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, 2021, 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	\$ 86,552	\$ -
Changes of assumptions	105,538	3,698
Net difference between projected and actual earnings on pension plan investments	231,241	-
Changes in proportionate share	77,920	557,368
Differences between employer contributions and employer's proportionate share of system contributions	189,407	24,823
Contributions subsequent to the measurement date	<u>235,478</u>	<u>-</u>
	<u>\$ 926,136</u>	<u>\$ 585,889</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

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

Deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement in the amount of \$235,478 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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,	
2022	\$ 20,369
2023	54,069
2024	50,153
2025	2,932
2026	<u>(22,754)</u>
	<u>\$ 104,769</u>

Actuarial methods and assumptions used in developing contribution rates and total pension liability

The total pension liability measured as of June 30, 2020 was based on an actuarial valuation as of December 31, 2018 using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.5%
Long-term expected rate of return	7.2%
Discount rate	7.2%
Administrative expenses – Tier 1/Tier 2	\$32.5 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.5 %
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Health Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

Disabled retirees:

Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

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%. 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.

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

Assumed asset allocation

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	15.00%
Risk parity	2.50%
Total	100.00%

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 2019 the PERS Board reviewed long-term assumptions developed by both the actuary’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

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

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

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

Depletion date projection

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

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 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.

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

Changes in actuarial methods and assumptions

Key changes implemented since the December 31, 2018 valuation are:

- Tier 1/Tier 2 UAL Amortization – Senate Bill 20149 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation which will set the actuarially determined contribution rates for the 2021-2023 biennium.
- Administrative Expenses – The administrative expense assumptions were updated to \$32.5 million per year for Tier 1/Tier 2 and \$8.0 million per year for OPSRP. Previously these were assumed to be \$37.5 million per year and \$6.5 million per year, respectively.
- Mortality Tables – The healthy annuitant, active and disabled mortality tables were updated to Pub-2010 from RP-2014 generational tables.

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%, 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%) or 1-percentage-point higher (8.2%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 2,920,163	\$ 1,966,549	\$ 1,166,900

NOTE 11 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON

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.

Plan membership

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON

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.

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% 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% per year.

NOTE 11 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON (Continued)

Description of benefit terms (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% to 78% 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.

Number of Years	Percentage
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%.

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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON (Continued)

Description of benefit terms (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.

Contributions

The City is required by the Plan's provisions to pay the employees' contribution to the Plan of 6% 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, 2021 were \$274,002.

Net pension liability, changes in net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2021, the City reported a net pension liability of \$9,097. The net pension liability was measured as of June 30, 2020, 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	\$ 8,450,342
Plan fiduciary net position	<u>8,441,245</u>
Net pension liability (asset)	<u>\$ 9,097</u>
Fiduciary net position as a percentage of total pension liability	99.89%

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON (Continued)

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

For the year ended June 30, 2021, changes in the net pension liability is as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
	<u> </u>	<u> </u>	<u> </u>
Beginning balances	\$7,982,276	\$8,190,631	\$ (208,355)
Changes for the year:			
Service cost	263,966	-	263,966
Interest on total pension liability	525,231	-	525,231
Benefit payments	(321,131)	(321,131)	-
Net investment income	-	220,739	(220,739)
Employer contributions	<u> </u>	<u>351,006</u>	<u>(351,006)</u>
Ending balances	<u>\$8,450,342</u>	<u>\$8,441,245</u>	<u>\$ 9,097</u>

For the year ended June 30, 2021, the City recognized pension expense of \$199,652. At June 30, 2021, 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
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ -	\$ 101,093
Changes of assumptions or inputs	13,356	-
Net difference between projected and actual earnings on pension plan investments	204,468	-
City's contributions subsequent to the measurement date	<u>274,002</u>	<u> </u>
	<u>\$ 491,826</u>	<u>\$ 101,093</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON (Continued)

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

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date in the amount of \$274,002 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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,	
2022	\$ (49,780)
2023	45,385
2024	58,603
2025	62,523
2026	-

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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON (Continued)

Actuarial methods and assumptions used in developing total pension liability

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 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%
Investment rate of return	6.5%
Projected Salary Increases	Salaries for individuals are assumed to grow at 3.5%
Mortality	Healthy retirees and beneficiaries: Pub-2010 General Employee, Healthy Retiree, sex distinct, setback 12 months for males and no setback for females. Projected generationally using Unisex Social Security Scale.

Actuarial methods and assumptions used in developing total pension liability (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%. 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.

NOTE 11 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON (Continued)

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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON (Continued)

Actuarial methods and assumptions used in developing total pension liability (continued)

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.

Long-term expected rate of return

The long-term expected rate of return assumption of 6.5% 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%, 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%) or 1-percentage-point higher (7.5%) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Net pension liability	\$ 1,090,544	\$ 9,097	\$ (888,540)

NOTE 12 – DEFINED CONTRIBUTION PLAN – OPERS INDIVIDUAL ACCOUNT PROGRAM

Plan description

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

Pension benefits

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

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

NOTE 12 – DEFINED CONTRIBUTION PLAN – OPERS INDIVIDUAL ACCOUNT PROGRAM (Continued)

Death benefits

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

Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2021 were \$35,840.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE

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.

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.

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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE (Continued)

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, 2021, the actuarial determined contribution rate was 1.1% of covered payroll. City contributions to the plan for the year ended June 30, 2021 were \$9,805.

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, 2021, the City reported a net other postemployment benefit liability (asset) of \$(32,084). The net other postemployment benefit liability (asset) was measured as of June 30, 2020, 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	\$	219,585
Plan fiduciary net position		<u>251,669</u>
Net other postemployment benefit liability (asset)	\$	<u><u>(32,084)</u></u>

Fiduciary net position as a percentage of total other postemployment benefit liability 114.61%

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE (Continued)

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 (continued)

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	\$ 207,898	\$ 240,912	\$ (33,014)
Changes for the year			
Service cost	6,720	-	6,720
Interest on total OPEB liability	13,667	-	13,667
Benefit payments	(8,700)	(8,700)	-
Net investment income	-	6,539	(6,539)
Employer contributions	-	12,918	(12,918)
Ending balances	<u>\$ 219,585</u>	<u>\$ 251,669</u>	<u>\$ (32,084)</u>

For the year ended June 30, 2021, the City recognized other postemployment benefit expense of \$12,242. At June 30, 2021, 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	\$ 41,451	\$ 2,591
Changes of assumptions or inputs	1,189	-
Net difference between projected and actual earnings	6,930	-
Contributions made subsequent to measurement date	<u>9,805</u>	<u>-</u>
	<u>\$ 59,375</u>	<u>\$ 2,591</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE (Continued)

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 (continued)

\$9,805 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 liability in the year ended June 30, 2022. 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,		
2022	\$	8,908
2023		9,556
2024		9,653
2025		9,666
2026		8,361
Thereafter		835

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.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE (Continued)

Actuarial methods and assumptions used in developing the total other postemployment benefit liability:

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%
Investment rate of return	6.5%
Projected Salary Increases	Salaries for individuals are assumed to grow at 3.5%
Mortality	
Healthy retirees and beneficiaries:	Pub-2010 General Employee, Healthy Retiree, sex distinct, setback 12 months for males and no setback for females. Projected generationally using Unisex Social Security 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.

Discount rate

The discount rate used to measure the total other postemployment benefit liability was 6.5%. 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 liability.

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 liability.

NOTE 13 – 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 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 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% 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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – 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 liability calculated using the discount rate of 6.5%, as well as what the City’s net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	<u>1</u>	<u>Current</u>	<u>1</u>
	<u>Percentage</u>	<u>Discount</u>	<u>Percentage</u>
	<u>Point Lower</u>	<u>Rate</u>	<u>Point Higher</u>
Net other postemployment benefit liability (asset)	<u>\$ (4,649)</u>	<u>\$(32,084)</u>	<u>\$ (54,991)</u>

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

	<u>1</u>	<u>Current</u>	<u>1</u>
	<u>Percentage</u>	<u>Trend</u>	<u>Percentage</u>
	<u>Point Lower</u>	<u>Trend</u>	<u>Point Higher</u>
Net other postemployment benefit liability (asset)	<u>\$ (32,084)</u>	<u>\$(32,084)</u>	<u>\$ (32,084)</u>

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS - IMPLICIT SUBSIDY

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.

Plan membership

As of July 1, 2020, there were 37 active employees, 1 eligible retiree, and 1 spouse of ineligible retirees for a total of 39 plan members.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS - IMPLICIT SUBSIDY (Continued)

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	\$	726
For spouses of retirees		793

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, 2021, the City reported a total OPEB liability of \$307,254. The total OPEB liability was measured as of June 30, 2020 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, 2020	\$ 258,424
Changes for the year:	
Service cost	15,921
Interest	9,479
Changes of benefit terms	
Effect of economic/demographic gains or losses	29,843
Changes in assumptions or other inputs	680
Benefit payments	<u>(7,093)</u>
Balances at June 30, 2021	<u>\$ 307,254</u>

For the year ended June 30, 2021, the City recognized OPEB expense of \$21,698. At June 30, 2021, 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	\$ 25,916	\$ 15,689
Changes of assumptions	6,136	29,887
City's contributions subsequent to the measurement date	<u>11,479</u>	<u>-</u>
	<u>\$ 43,531</u>	<u>\$ 45,576</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS - IMPLICIT SUBSIDY (Continued)

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$11,479 will be recognized as an adjustment to the total OPEB liability in the year ended June 30, 2022. 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,	
2022	\$ (3,702)
2023	(3,702)
2024	(3,702)
2025	(3,702)
2026	(3,702)
Thereafter	4,986

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.

Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Projected Salary Increases	3.5 percent
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees
Election and Lapse Rates	40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS - IMPLICIT SUBSIDY (Continued)

Actuarial methods and assumptions used in developing total OPEB liability (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 OPEB liability was 2.21%. 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%.

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>
2020	3.5%
2021	5.75
2022	5.25
2023-2025	5.00
2026-2040	4.75
2041-2049	5.00
2050-2064	4.75
2065-2067	4.50
2068-2071	4.25
2072+	4.00

Dental costs are assumed to increase 4 percent in all future years.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS - IMPLICIT SUBSIDY (Continued)

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 2.21%, 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 (1.21%) or 1-percentage-point higher (3.21%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 327,597	\$ 307,254	\$ 287,799
	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 278,937	\$ 307,254	\$ 339,442

Changes since prior valuation

Expected Claims and Premiums was updated to reflect changes in available benefits and premium levels. If applicable, expected retiree and dependent costs were updated to reflect current health cost guidelines.

The health care cost trend was updated to reflect changes in current premium levels as well as future expected economic and regulatory conditions.

The mortality, withdrawal and retirement rates were updated to reflect assumptions used in the Oregon PERS December 31, 2019 actuarial valuation.

The data processing assumptions for missing dates of hire and inconsistent or missing PERS tier information were updated to provide a better approximation for missing or inconsistent data.

NOTE 15 – 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, 2021. 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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – INTERGOVERNMENTAL AGREEMENT (Continued)

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 (18.22% for 2020-21) and 27.88% of the debt service payments on the Full Faith and Credit Refunding Bonds.

NOTE 16 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

As of June 30, 2021, 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	\$ 1,072,606
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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	1,160,801
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NOTE 17 – BUDGETARY PERSPECTIVE DIFFERENCES

Revenues

Total General Fund revenues - budgetary basis	\$ 3,842,864
Interfund loan	(23,000)
Revenues of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	867
Parks	<u>15,173</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 3,835,904</u>

Expenditures

Total General Fund expenditures - budgetary basis	\$ 3,614,614
Expenditures of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Parks	<u>183,005</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 3,797,619</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 17 – BUDGETARY PERSPECTIVE DIFFERENCES (Continued)

Other financing sources (uses)

Total General Fund other financing sources (uses) - budgetary basis	\$ 330,500
Other financing sources (uses) of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	90,400
Parks	<u>207,800</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 628,700</u>

Beginning fund balance

Total General Fund beginning fund balance - budgetary basis	\$ 1,456,919
Interfund loan	138,600
Beginning 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 beginning fund balance reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 1,831,098</u>

Ending fund balance

Total General Fund ending fund balance - budgetary basis	\$ 2,015,669
Interfund loan	115,600
Ending fund balance of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	185,783
Parks	<u>181,031</u>
Total ending fund balance reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 2,498,083</u>

NOTE 18 – 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 2020-21 levy year has been reduced by \$95 and \$5,409, respectively.

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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
2020	0.00901118%	\$ 1,966,549	\$ 958,395	205%	76%
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
2021	\$ 235,478	\$ 235,478	\$ -	\$ 1,033,302	22.79%
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*

	Years Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
<u>Beginning of year</u>							
Total pension liability	\$ 7,982,276	\$ 7,576,069	\$ 7,135,977	\$ 7,014,532	\$ 6,582,356	\$ 5,814,484	\$ 5,460,247
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>	<u>5,089,313</u>
Net pension liability (asset)	<u>\$ (208,355)</u>	<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	\$ 263,966	\$ 244,921	\$ 236,639	\$ 234,298	\$ 226,375	\$ 196,034	\$ 205,098
Interest on total pension liability	525,231	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>(321,131)</u>	<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>\$ 468,066</u>	<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	\$ 351,006	\$ 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	220,739	464,435	483,519	647,240	106,824	183,402	729,046
Benefit payments	(321,131)	(286,546)	(266,793)	(307,781)	(228,933)	(194,544)	(165,153)
Administrative expenses	-	-	-	(24,548)	(50,360)	(16,068)	(17,010)
Net change in fiduciary net position	<u>\$ 250,614</u>	<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	\$ 8,450,342	\$ 7,982,276	\$ 7,576,069	\$ 7,135,977	\$ 7,014,532	\$ 6,582,356	\$ 5,814,484
Fiduciary net position	<u>8,441,245</u>	<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 (asset)	<u>\$ 9,097</u>	<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	99.9%	102.6%	97.8%	96.5%	89.4%	93.4%	101.6%
Covered payroll	\$ 1,507,990	\$ 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	0.6%	-14.9%	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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 274	\$ 339	\$ 315	\$ 322	\$ 288	\$ 270	\$ 277	\$ 255	\$ 305	\$ 313
Actual employer contribution	274	351	605	308	300	290	267	274	306	315
Contribution deficiency (excess)	-	(12)	(290)	14	(12)	(20)	10	(19)	(1)	(2)
Covered payroll	1,435	1,508	1,399	1,393	1,346	1,189	1,148	1,051	1,108	1,178
Contribution as a percent of covered payroll	19.09%	23.28%	43.25%	22.11%	22.29%	24.39%	23.26%	26.07%	27.62%	26.74%
Valuation date	7/1/2019	7/1/2017	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010
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 INVESTMENT RATE OF RETURN
RETIREMENT PLAN FOR THE EMPLOYEES OF THE CITY OF STAYTON
Last 10 Fiscal Years Ended*

<u>Year Ended</u> <u>June 30,</u>	<u>Rate of</u> <u>Return</u>
2021	22.65%
2020	2.65%
2019	5.95%
2018	7.03%
2017	9.84%
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 LIABILITY AND CHANGES IN
NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
EMPLOYEE BENEFIT PLAN FOR THE EMPLOYEES OF THE CITY OF STAYTON
Last 10 Plan Years*

	Years Ended June 30,				
	2020	2019	2018	2017	2016
<u>Beginning of year</u>					
Total other postemployment benefit liability	\$ 207,898	\$ 250,678	\$ 237,854	\$ 231,855	\$ 221,388
Fiduciary net position	240,912	110,009	96,262	80,288	71,341
Net other postemployment benefit liability (asset)	<u>\$ (33,014)</u>	<u>\$ 140,669</u>	<u>\$ 141,592</u>	<u>\$ 151,567</u>	<u>\$ 150,047</u>
<u>Changes in total other postemployment benefit liability</u>					
Service cost	\$ 6,720	\$ 6,469	\$ 6,250	\$ 4,616	\$ 4,460
Interest on total other postemployment benefit liability	13,667	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	(8,700)	(9,600)	(9,000)	(8,400)	(8,400)
Net change in total other postemployment benefit liability	<u>\$ 11,687</u>	<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	\$ 12,918	\$ 130,056	\$ 15,767	\$ 15,999	\$ 16,627
Investment income net of expenses	6,539	10,447	6,980	8,689	1,304
Benefit payments	(8,700)	(9,600)	(9,000)	(8,400)	(8,400)
Administrative expenses	-	-	-	(314)	(584)
Net change in fiduciary net position	<u>\$ 10,757</u>	<u>\$ 130,903</u>	<u>\$ 13,747</u>	<u>\$ 15,974</u>	<u>\$ 8,947</u>
<u>End of year</u>					
Total other postemployment benefit liability	\$ 219,585	\$ 207,898	\$ 250,678	\$ 237,854	\$ 231,856
Fiduciary net position	251,669	240,912	110,009	96,262	80,288
Net other postemployment benefit liability (asset)	<u>\$ (32,084)</u>	<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 liability	114.61%	115.88%	43.88%	40.47%	34.63%
Covered payroll	\$ 1,507,990	\$ 1,399,047	\$ 1,393,167	\$ 1,346,055	\$ 1,188,545
Net other postemployment benefit liability as a percent of covered payroll	-2.13%	-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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 9	\$ 12	\$ 11	\$ 17	\$ 15	\$ 15	\$ 10	\$ 8	\$ 10	\$ 10
Actual employer contribution	9	13	130	16	16	17	9	8	9	7
Contribution deficiency (excess)	-	(1)	(119)	1	(1)	(2)	1	-	1	3
Covered payroll	1,435	1,508	1,399	1,393	1,346	1,189	1,148	1,051	1,108	1,178
Contribution as a percent of covered payroll	0.63%	0.86%	9.29%	1.15%	1.19%	1.43%	0.78%	0.76%	0.81%	0.59%
Valuation date	7/1/2019	7/1/2017	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010
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</u> <u>June 30,</u>	<u>Rate of</u> <u>Return</u>
2021	22.65%
2020	2.65%
2019	5.95%
2018	7.03%
2017	9.84%
2016	1.75%

*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*

	Years Ended June 30,		
	2020	2019	2018
Service cost	\$ 15,921	\$ 14,261	\$ 19,035
Interest on total OPEB liability	9,479	9,614	10,576
Effect of economic/demographic gains or losses	29,843	-	(24,917)
Effect of assumptions changes or inputs	680	7,363	(29,013)
Benefit payments	<u>(7,093)</u>	<u>(13,820)</u>	<u>(21,913)</u>
Net change in total OPEB liability	48,830	17,418	(46,232)
Total OPEB liability - beginning of year	<u>258,424</u>	<u>241,006</u>	<u>287,238</u>
Total OPEB liability - end of year	<u>\$ 307,254</u>	<u>\$ 258,424</u>	<u>\$ 241,006</u>
Covered employee payroll	\$ 2,466,385	\$ 2,339,399	\$ 2,416,728
Total OPEB liability as a percentage of covered payroll	12.46%	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, 2021

	General	Pension Stabilization	Parks	Total
Assets				
Cash and cash equivalents	\$ 1,898,205	\$ 185,783	\$ 183,079	\$ 2,267,067
Receivables	285,563	-	-	285,563
Due from other funds	115,600	-	-	115,600
Total assets	<u>\$ 2,299,368</u>	<u>\$ 185,783</u>	<u>\$ 183,079</u>	<u>\$ 2,668,230</u>
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 54,917	\$ -	\$ 2,048	\$ 56,965
Consumer deposits	8,000	-	-	8,000
Total liabilities	62,917	-	2,048	64,965
Deferred inflows of resources				
Unavailable revenue	105,182	-	-	105,182
Fund balances				
Restricted for other purposes	19,150	-	-	19,150
Assigned for:				
Pensions	-	185,783	-	185,783
Parks	-	-	181,031	181,031
Unassigned	2,112,119	-	-	2,112,119
Total fund balances	2,131,269	185,783	181,031	2,498,083
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,299,368</u>	<u>\$ 185,783</u>	<u>\$ 183,079</u>	<u>\$ 2,668,230</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUNDS
Year Ended June 30, 2021

	<u>General</u>	<u>Pension Stabilization</u>	<u>Parks</u>	<u>Total</u>
Revenues				
Property taxes	\$ 2,211,748	\$ -	\$ 10,000	\$ 2,221,748
Franchise fees	742,970	-	-	742,970
Licenses, permits and fees	57,789	-	-	57,789
Fines and forfeitures	103,742	-	-	103,742
Charges for services	27,490	-	-	27,490
Donations	-	-	25	25
Intergovernmental	513,119	-	4,309	517,428
Rent	8,516	-	-	8,516
Interest	15,334	867	839	17,040
Miscellaneous	139,156	-	-	139,156
	<u>3,819,864</u>	<u>867</u>	<u>15,173</u>	<u>3,835,904</u>
Total revenues				
Expenditures				
Current				
General government	1,255,147	-	-	1,255,147
Public safety	2,175,361	-	-	2,175,361
Highways and streets	97,326	-	-	97,326
Culture and recreation	18,846	-	183,005	201,851
Capital outlay	67,934	-	-	67,934
	<u>3,614,614</u>	<u>-</u>	<u>183,005</u>	<u>3,797,619</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>205,250</u>	<u>867</u>	<u>(167,832)</u>	<u>38,285</u>
Other financing sources (uses)				
Transfers in	892,200	90,400	240,000	1,222,600
Transfers out	(561,700)	-	(32,200)	(593,900)
	<u>330,500</u>	<u>90,400</u>	<u>207,800</u>	<u>628,700</u>
Total other financing sources (uses)				
Net change in fund balances	535,750	91,267	39,968	666,985
Fund balances at beginning of year	<u>1,595,519</u>	<u>94,516</u>	<u>141,063</u>	<u>1,831,098</u>
Fund balance at end of year	<u>\$ 2,131,269</u>	<u>\$ 185,783</u>	<u>\$ 181,031</u>	<u>\$ 2,498,083</u>

CITY OF STAYTON
PENSION STABILIZATION - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ 2,000	\$ 867	\$ (1,133)
Total revenues	<u>2,000</u>	<u>867</u>	<u>(1,133)</u>
Other financing sources (uses)			
Transfers in	<u>90,400</u>	<u>90,400</u>	<u>-</u>
Total other financing sources (uses)	<u>90,400</u>	<u>90,400</u>	<u>-</u>
Net change in fund balance	92,400	91,267	(1,133)
Fund balance at beginning of year	<u>93,400</u>	<u>94,516</u>	<u>1,116</u>
Fund balance at end of year	<u>\$ 185,800</u>	<u>\$ 185,783</u>	<u>\$ (17)</u>

CITY OF STAYTON
PARKS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 10,000	\$ 10,000	\$ -
Intergovernmental	-	4,309	4,309
Donations	-	25	25
Interest	<u>1,000</u>	<u>839</u>	<u>(161)</u>
Total revenues	<u>11,000</u>	<u>15,173</u>	<u>4,173</u>
Expenditures			
Parks	463,428	183,005	280,423
Contingency	<u>34,872</u>	<u>-</u>	<u>34,872</u>
Total expenditures	<u>498,300</u>	<u>183,005</u>	<u>315,295</u>
Excess (deficiency) of revenues over expenditures	<u>(487,300)</u>	<u>(167,832)</u>	<u>319,468</u>
Other financing sources (uses)			
Transfers in	384,500	240,000	(144,500)
Transfers out	<u>(32,200)</u>	<u>(32,200)</u>	<u>-</u>
Total other financing sources (uses)	<u>352,300</u>	<u>207,800</u>	<u>(144,500)</u>
Net change in fund balance	(135,000)	39,968	174,968
Fund balance at beginning of year	<u>135,000</u>	<u>141,063</u>	<u>6,063</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 181,031</u>	<u>\$ 181,031</u>

CITY OF STAYTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue	Capital Projects	Total
Assets			
Cash and cash equivalents	\$ 693,935	\$ 1,072,606	\$ 1,766,541
Receivables	18,126	-	18,126
Total assets	\$ 712,061	\$ 1,072,606	\$ 1,784,667
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 4,062	\$ -	\$ 4,062
Deferred inflows of resources			
Unavailable revenue	8,941	-	8,941
Fund balances			
Restricted for:			
Swimming pool	313,399	-	313,399
Capital projects	-	1,072,606	1,072,606
Committed for:			
Library programs	385,659	-	385,659
Total fund balances	699,058	1,072,606	1,771,664
Total liabilities, deferred inflows of resources and fund balances	\$ 712,061	\$ 1,072,606	\$ 1,784,667

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Property taxes	\$ 373,143	\$ -	\$ 373,143
Licenses, permits and fees	280	-	280
Fines and forfeitures	5,059	-	5,059
Charges for services	108,606	-	108,606
Donations	110,000	-	110,000
System development charges	-	361,615	361,615
Intergovernmental	137,292	-	137,292
Interest	3,116	7,735	10,851
Miscellaneous	8,390	-	8,390
	<u>745,886</u>	<u>369,350</u>	<u>1,115,236</u>
Expenditures			
Current			
Culture and recreation	599,377	-	599,377
Capital outlay	58,335	-	58,335
	<u>657,712</u>	<u>-</u>	<u>657,712</u>
Excess (deficiency) of revenues over expenditures	<u>88,174</u>	<u>369,350</u>	<u>457,524</u>
Other financing sources (uses)			
Transfers in	140,000	-	140,000
Transfers out	(59,400)	(123,895)	(183,295)
	<u>80,600</u>	<u>(123,895)</u>	<u>(43,295)</u>
Net change in fund balances	168,774	245,455	414,229
Fund balances at beginning of year	<u>530,284</u>	<u>827,151</u>	<u>1,357,435</u>
Fund balance at end of year	<u>\$ 699,058</u>	<u>\$ 1,072,606</u>	<u>\$ 1,771,664</u>

CITY OF STAYTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2021

	Library	Swimming Pool	Total
Assets			
Cash and cash equivalents	\$ 380,004	\$ 313,931	\$ 693,935
Receivables	11,900	6,226	18,126
Total assets	\$ 391,904	\$ 320,157	\$ 712,061
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 1,743	\$ 2,319	\$ 4,062
Deferred inflows of resources			
Unavailable revenue	4,502	4,439	8,941
Fund balances			
Restricted for swimming pool operations	-	313,399	313,399
Committed for library programs	385,659	-	385,659
Total fund balances	385,659	313,399	699,058
Total liabilities, deferred inflows of resources and fund balances	\$ 391,904	\$ 320,157	\$ 712,061

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

	<u>Library</u>	<u>Swimming Pool</u>	<u>Total</u>
Revenues			
Property taxes	\$ 187,901	\$ 185,242	\$ 373,143
Licenses, permits and fees	280	-	280
Fines and forfeitures	5,059	-	5,059
Charges for services	108,003	603	108,606
Donations	-	110,000	110,000
Intergovernmental	106,691	30,601	137,292
Interest	1,659	1,457	3,116
Miscellaneous	-	8,390	8,390
	<u>409,593</u>	<u>336,293</u>	<u>745,886</u>
Expenditures			
Current			
Culture and recreation	415,427	183,950	599,377
Capital outlay	-	58,335	58,335
	<u>415,427</u>	<u>242,285</u>	<u>657,712</u>
Excess (deficiency) of revenues over expenditures	<u>(5,834)</u>	<u>94,008</u>	<u>88,174</u>
Other financing sources (uses)			
Transfers in	140,000	-	140,000
Transfers out	<u>(32,900)</u>	<u>(26,500)</u>	<u>(59,400)</u>
Total other financing sources (uses)	<u>107,100</u>	<u>(26,500)</u>	<u>80,600</u>
Net change in fund balances	101,266	67,508	168,774
Fund balances at beginning of year	<u>284,393</u>	<u>245,891</u>	<u>530,284</u>
Fund balance at end of year	<u>\$ 385,659</u>	<u>\$ 313,399</u>	<u>\$ 699,058</u>

CITY OF STAYTON
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2021

	Street System Development Charges	Parks System Development Charges	Total
Assets			
Cash and cash equivalents	\$ 869,803	\$ 202,803	\$ 1,072,606
Total assets	\$ 869,803	\$ 202,803	\$ 1,072,606
Fund balances			
Fund balances			
Restricted for capital projects	\$ 869,803	\$ 202,803	\$ 1,072,606
Total fund balances	\$ 869,803	\$ 202,803	\$ 1,072,606

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2021

	Street System Development Charges	Parks System Development Charges	Total
Revenues			
System development charges	\$ 233,588	\$ 128,027	\$ 361,615
Interest	6,817	918	7,735
Total revenues	240,405	128,945	369,350
Other financing sources (uses)			
Transfers out	(123,895)	-	(123,895)
Total other financing sources (uses)	(123,895)	-	(123,895)
Net change in fund balances	116,510	128,945	245,455
Fund balances at beginning of year	753,293	73,858	827,151
Fund balance at end of year	\$ 869,803	\$ 202,803	\$ 1,072,606

CITY OF STAYTON
LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Property taxes	\$ 183,600	\$ 187,901	\$ 4,301
Licenses, permits and fees	1,300	280	(1,020)
Fines and forfeitures	10,000	5,059	(4,941)
Charges for services	110,090	108,003	(2,087)
Intergovernmental	32,400	106,691	74,291
Rents	1,800	-	(1,800)
Interest	2,500	1,659	(841)
Total revenues	<u>341,690</u>	<u>409,593</u>	<u>67,903</u>
Expenditures			
Library	534,300	415,427	118,873
Contingency	<u>109,690</u>	<u>-</u>	<u>109,690</u>
Total expenditures	<u>643,990</u>	<u>415,427</u>	<u>228,563</u>
Excess (deficiency) of revenues over expenditures	<u>(302,300)</u>	<u>(5,834)</u>	<u>296,466</u>
Other financing sources (uses)			
Transfers in	177,400	140,000	(37,400)
Transfers out	<u>(32,900)</u>	<u>(32,900)</u>	<u>-</u>
Total other financing sources (uses)	<u>144,500</u>	<u>107,100</u>	<u>(37,400)</u>
Net change in fund balance	(157,800)	101,266	259,066
Fund balance at beginning of year	<u>157,800</u>	<u>284,393</u>	<u>126,593</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 385,659</u>	<u>\$ 385,659</u>

CITY OF STAYTON
SWIMMING POOL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Property taxes	\$ 183,000	\$ 185,242	\$ 2,242
Charges for services	167,000	603	(166,397)
Intergovernmental	-	30,601	30,601
Donations	-	110,000	110,000
Interest	3,700	1,457	(2,243)
Miscellaneous	-	8,390	8,390
	<u>353,700</u>	<u>336,293</u>	<u>(17,407)</u>
Expenditures			
Pool	505,800	242,285	263,515
Contingency	122,400	-	122,400
	<u>628,200</u>	<u>242,285</u>	<u>385,915</u>
Excess (deficiency) of revenues over expenditures	<u>(274,500)</u>	<u>94,008</u>	<u>368,508</u>
Other financing sources (uses)			
Transfers in	60,000	-	(60,000)
Transfers out	(26,500)	(26,500)	-
	<u>33,500</u>	<u>(26,500)</u>	<u>(60,000)</u>
Net change in fund balance	(241,000)	67,508	308,508
Fund balance at beginning of year	<u>241,000</u>	<u>245,891</u>	<u>4,891</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 313,399</u>	<u>\$ 313,399</u>

CITY OF STAYTON
STREET SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 68,100	\$ 233,588	\$ 165,488
Interest	<u>5,000</u>	<u>6,817</u>	<u>1,817</u>
Total revenues	<u>73,100</u>	<u>240,405</u>	<u>167,305</u>
Expenditures			
Street system development charges	<u>38,000</u>	-	<u>38,000</u>
Total expenditures	<u>38,000</u>	-	<u>38,000</u>
Excess (deficiency) of revenues over expenditures	<u>35,100</u>	<u>240,405</u>	<u>205,305</u>
Other financing sources (uses)			
Transfers out	<u>(202,000)</u>	<u>(123,895)</u>	<u>78,105</u>
Total other financing sources (uses)	<u>(202,000)</u>	<u>(123,895)</u>	<u>78,105</u>
Net change in fund balance	(166,900)	116,510	283,410
Fund balance at beginning of year	<u>725,000</u>	<u>753,293</u>	<u>28,293</u>
Fund balance at end of year	<u>\$ 558,100</u>	<u>\$ 869,803</u>	<u>\$ 311,703</u>

CITY OF STAYTON
PARKS SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 80,900	\$ 128,027	\$ 47,127
Interest	<u>600</u>	<u>918</u>	<u>318</u>
Total revenues	<u>81,500</u>	<u>128,945</u>	<u>47,445</u>
Other financing sources (uses)			
Transfers out	<u>(144,500)</u>	-	<u>144,500</u>
Total other financing sources (uses)	<u>(144,500)</u>	-	<u>144,500</u>
Net change in fund balance	(63,000)	128,945	191,945
Fund balance at beginning of year	<u>63,000</u>	<u>73,858</u>	<u>10,858</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 202,803</u>	<u>\$ 202,803</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
WATER FUND
June 30, 2021

	Water	Water System Development Charges	Total Water Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 804,495	\$ 518,831	\$ 1,323,326
Receivables, net	134,776	-	134,776
Inventory	72,358	-	72,358
Total current assets	<u>1,011,629</u>	<u>518,831</u>	<u>1,530,460</u>
Net other postemployment benefits asset	<u>2,306</u>	<u>-</u>	<u>2,306</u>
Capital assets			
Land and construction in progress	40,182	-	40,182
Other capital assets, net	6,328,877	-	6,328,877
Total capital assets	<u>6,369,059</u>	<u>-</u>	<u>6,369,059</u>
Total assets	<u>7,382,994</u>	<u>518,831</u>	<u>7,901,825</u>
Deferred outflows of resources			
Refunded debt charges	38,492	-	38,492
Pension related items	60,164	-	60,164
Other postemployment benefit related items	7,067	-	7,067
Total deferred outflows of resources	<u>105,723</u>	<u>-</u>	<u>105,723</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	46,757	-	46,757
Accrued interest payable	9,133	-	9,133
Consumer deposits	51,612	-	51,612
Long-term obligations due within one year	275,601	-	275,601
Total current liabilities	<u>383,103</u>	<u>-</u>	<u>383,103</u>
Long-term obligations due in more than one year	<u>3,065,434</u>	<u>-</u>	<u>3,065,434</u>
Total liabilities	<u>3,448,537</u>	<u>-</u>	<u>3,448,537</u>
Deferred inflows of resources			
Pension related items	17,247	-	17,247
Other postemployment benefit related items	3,570	-	3,570
Total deferred inflows of resources	<u>20,817</u>	<u>-</u>	<u>20,817</u>
Net position			
Net investment in capital assets	3,069,917	-	3,069,917
Restricted for capital projects	-	518,831	518,831
Unrestricted	949,446	-	949,446
Total net position	<u>\$ 4,019,363</u>	<u>\$ 518,831</u>	<u>\$ 4,538,194</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER FUND
Year Ended June 30, 2021

	<u>Water</u>	<u>Water System Development Charges</u>	<u>Eliminations</u>	<u>Total Water Fund</u>
Operating revenues				
Charges for services	\$ 1,627,334	\$ -	\$ -	\$ 1,627,334
Operating expenses				
Personnel services	247,916	-	-	247,916
Materials and services	453,738	-	-	453,738
Depreciation	374,245	-	-	374,245
Total operating expenses	<u>1,075,899</u>	<u>-</u>	<u>-</u>	<u>1,075,899</u>
Operating income (loss)	<u>551,435</u>	<u>-</u>	<u>-</u>	<u>551,435</u>
Nonoperating revenues (expenses)				
Grants	1,689	-	-	1,689
Interest income	5,891	3,916	-	9,807
Miscellaneous	5,418	-	-	5,418
Interest expense	(81,193)	-	-	(81,193)
Total nonoperating revenue (expenses)	<u>(68,195)</u>	<u>3,916</u>	<u>-</u>	<u>(64,279)</u>
Income (loss) before transfers	483,240	3,916	-	487,156
Capital contributions	-	90,932	-	90,932
Transfers in	47,381	-	(47,381)	-
Transfers out	(491,700)	(47,381)	47,381	(491,700)
Change in net position	38,921	47,467	-	86,388
Net position - beginning	<u>3,980,442</u>	<u>471,364</u>	<u>-</u>	<u>4,451,806</u>
Net position - ending	<u>\$ 4,019,363</u>	<u>\$ 518,831</u>	<u>\$ -</u>	<u>\$ 4,538,194</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
WATER FUND
Year Ended June 30, 2021

	Water	Water System Development Charges	Eliminations	Total Water Fund
Cash flows from operating activities				
Receipts from customers	\$ 1,618,972	\$ -	\$ -	\$ 1,618,972
Payments to suppliers	(474,260)	-	-	(474,260)
Payments to employees	(252,685)	-	-	(252,685)
Net cash provided by (used in) operating activities	<u>892,027</u>	<u>-</u>	<u>-</u>	<u>892,027</u>
Cash flows from noncapital financing activities				
Grants	1,689	-	-	1,689
Transfers out	(491,700)	-	-	(491,700)
Net cash provided by (used in) noncapital financing activities	<u>(490,011)</u>	<u>-</u>	<u>-</u>	<u>(490,011)</u>
Cash flows from capital and related financing activities				
Transfers in	47,381	-	(47,381)	-
Transfers out	-	(47,381)	47,381	-
System development charges received	-	90,932	-	90,932
Other	5,418	-	-	5,418
Principal paid on long-term obligations	(215,000)	-	-	(215,000)
Interest paid on long-term obligations	(114,136)	-	-	(114,136)
Net cash provided by (used in) capital and related financing activities	<u>(276,337)</u>	<u>43,551</u>	<u>-</u>	<u>(232,786)</u>
Cash flows from investing activities				
Interest on investments	5,891	3,916	-	9,807
Net increase (decrease) in cash and cash equivalents	131,570	47,467	-	179,037
Cash and cash equivalents - beginning of year	672,925	471,364	-	1,144,289
Cash and cash equivalents - end of year	<u>\$ 804,495</u>	<u>\$ 518,831</u>	<u>\$ -</u>	<u>\$ 1,323,326</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 551,435	\$ -	\$ -	\$ 551,435
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 of resources				
Receivables, net	(14,158)	-	-	(14,158)
Prepaid items	4,042	-	-	4,042
Net pension asset	27,947	-	-	27,947
Net other postemployment benefits asset	94	-	-	94
Pension related items	(18,134)	-	-	(18,134)
Other postemployment benefit related items	(1,578)	-	-	(1,578)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(24,564)	-	-	(24,564)
Consumer deposits	5,796	-	-	5,796
Compensated absences payable	(4,866)	-	-	(4,866)
Net pension liability	924	-	-	924
Net other postemployment benefits liability	2,994	-	-	2,994
Pension related items	(11,513)	-	-	(11,513)
Other postemployment benefit related items	(637)	-	-	(637)
Net cash provided by (used in) operating activities	<u>\$ 892,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 892,027</u>

CITY OF STAYTON
WATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 1,617,500	\$ 1,619,258	\$ 1,758
Intergovernmental	-	1,689	1,689
Interest	13,500	5,891	(7,609)
Miscellaneous	-	5,418	5,418
	<u>1,631,000</u>	<u>1,632,256</u>	<u>1,256</u>
Expenditures			
Water	1,025,800	706,423	319,377
Debt service	329,200	329,136	64
Contingency	762,000	-	762,000
	<u>2,117,000</u>	<u>1,035,559</u>	<u>1,081,441</u>
Excess (deficiency) of revenues over expenditures	<u>(486,000)</u>	<u>596,697</u>	<u>1,082,697</u>
Other financing sources (uses)			
Transfers in	154,000	47,381	(106,619)
Transfers out	(491,700)	(491,700)	-
	<u>(337,700)</u>	<u>(444,319)</u>	<u>(106,619)</u>
Net change in fund balance	(823,700)	152,378	976,078
Fund balance at beginning of year	<u>823,700</u>	<u>680,448</u>	<u>(143,252)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 832,826</u>	<u>\$ 832,826</u>
Reconciliation to generally accepted accounting principles			
Inventory		72,358	
Net other postemployment benefit asset		2,306	
Capital assets, net		6,369,059	
Deferred outflows of resources		105,723	
Unavailable revenues		8,076	
Accrued interest payable		(9,133)	
Compensated absences payable		(19,187)	
Net pension liability		(924)	
Net other postemployment benefit liability		(21,782)	
Long-term obligations		(3,299,142)	
Deferred inflows of resources		<u>(20,817)</u>	
Net position - ending		<u>\$ 4,019,363</u>	

CITY OF STAYTON
WATER SYSTEM DEVELOPMENT CHARGES - WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 84,200	\$ 90,932	\$ 6,732
Interest	<u>4,500</u>	<u>3,916</u>	<u>(584)</u>
Total revenues	<u>88,700</u>	<u>94,848</u>	<u>6,148</u>
Expenditures			
Water system development charges	<u>45,800</u>	<u>-</u>	<u>45,800</u>
Total expenditures	<u>45,800</u>	<u>-</u>	<u>45,800</u>
Excess (deficiency) of revenues over expenditures	<u>42,900</u>	<u>94,848</u>	<u>51,948</u>
Other financing sources (uses)			
Transfers out	<u>(154,000)</u>	<u>(47,381)</u>	<u>106,619</u>
Total other financing sources (uses)	<u>(154,000)</u>	<u>(47,381)</u>	<u>106,619</u>
Net change in fund balance	(111,100)	47,467	158,567
Fund balance at beginning of year	<u>458,600</u>	<u>471,364</u>	<u>12,764</u>
Fund balance at end of year	<u>\$ 347,500</u>	<u>\$ 518,831</u>	<u>\$ 171,331</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
WASTEWATER FUND
June 30, 2021

	Wastewater	Wastewater System Development Charges	Total Wastewater Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 4,596,472	\$ 411,953	\$ 5,008,425
Receivables, net	267,835	-	267,835
Inventory	495,778	-	495,778
Total current assets	<u>5,360,085</u>	<u>411,953</u>	<u>5,772,038</u>
Net other postemployment benefits asset	<u>3,406</u>	<u>-</u>	<u>3,406</u>
Capital assets			
Land and construction in progress	255,287	-	255,287
Other capital assets, net	11,250,269	-	11,250,269
Total capital assets	<u>11,505,556</u>	<u>-</u>	<u>11,505,556</u>
Total assets	<u>16,869,047</u>	<u>411,953</u>	<u>17,281,000</u>
Deferred outflows of resources			
Pension related items	76,588	-	76,588
Other postemployment benefit related items	10,350	-	10,350
Total deferred outflows of resources	<u>86,938</u>	<u>-</u>	<u>86,938</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	47,852	-	47,852
Accrued interest payable	174,338	-	174,338
Consumer deposits	51,044	-	51,044
Long-term obligations due within one year	572,043	-	572,043
Total current liabilities	<u>845,277</u>	<u>-</u>	<u>845,277</u>
Long-term obligations due in more than one year	<u>9,756,580</u>	<u>-</u>	<u>9,756,580</u>
Total liabilities	<u>10,601,857</u>	<u>-</u>	<u>10,601,857</u>
Deferred inflows of resources			
Pension related items	18,247	-	18,247
Other postemployment benefit related items	5,297	-	5,297
Total deferred inflows of resources	<u>23,544</u>	<u>-</u>	<u>23,544</u>
Net position			
Net investment in capital assets	1,226,265	-	1,226,265
Restricted for:			
Capital projects		411,953	411,953
Debt service	944,848	-	944,848
Unrestricted	4,159,471	-	4,159,471
Total net position	<u>\$ 6,330,584</u>	<u>\$ 411,953</u>	<u>\$ 6,742,537</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WASTEWATER FUND
Year Ended June 30, 2021

	<u>Wastewater</u>	<u>Wastewater System Development Charges</u>	<u>Eliminations</u>	<u>Total Wastewater Fund</u>
Operating revenues				
Charges for services	\$ 3,183,723	\$ -	\$ -	\$ 3,183,723
Operating expenses				
Personnel services	351,067	-	-	351,067
Materials and services	853,405	-	-	853,405
Depreciation	575,204	-	-	575,204
Total operating expenses	<u>1,779,676</u>	<u>-</u>	<u>-</u>	<u>1,779,676</u>
Operating income (loss)	<u>1,404,047</u>	<u>-</u>	<u>-</u>	<u>1,404,047</u>
Nonoperating revenues (expenses)				
Grants	2,968	-	-	2,968
Interest income	33,319	3,670	-	36,989
Interest expense	(277,543)	-	-	(277,543)
Total nonoperating revenue (expenses)	<u>(241,256)</u>	<u>3,670</u>	<u>-</u>	<u>(237,586)</u>
Income (loss) before transfers	1,162,791	3,670	-	1,166,461
Capital contributions	-	85,761	-	85,761
Transfers in	168,848	-	(168,848)	-
Transfers out	(505,700)	(168,848)	168,848	(505,700)
Change in net position	825,939	(79,417)	-	746,522
Net position - beginning	5,504,645	491,370	-	5,996,015
Net position - ending	<u>\$ 6,330,584</u>	<u>\$ 411,953</u>	<u>\$ -</u>	<u>\$ 6,742,537</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
WASTEWATER FUND
Year Ended June 30, 2021

	Wastewater	Wastewater System Development Charges	Eliminations	Total Wastewater Fund
Cash flows from operating activities				
Receipts from customers	\$ 3,197,402	\$ -	\$ -	\$ 3,197,402
Payments to suppliers	(961,081)	-	-	(961,081)
Payments to employees	(360,837)	-	-	(360,837)
Net cash provided by (used in) operating activities	<u>1,875,484</u>	<u>-</u>	<u>-</u>	<u>1,875,484</u>
Cash flows from noncapital financing activities				
Grants	2,968	-	-	2,968
Transfers out	(505,700)	-	-	(505,700)
Net cash provided by (used in) noncapital financing activities	<u>(502,732)</u>	<u>-</u>	<u>-</u>	<u>(502,732)</u>
Cash flows from capital and related financing activities				
Transfers in	168,848	-	(168,848)	-
Transfers out	-	(168,848)	168,848	-
System development charges received	-	85,761	-	85,761
Acquisition of capital assets	(193,463)	-	-	(193,463)
Principal paid on long-term obligations	(515,597)	-	-	(515,597)
Interest paid on long-term obligations	(307,999)	-	-	(307,999)
Net cash provided by (used in) capital and related financing activities	<u>(848,211)</u>	<u>(83,087)</u>	<u>-</u>	<u>(931,298)</u>
Cash flows from investing activities				
Interest on investments	33,319	3,670	-	36,989
Net increase (decrease) in cash and cash equivalents	557,860	(79,417)	-	478,443
Cash and cash equivalents - beginning of year	4,038,612	491,370	-	4,529,982
Cash and cash equivalents - end of year	<u>\$ 4,596,472</u>	<u>\$ 411,953</u>	<u>\$ -</u>	<u>\$ 5,008,425</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 1,404,047	\$ -	\$ -	\$ 1,404,047
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	575,204	-	-	575,204
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	7,233	-	-	7,233
Inventories	(105,750)	-	-	(105,750)
Prepaid items	6,063	-	-	6,063
Net pension asset	33,707	-	-	33,707
Net other postemployment benefits asset	135	-	-	135
Pension related items	(25,895)	-	-	(25,895)
Other postemployment benefit related items	(2,252)	-	-	(2,252)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(7,989)	-	-	(7,989)
Consumer deposits	6,446	-	-	6,446
Compensated absences payable	(3,711)	-	-	(3,711)
Net pension liability	1,320	-	-	1,320
Net other postemployment benefits liability	4,276	-	-	4,276
Pension related items	(16,441)	-	-	(16,441)
Other postemployment benefit related items	(909)	-	-	(909)
Net cash provided by (used in) operating activities	<u>\$ 1,875,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,875,484</u>

CITY OF STAYTON
WASTEWATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 3,095,400	\$ 3,194,075	\$ 98,675
Intergovernmental	-	2,968	2,968
Interest	54,200	33,319	(20,881)
Miscellaneous	24,700	-	(24,700)
	<u>3,174,300</u>	<u>3,230,362</u>	<u>56,062</u>
Expenditures			
Wastewater	2,327,000	1,513,455	813,545
Debt service	823,900	823,596	304
Contingency	453,700	-	453,700
	<u>3,604,600</u>	<u>2,337,051</u>	<u>1,267,549</u>
Excess (deficiency) of revenues over expenditures	<u>(430,300)</u>	<u>893,311</u>	<u>1,323,611</u>
Other financing sources (uses)			
Transfers in	250,000	168,848	(81,152)
Transfers out	(505,700)	(505,700)	-
	<u>(255,700)</u>	<u>(336,852)</u>	<u>(81,152)</u>
Net change in fund balance	(686,000)	556,459	1,242,459
Fund balance at beginning of year	<u>4,200,000</u>	<u>4,191,417</u>	<u>(8,583)</u>
Fund balance at end of year	<u>\$ 3,514,000</u>	<u>\$ 4,747,876</u>	<u>\$ 1,233,876</u>
Reconciliation to generally accepted accounting principles			
Inventory		495,778	
Net other postemployment benefit asset		3,406	
Capital assets, net		11,505,556	
Deferred outflows of resources		86,938	
Unavailable revenues		17,535	
Accrued interest payable		(174,338)	
Compensated absences payable		(16,016)	
Net pension liability		(1,320)	
Net other postemployment benefit liability		(31,996)	
Long-term obligations		(10,279,291)	
Deferred inflows of resources		<u>(23,544)</u>	
Net position - ending		<u>\$ 6,330,584</u>	

CITY OF STAYTON
WASTEWATER SYSTEM DEVELOPMENT CHARGES - WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 62,800	\$ 85,761	\$ 22,961
Interest	6,900	3,670	(3,230)
Total revenues	<u>69,700</u>	<u>89,431</u>	<u>19,731</u>
Expenditures			
Wastewater system development charges	<u>40,825</u>	-	<u>40,825</u>
Total expenditures	<u>40,825</u>	-	<u>40,825</u>
Excess (deficiency) of revenues over expenditures	<u>28,875</u>	<u>89,431</u>	<u>60,556</u>
Other financing sources (uses)			
Transfers out	<u>(250,000)</u>	<u>(168,848)</u>	<u>81,152</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(168,848)</u>	<u>81,152</u>
Net change in fund balance	(221,125)	(79,417)	141,708
Fund balance at beginning of year	<u>483,900</u>	<u>491,370</u>	<u>7,470</u>
Fund balance at end of year	<u>\$ 262,775</u>	<u>\$ 411,953</u>	<u>\$ 149,178</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
STORMWATER FUND
June 30, 2021

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Stormwater Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 369,857	\$ 230,017	\$ 599,874
Receivables, net	27,751	-	27,751
Total current assets	<u>397,608</u>	<u>230,017</u>	<u>627,625</u>
Net other postemployment benefits asset	<u>203</u>	<u>-</u>	<u>203</u>
Capital assets			
Land and construction in progress	1,086,717	-	1,086,717
Other capital assets, net	1,463,816	-	1,463,816
Total capital assets	<u>2,550,533</u>	<u>-</u>	<u>2,550,533</u>
Total assets	<u>2,948,344</u>	<u>230,017</u>	<u>3,178,361</u>
Deferred outflows of resources			
Pension related items	6,693	-	6,693
Other postemployment benefit related items	749	-	749
Total deferred outflows of resources	<u>7,442</u>	<u>-</u>	<u>7,442</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	-	5
Accrued interest payable	8,154	-	8,154
Due to other funds	115,600	-	115,600
Long-term obligations due within one year	33,208	-	33,208
Total current liabilities	<u>156,967</u>	<u>-</u>	<u>156,967</u>
Long-term obligations due in more than one year	<u>646,832</u>	<u>-</u>	<u>646,832</u>
Total liabilities	<u>803,799</u>	<u>-</u>	<u>803,799</u>
Deferred inflows of resources			
Pension related items	780	-	780
Other postemployment benefit related items	281	-	281
Total deferred inflows of resources	<u>1,061</u>	<u>-</u>	<u>1,061</u>
Net position			
Net investment in capital assets	1,878,377	-	1,878,377
Restricted for capital projects	-	230,017	230,017
Unrestricted	272,549	-	272,549
Total net position	<u>\$ 2,150,926</u>	<u>\$ 230,017</u>	<u>\$ 2,380,943</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
STORMWATER FUND
Year Ended June 30, 2021

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Stormwater Fund</u>
Operating revenues			
Charges for services	\$ 314,078	\$ -	\$ 314,078
Operating expenses			
Personnel services	41,154	-	41,154
Materials and services	48,991	-	48,991
Depreciation	21,189	-	21,189
Total operating expenses	<u>111,334</u>	<u>-</u>	<u>111,334</u>
Operating income (loss)	<u>202,744</u>	<u>-</u>	<u>202,744</u>
Nonoperating revenues (expenses)			
Interest income	2,531	1,149	3,680
Interest expense	<u>(20,983)</u>	<u>-</u>	<u>(20,983)</u>
Total nonoperating revenue (expenses)	<u>(18,452)</u>	<u>1,149</u>	<u>(17,303)</u>
Income (loss) before transfers	184,292	1,149	185,441
Capital contributions	-	135,851	135,851
Transfers out	<u>(65,600)</u>	<u>-</u>	<u>(65,600)</u>
Change in net position	118,692	137,000	255,692
Net position - beginning	<u>2,032,234</u>	<u>93,017</u>	<u>2,125,251</u>
Net position - ending	<u>\$ 2,150,926</u>	<u>\$ 230,017</u>	<u>\$ 2,380,943</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
STORMWATER FUND
Year Ended June 30, 2021

	Stormwater	Stormwater System Development Charges	Total Stormwater Fund
Cash flows from operating activities			
Receipts from customers	\$ 314,113	\$ -	\$ 314,113
Payments to suppliers	(54,575)	-	(54,575)
Payments to employees	(40,132)	-	(40,132)
Net cash provided by (used in) operating activities	<u>219,406</u>	<u>-</u>	<u>219,406</u>
Cash flows from noncapital financing activities			
Payments on interfund loan	(23,000)	-	(23,000)
Transfers out	(65,600)	-	(65,600)
Net cash provided by (used in) noncapital financing activities	<u>(88,600)</u>	<u>-</u>	<u>(88,600)</u>
Cash flows from capital and related financing activities			
System development charges received	-	135,851	135,851
Principal paid on long-term obligations	(27,057)	-	(27,057)
Interest paid on long-term obligations	(21,148)	-	(21,148)
Net cash provided by (used in) capital and related financing activities	<u>(48,205)</u>	<u>135,851</u>	<u>87,646</u>
Cash flows from investing activities			
Interest on investments	2,531	1,149	3,680
Net increase (decrease) in cash and cash equivalents	85,132	137,000	222,132
Cash and cash equivalents - beginning of year	<u>284,725</u>	<u>93,017</u>	<u>377,742</u>
Cash and cash equivalents - end of year	<u>\$ 369,857</u>	<u>\$ 230,017</u>	<u>\$ 599,874</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 202,744	\$ -	\$ 202,744
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 of resources			
Receivables, net	35	-	35
Prepaid items	808	-	808
Net pension asset	2,535	-	2,535
Net other postemployment benefits asset	15	-	15
Pension related items	(2,880)	-	(2,880)
Other postemployment benefit related items	(251)	-	(251)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(6,392)	-	(6,392)
Compensated absences payable	2,910	-	2,910
Net pension liability	147	-	147
Net other postemployment benefits liability	476	-	476
Pension related items	(1,829)	-	(1,829)
Other postemployment benefit related items	(101)	-	(101)
Net cash provided by (used in) operating activities	<u>\$ 219,406</u>	<u>\$ -</u>	<u>\$ 219,406</u>

CITY OF STAYTON
STORMWATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 305,000	\$ 315,433	\$ 10,433
Interest	4,400	2,531	(1,869)
Total revenues	<u>309,400</u>	<u>317,964</u>	<u>8,564</u>
Expenditures			
Stormwater	249,600	89,123	160,477
Debt service	71,300	71,205	95
Contingency	201,840	-	201,840
Total expenditures	<u>522,740</u>	<u>160,328</u>	<u>362,412</u>
Excess (deficiency) of revenues over expenditures	<u>(213,340)</u>	<u>157,636</u>	<u>370,976</u>
Other financing sources (uses)			
Transfers out	<u>(65,600)</u>	<u>(65,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>(65,600)</u>	<u>(65,600)</u>	<u>-</u>
Net change in fund balance	(278,940)	92,036	370,976
Fund balance at beginning of year	<u>278,940</u>	<u>303,716</u>	<u>24,776</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 395,752</u>	<u>\$ 395,752</u>
Reconciliation to generally accepted accounting principles			
Net other postemployment benefit asset		203	
Capital assets, net		2,550,533	
Deferred outflows of resources		7,442	
Unavailable revenues		1,851	
Accrued interest payable		(8,154)	
Compensated absences payable		(5,556)	
Due to other funds		(115,600)	
Net pension liability		(147)	
Net other postemployment benefit liability		(2,181)	
Long-term obligations		(672,156)	
Deferred inflows of resources		<u>(1,061)</u>	
Net position - ending		<u>\$ 2,150,926</u>	

CITY OF STAYTON
STORMWATER SYSTEM DEVELOPMENT CHARGES - STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 74,800	\$ 135,851	\$ 61,051
Interest	1,500	1,149	(351)
Total revenues	<u>76,300</u>	<u>137,000</u>	<u>60,700</u>
Expenditures			
Stormwater system development charges	<u>50,146</u>	-	<u>50,146</u>
Total expenditures	<u>50,146</u>	-	<u>50,146</u>
Net change in fund balance	26,154	137,000	110,846
Fund balance at beginning of year	<u>74,900</u>	<u>93,017</u>	<u>18,117</u>
Fund balance at end of year	<u>\$ 101,054</u>	<u>\$ 230,017</u>	<u>\$ 128,963</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021

	Public Works		
	Administration	Facilities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 440,999	\$ 680,430	\$ 1,121,429
Net other postemployment benefits asset	<u>2,823</u>	<u>-</u>	<u>2,823</u>
Total assets	<u>443,822</u>	<u>680,430</u>	<u>1,124,252</u>
Deferred outflows of resources			
Pension related items	76,673	-	76,673
Other postemployment benefit related items	<u>8,903</u>	<u>-</u>	<u>8,903</u>
Total deferred outflows of resources	<u>85,576</u>	<u>-</u>	<u>85,576</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	139,288	-	139,288
Long-term obligations due within one year	<u>20,174</u>	<u>-</u>	<u>20,174</u>
Total current liabilities	159,462	-	159,462
Long-term obligations due in more than one year	<u>28,453</u>	<u>-</u>	<u>28,453</u>
Total liabilities	<u>187,915</u>	<u>-</u>	<u>187,915</u>
Deferred inflows of resources			
Pension related items	19,826	-	19,826
Other postemployment benefit related items	<u>4,305</u>	<u>-</u>	<u>4,305</u>
Total deferred inflows of resources	<u>24,131</u>	<u>-</u>	<u>24,131</u>
Net position			
Unrestricted	<u>317,352</u>	<u>680,430</u>	<u>997,782</u>
Total net position	<u>\$ 317,352</u>	<u>\$ 680,430</u>	<u>\$ 997,782</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Public Works		
	Administration	Facilities	Totals
Operating revenues			
Charges for services	\$ 888	\$ -	\$ 888
Rents	-	28,705	28,705
	<u>888</u>	<u>28,705</u>	<u>29,593</u>
Total operating revenues			
Operating expenses			
Personnel services	351,615	5,794	357,409
Materials and services	151,170	10,090	161,260
	<u>502,785</u>	<u>15,884</u>	<u>518,669</u>
Total operating expenses			
Operating income (loss)	<u>(501,897)</u>	<u>12,821</u>	<u>(489,076)</u>
Nonoperating revenues (expenses)			
Grants	5,332	-	5,332
Interest income	1,620	4,580	6,200
Miscellaneous	418	-	418
	<u>7,370</u>	<u>4,580</u>	<u>11,950</u>
Total nonoperating revenue (expenses)			
Income (loss) before transfers	(494,527)	17,401	(477,126)
Capital contributions	35,291	-	35,291
Transfers in	543,600	85,400	629,000
	<u>84,364</u>	<u>102,801</u>	<u>187,165</u>
Change in net position			
Net position - beginning	<u>232,988</u>	<u>577,629</u>	<u>810,617</u>
Net position - ending	<u>\$ 317,352</u>	<u>\$ 680,430</u>	<u>\$ 997,782</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Public Works		
	Administration	Facilities	Totals
Cash flows from operating activities			
Receipts from customers	\$ 888	\$ -	\$ 888
Receipts from other funds	-	28,705	28,705
Payments to suppliers	(51,463)	(11,373)	(62,836)
Payments to employees	(344,771)	(5,794)	(350,565)
	(395,346)	11,538	(383,808)
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities			
Grants	5,332	-	5,332
Transfers in	543,600	85,400	629,000
	548,932	85,400	634,332
Cash flows from capital and related financing activities			
System development charges received	35,291	-	35,291
Other	418	-	418
	35,709	-	35,709
Net cash provided by (used in) capital and related financing activities			
Cash flows from investing activities			
Interest on investments	1,620	4,580	6,200
	1,620	4,580	6,200
Net increase (decrease) in cash and cash equivalents	190,915	101,518	292,433
Cash and cash equivalents - beginning of year	250,084	578,912	828,996
	440,999	680,430	1,121,429
Cash and cash equivalents - end of year	\$ 440,999	\$ 680,430	\$ 1,121,429
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (501,897)	\$ 12,821	\$ (489,076)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
(Increase) decrease in assets and deferred outflows of resources			
Prepaid items	2,668	243	2,911
Net pension asset	34,531	-	34,531
Net other postemployment benefits asset	129	-	129
Pension related items	(24,742)	-	(24,742)
Other postemployment benefit related items	(2,153)	-	(2,153)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	97,039	(1,526)	95,513
Compensated absences payable	10,311	-	10,311
Net pension liability	1,261	-	1,261
Net other postemployment benefits liability	4,085	-	4,085
Pension related items	(15,709)	-	(15,709)
Other postemployment benefit related items	(869)	-	(869)
	(395,346)	11,538	(383,808)
Net cash provided by (used in) operating activities	\$ (395,346)	\$ 11,538	\$ (383,808)

CITY OF STAYTON
PUBLIC WORKS ADMINISTRATION - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 30,000	\$ 888	\$ (29,112)
System development charges	40,000	35,291	(4,709)
Intergovernmental	-	5,332	5,332
Interest	3,700	1,620	(2,080)
Miscellaneous	-	418	418
	73,700	43,549	(30,151)
Expenditures			
Public works administration	596,400	495,941	100,459
Contingency	207,800	-	207,800
	804,200	495,941	308,259
Excess (deficiency) of revenues over expenditures	(730,500)	(452,392)	278,108
Other financing sources (uses)			
Transfers in	543,600	543,600	-
	543,600	543,600	-
Net change in fund balance	(186,900)	91,208	278,108
Fund balance at beginning of year	186,900	210,503	23,603
Fund balance at end of year	\$ -	\$ 301,711	\$ 301,711
Reconciliation to generally accepted accounting principles			
Net other postemployment benefit asset		2,823	
Deferred outflows of resources		85,576	
Compensated absences payable		(20,174)	
Net pension liability		(1,261)	
Net other postemployment benefit liability		(27,192)	
Deferred inflows of resources		(24,131)	
Net position - ending		\$ 317,352	

CITY OF STAYTON
FACILITIES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Rents	\$ 47,100	\$ 28,705	\$ (18,395)
Interest	5,000	4,580	(420)
	<u>52,100</u>	<u>33,285</u>	<u>(18,815)</u>
Total revenues			
	<u>52,100</u>	<u>33,285</u>	<u>(18,815)</u>
Expenditures			
Facilities	75,000	15,884	59,116
Contingency	670,200	-	670,200
	<u>745,200</u>	<u>15,884</u>	<u>729,316</u>
Total expenditures			
	<u>745,200</u>	<u>15,884</u>	<u>729,316</u>
Excess (deficiency) of revenues over expenditures	<u>(693,100)</u>	<u>17,401</u>	<u>710,501</u>
Other financing sources (uses)			
Transfers in	85,400	85,400	-
	<u>85,400</u>	<u>85,400</u>	<u>-</u>
Total other financing sources (uses)			
	<u>85,400</u>	<u>85,400</u>	<u>-</u>
Net change in fund balance	(607,700)	102,801	710,501
Fund balance at beginning of year	607,700	577,629	(30,071)
	<u>607,700</u>	<u>577,629</u>	<u>(30,071)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 680,430</u>	<u>\$ 680,430</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
June 30, 2021

	Retirement Plan for Employees of the City of Stayton	Retirement Health Insurance Account	Totals
Assets			
Cash and cash equivalents	\$ 325,975	\$ 9,770	\$ 335,745
Receivables	26,896	744	27,640
Investments, at fair value			
Mutual funds	<u>10,243,805</u>	<u>307,008</u>	<u>10,550,813</u>
 Total assets	 <u>10,596,676</u>	 <u>317,522</u>	 <u>10,914,198</u>
Net position			
Net position held in trust for:			
Pension benefits	10,596,676	-	10,596,676
Other postemployment benefits	<u>-</u>	<u>317,522</u>	<u>317,522</u>
 Total net position	 <u>\$ 10,596,676</u>	 <u>\$ 317,522</u>	 <u>\$ 10,914,198</u>

CITY OF STAYTON
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
Year Ended June 30, 2021

	Retirement Plan for Employees of the City of Stayton	Retirement Health Insurance Account	Totals
Additions			
Contributions	\$ 355,483	\$ 9,805	\$ 365,288
Investment earnings	<u>2,155,633</u>	<u>64,448</u>	<u>2,220,081</u>
Total additions	<u>2,511,116</u>	<u>74,253</u>	<u>2,585,369</u>
Deductions			
Benefits	<u>355,685</u>	<u>8,400</u>	<u>364,085</u>
Total deductions	<u>355,685</u>	<u>8,400</u>	<u>364,085</u>
Change in net position	2,155,431	65,853	2,221,284
Net position - beginning of year	<u>8,441,245</u>	<u>251,669</u>	<u>8,692,914</u>
Net position - end of year	<u>\$ 10,596,676</u>	<u>\$ 317,522</u>	<u>\$ 10,914,198</u>

COMPLIANCE SECTION

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

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

We have audited the basic financial statements of the City of Stayton (the "City") as of and for the year ended June 30, 2021, and have issued our report thereon dated December 6, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America

Compliance and Other Matters

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 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

To the Mayor and City Council
City of Stayton
Independent Auditor's Report Required by Oregon State Regulations

Budgets legally require (ORS Chapter 294)

The City's financial summary, LB-1, for the 2021-22 adopted budget should agree with amounts on the detail budget sheets per ORS 294.438. Actual numbers for 2019-20 resources and requirements did not agree to the LB-1 as follows:

<u>Year/Type</u>	<u>Budget Detail</u>	<u>LB-1</u>	<u>Variance</u>
2019-20 Resources	\$ 24,210,206	\$ 24,156,230	\$ 53,976
2019-20 Requirements	13,326,580	12,787,796	538,784

OAR 162-010-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes 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 of Use

This report is intended solely for the information and use of the City Council and management of 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 6, 2021

By:



Brad Bingenheimer, CPA, Partner

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2021, 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 6, 2021.

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 for 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 City'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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
Stayton, Oregon
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*

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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Singer Lewak LLP

December 6, 2021