



CITY OF STAYTON
FINANCIAL REPORT
Year Ended June 30, 2023

CITY OF STAYTON
OFFICERS AND MEMBERS OF THE GOVERNING BODY
Year Ended June 30, 2023

MAYOR

Brian Quigley

CITY COUNCIL *

David Giglio

Ben McDonald

Jordan Ohrt

David Patty

Steve Sims

*The Mayor and Councilors receive mail at the City address

CITY MANAGER

Julia Hajduk

CITY ADDRESS

362 N. Third Avenue
Stayton, Oregon 97383

CITY OF STAYTON

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 the City of Stayton, Oregon, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *i -viii* and the pension and OPEB schedules on pages 62 – 70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2024, 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.

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

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 June 7, 2024, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

June 7, 2024

By:

A handwritten signature in black ink, appearing to read 'B. Bingenheimer', written over a light blue horizontal line.

Bradley G. Bingenheimer, Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Stayton

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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, 2023.

Financial Highlights

- The City’s net position increased by \$5.2m (10%) during FY23.
 - a. Governmental Funds increased by \$2.3m.
 - b. Business Type funds increased by \$2.8m.
- The City’s positions can be filled as needed and employee turnover is low (normal).
- Some budgeted capital projects continue to be shifted to future years as current staffing levels are not adequate to complete them on top of the normal workload.

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 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). Governmental activities include general government, public safety, highways and streets, and culture and recreation. The business-type activities include water, wastewater, 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 has eight (8) active governmental funds. Two (2) of the funds, the Pension Stabilization and Parks funds, have been consolidated with the General fund for presentation purposes. 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 six (6) (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, wastewater, stormwater, and related system development charges. The City uses two (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.

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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.

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 Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 11,342	\$ 9,709	\$ 11,577	\$ 9,826	\$ 22,919	\$ 19,535
Capital assets	9,306	9,043	40,688	40,733	49,994	49,776
Total assets	20,648	18,752	52,265	50,559	72,913	69,311
Deferred outflows of resources	1,958	1,013	555	188	2,513	1,201
Liabilities						
Long-term liabilities	1,787	1,200	12,814	13,554	14,601	14,754
Other liabilities	1,294	518	1,043	602	2,337	1,120
Total liabilities	3,081	1,718	13,857	14,156	16,938	15,874
Deferred inflows of resources	1,767	2,631	86	529	1,853	3,160
Net position:						
Net investment in capital assets	9,233	9,043	28,148	27,323	37,381	36,366
Restricted for:						
Highways and streets	1,905	1,649	-	-	1,905	1,649
Swimming pool	137	170	-	-	137	170
Library	409	357	-	-	409	357
Parks	250	205	-	-	250	205
Capital projects	2,161	1,195	2,328	1,081	4,489	2,276
Debt service	-	-	517	945	517	945
Other purposes	26	19	-	-	26	19
Unrestricted	3,637	2,778	7,884	6,713	11,521	9,491
Total net position	\$ 17,758	\$ 15,416	\$ 38,877	\$ 36,062	\$ 56,635	\$ 51,478

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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 \$56.6m as of June 30, 2023, an increase of \$5.2m (10%) from June 30, 2022.

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 Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for Services	\$ 349	\$ 386	\$ 5,968	\$ 5,404	\$ 6,317	\$ 5,790
Grants /Contributions	2,111	916	1,290	1,020	3,401	1,936
General revenue						
Property taxes	3,049	2,889	-	-	3,049	2,889
Other general revenues	1,805	1,583	283	82	2,088	1,665
Total revenue	<u>7,314</u>	<u>5,774</u>	<u>7,541</u>	<u>6,506</u>	<u>14,855</u>	<u>12,280</u>
Expenses						
Governmental activities						
General government	1,267	883	-	-	1,267	883
Public safety	2,755	2,299	-	-	2,755	2,299
Highways and streets	620	510	-	-	620	510
Culture and recreation	1,062	1,065	-	-	1,062	1,065
Business-type activities						
Water	-	-	1,432	1,171	1,432	1,171
Wastewater	-	-	2,243	2,288	2,243	2,288
Stormwater	-	-	319	281	319	281
Total expenses	<u>5,704</u>	<u>4,757</u>	<u>3,994</u>	<u>3,740</u>	<u>9,698</u>	<u>8,497</u>
Change in net position before transfers	1,610	1,017	3,547	2,766	5,157	3,783
Transfers	732	682	(732)	(682)	-	-
Change in net position	2,342	1,699	2,815	2,084	5,157	3,783
Net position - beginning	15,416	13,717	36,062	33,978	51,478	47,695
Net position - ending	<u>\$ 17,758</u>	<u>\$ 15,416</u>	<u>\$ 38,877</u>	<u>\$ 36,062</u>	<u>\$ 56,635</u>	<u>\$ 51,478</u>

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

Governmental activities. Governmental activities increased in net position by \$2.3m (15.2%). The only substantial change in governmental revenue was receiving \$921k in ARPA one-time grant funding. The governmental expenditures were offset by the transfers in from business-type activities. There was a 20% increase in expenditures (recovering from the 16% decline from the previous year). This is partially resulting from a return to being fully staffed with some capital projects being completed.

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 unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Stayton’s unassigned governmental funds balance increased by 18.9% to \$3.2m.

As of the end of the 2023 fiscal year, the City of Stayton’s total governmental funds ending balance is \$8.1m, an increase of \$1.5m (23.1%) from the previous year-end. Most of this is attributable to increased collections of SDC’s for the Parks and Streets and receiving the ARPA grant.

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, the unrestricted net position of the enterprise funds increased \$1.1m as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Water Fund	\$ 1,237	\$ 1,062
Wastewater Fund	\$ 5,710	\$ 4,850
Stormwater Fund	\$ 412	\$ 306
Total Enterprise Funds	\$ 7,359	\$ 6,218

General Fund Budgetary Highlights

General Fund revenue of \$4.1m was \$933k less than budgeted. Most of the shortfall is due to the \$921k budget for ARPA revenue which was reclassified to “Unearned Revenue” because the funds were not obligated during the year. Also, \$500k was budgeted for the HUD grant funding that has not been received.

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Expenditures for the General Fund were underspent, net of contingency by \$1.9m when compared to the budget. Most of this again relates to the differences in the ARPA and HUD grants that were not used as budgeted.

Capital Asset and Debt Administration

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

The City of Stayton’s net investment in capital assets for its governmental and business-type activities as of June 30, 2023, increased by \$1m to \$37.4m (net of accumulated depreciation). During fiscal year 2023 the City acquired \$0.6m of governmental assets, net of disposals and adjustments, while incurring \$0.4m in depreciation, net of disposals and adjustments. Major acquisitions included improvements made to Wyatt Street and a generator and security enhancements improvements to City facilities.

The City acquired \$.6m of business-type assets, net of deletions and reclassifications, while incurring \$1.1m in depreciation expense, net of disposals and adjustments. Major projects included the service lines under the Wyatt Street improvements and upgrades for SCADA (Supervisory Control and Data Acquisition). This is the computer monitoring and controlling system for equipment at the wastewater treatment plant.

The following table summarizes the City of Stayton’s capital assets as of June 30, 2023, and 2022:

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,795	\$ 1,795	\$ 1,933	\$ 1,933	\$ 3,728	\$ 3,728
Construction in progress	287	198	690	195	977	393
Infrastructure	3,191	2,944	36,559	37,292	39,750	40,236
Buildings and improvements	3,722	3,710	1,017	1,009	4,739	4,719
Equipment and vehicles	311	396	489	304	800	700
Capital assets, net of depreciation	<u>\$ 9,306</u>	<u>\$ 9,043</u>	<u>\$ 40,688</u>	<u>\$ 40,733</u>	<u>\$ 49,994</u>	<u>\$ 49,776</u>

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

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City of Stayton

Administration • Finance

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Long-term debt

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

	Business-type Activities	
	2023	2022
Bonds payable	\$ 12,119	\$ 12,926

Current year principal payments were \$0.8m. Additional information on the City of Stayton’s long-term debt can be found in note 10.

Economic Factors and Next Year’s Budgets and Rates

The economy is much more stable with the COVID-19 Pandemic behind us, and the City has moved forward with filling vacant positions. Inflation is high and so are our interest earnings on cash balances. The City is looking for grant funding to supplement our ARPA funds and SDC funds. With high cash balances we are poised to begin working on delayed projects.

In preparing the budget for fiscal year 2023-24, the City made 6.25% rate increases to the Water and Wastewater utilities, 40% increases to the Stormwater rates, and a 100% increase to the Transportation fees (from \$2 to \$4 per month for single family residents). These adjustments are following the recommendations of a consulting firm that has completed a study of our rates. The increases are necessary to ensure that the revenues are sufficient to operate and maintain the infrastructure both now and into the future.

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 to meet the 2023-25 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.

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BASIC FINANCIAL STATEMENTS

CITY OF STAYTON
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ 9,738,779	\$ 10,459,702	\$ 20,198,481
Internal balances	149,483	(149,483)	-
Receivables, net	418,851	570,133	988,984
Inventory	30,781	681,591	712,372
Net other postemployment benefit asset	26,818	15,173	41,991
Lease receivable	976,480	-	976,480
Capital assets:			
Capital assets, nondepreciable	2,082,029	2,623,272	4,705,301
Capital assets, net of accumulated depreciation	<u>7,224,436</u>	<u>38,064,725</u>	<u>45,289,161</u>
Total assets	<u>20,647,657</u>	<u>52,265,113</u>	<u>72,912,770</u>
Deferred outflows of resources			
Refunded debt charges	-	30,794	30,794
Pension related items	1,829,392	463,996	2,293,388
Other postemployment benefit related items	<u>128,443</u>	<u>59,950</u>	<u>188,393</u>
Total deferred outflows of resources	<u>1,957,835</u>	<u>554,740</u>	<u>2,512,575</u>
Liabilities			
Accounts payable and accrued liabilities	323,778	644,972	968,750
Accrued interest payable	-	180,500	180,500
Unearned revenue	941,872	108,928	1,050,800
Deposits	28,737	108,489	137,226
Long-term liabilities:			
Due within one year	132,207	944,713	1,076,920
Due in more than one year	<u>1,654,900</u>	<u>11,868,977</u>	<u>13,523,877</u>
Total liabilities	<u>3,081,494</u>	<u>13,856,579</u>	<u>16,938,073</u>
Deferred inflows of resources			
Leases	925,923	-	925,923
Pension related items	798,520	62,763	861,283
Other postemployment benefit related items	<u>42,533</u>	<u>23,062</u>	<u>65,595</u>
Total deferred inflows of resources	<u>1,766,976</u>	<u>85,825</u>	<u>1,852,801</u>
Net position			
Net investment in capital assets	9,233,421	28,148,105	37,381,526
Restricted for:			
Highways and streets	1,904,754	-	1,904,754
Swimming pool	136,525	-	136,525
Library	408,509	-	408,509
Parks	250,416	-	250,416
Capital projects	2,160,674	2,327,596	4,488,270
Debt service	-	517,490	517,490
Other purposes	25,735	-	25,735
Unrestricted	<u>3,636,988</u>	<u>7,884,258</u>	<u>12,180,171</u>
Total net position	<u>\$ 17,757,022</u>	<u>\$ 38,877,449</u>	<u>\$ 56,634,471</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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	\$ 1,267,008	\$ 70,080	\$ 810	\$ 723	\$ (1,195,395)	\$ -	\$ (1,195,395)
Public safety	2,754,925	71,378	169,365	-	(2,514,182)	-	(2,514,182)
Highways and streets	619,604	93,677	832,345	204,068	510,486	-	510,486
Culture and recreation	1,062,223	113,594	172,754	731,042	(44,833)	-	(44,833)
Total governmental activities	5,703,760	348,729	1,175,274	935,833	(3,243,924)	-	(3,243,924)
Business-type activities:							
Water	1,431,915	1,988,987	-	590,452	-	1,147,524	1,147,524
Wastewater	2,243,044	3,624,194	-	533,031	-	1,914,181	1,914,181
Stormwater	318,648	354,371	-	166,263	-	201,986	201,986
Total business-type activities	3,993,607	5,967,552	-	1,289,746	-	3,263,691	3,263,691
Totals	\$ 9,697,367	\$ 6,316,281	\$ 1,175,274	\$ 2,225,579	(3,243,924)	3,263,691	19,767
General revenues:							
Taxes levied for:							
General purposes					2,400,981	-	2,400,981
Specific purposes					648,256	-	648,256
Franchise fees					831,199	-	831,199
Fuel taxes					191,620	-	191,620
Grants and contributions not restricted to specific programs					233,371	-	233,371
Rents					118,220	2,039	120,259
Unrestricted investment earnings					278,428	270,053	548,481
Miscellaneous					152,007	11,068	163,075
Transfers					731,500	(731,500)	-
Total general revenues and transfers					5,585,582	(448,340)	5,137,242
Change in net position					2,341,658	2,815,351	5,157,009
Net position - beginning					15,415,364	36,062,098	51,477,462
Net position - ending					\$ 17,757,022	\$ 38,877,449	\$ 56,634,471

See notes to financial statements

CITY OF STAYTON

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	General	Street	Total Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,200,146	\$ 2,060,505	\$ 2,704,609	\$ 8,965,260
Receivables	315,369	88,962	14,520	418,851
Lease receivable	976,480	-	-	976,480
Due from other funds	69,000	-	-	69,000
Total assets	<u>\$ 5,560,995</u>	<u>\$ 2,149,467</u>	<u>\$ 2,719,129</u>	<u>\$ 10,429,591</u>
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 83,083	\$ 224,063	\$ 13,421	\$ 320,567
Unearned revenue	921,222	20,650	-	941,872
Consumer deposits	28,737	-	-	28,737
Total liabilities	<u>1,033,042</u>	<u>244,713</u>	<u>13,421</u>	<u>1,291,176</u>
Deferred inflows of resources				
Leases	925,923	-	-	925,923
Unavailable revenue	80,125	-	10,698	90,823
Total deferred inflows of resources	<u>1,006,048</u>	<u>-</u>	<u>10,698</u>	<u>1,016,746</u>
Fund balances				
Restricted for:				
Highways and streets	-	1,904,754	-	1,904,754
Parks	250,416	-	-	250,416
Swimming pool	-	-	132,166	132,166
Capital projects	-	-	2,160,674	2,160,674
Library	-	-	402,170	402,170
Other purposes	25,735	-	-	25,735
Unassigned	3,245,754	-	-	3,245,754
Total fund balances	<u>3,521,905</u>	<u>1,904,754</u>	<u>2,695,010</u>	<u>8,121,669</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,560,995</u>	<u>\$ 2,149,467</u>	<u>\$ 2,719,129</u>	<u>\$ 10,429,591</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, 2023

Fund balances - total governmental funds	\$	8,121,669
<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		30,781
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		26,818
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds		90,823
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		9,233,421
The government-wide statements report as a deferred outflow, contributions made to OPERS subsequent to the measurement date, and changes in assumptions and investment returns related to its participation in OPERS and the retirement plan for employees of City of Stayton		1,829,392
The government-wide statements report as a deferred outflow, contributions made subsequent to the measurement date, 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		128,443
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		(798,520)
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		(42,533)
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		923,835
Some liabilities, including bonds payable, compensated absences, 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>(1,787,107)</u>
Net position of governmental activities	\$	<u>17,757,022</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General	Street	Total Nonmajor Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 2,578,966	\$ -	\$ 469,367	\$ 3,048,333
Franchise fees	851,199	-	-	851,199
Licenses, permits and fees	73,320	-	934	74,254
Fines and forfeitures	63,969	-	7,270	71,239
Charges for services	2,770	93,677	105,390	201,837
System development charges	-	-	925,546	925,546
Intergovernmental	364,383	832,345	190,754	1,387,482
Rent	101,203	-	-	101,203
Fuel taxes	-	191,620	-	191,620
Interest	136,932	51,782	63,784	252,498
Miscellaneous	163,187	-	365	163,552
Total revenues	4,335,929	1,169,424	1,763,410	7,268,763
Expenditures				
Current				
General government	1,515,001	-	-	1,515,001
Public safety	2,645,524	-	-	2,645,524
Highways and streets	94,813	227,975	-	322,788
Culture and recreation	241,136	-	817,514	1,058,650
Capital outlay	228,745	351,560	25,714	606,019
Total expenditures	4,725,219	579,535	843,228	6,147,982
Excess (deficiency) of revenues over expenditures	(389,290)	589,889	920,182	1,120,781
Other financing sources (uses)				
Transfers in	954,800	8,400	160,000	1,123,200
Transfers out	(275,200)	(342,300)	(102,600)	(720,100)
Total other financing sources (uses)	679,600	(333,900)	57,400	403,100
Net change in fund balances	290,310	255,989	977,582	1,523,881
Fund balances at beginning of year	3,231,595	1,648,765	1,717,428	6,597,788
Fund balances at end of year	\$ 3,521,905	\$ 1,904,754	\$ 2,695,010	\$ 8,121,669

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, 2023

Net change in fund balances - total governmental funds \$ 1,523,881

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

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

Acquisition of capital asset	601,813	
Depreciation	<u>(411,269)</u>	190,544

Governmental funds report the acquisition of inventory supplies as expenditures while governmental activities report them as inventory on the Statement of Net Position	2,820
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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	570,228
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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	(6,142)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(70,943)
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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	109,370
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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>21,900</u>
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Change in net position of governmental activities	<u>\$ 2,341,658</u>
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See notes to financial statements

CITY OF STAYTON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 2,310,900	\$ 2,310,900	\$ 2,400,077	\$ 89,177
Franchise fees	744,800	744,800	851,199	106,399
Licenses, permits and fees	14,700	14,700	73,320	58,620
Fines and forfeitures	113,900	113,900	63,969	(49,931)
Charges for services	15,800	15,800	2,770	(13,030)
Intergovernmental	1,673,000	1,673,000	364,383	(1,308,617)
Rents	17,600	17,600	74,626	57,026
Interest	16,000	16,000	103,631	87,631
Miscellaneous	147,500	147,500	186,787	39,287
Total revenues	5,054,200	5,054,200	4,120,762	(933,438)
Expenditures				
Police	2,553,300	2,553,300	2,243,391	309,909
Planning	234,200	234,200	199,103	35,097
Community center	45,600	45,600	39,804	5,796
Municipal court	140,700	140,700	124,133	16,567
City council and administration	1,346,700	1,446,700	1,342,944	103,756
Non-departmental	1,541,400	1,541,400	118,356	1,423,044
Street lights	110,000	110,000	94,813	15,187
Contingency	1,244,800	1,144,800	-	1,144,800
Total expenditures	7,216,700	7,216,700	4,162,544	3,054,156
Excess (deficiency) of revenues over expenditures	(2,162,500)	(2,162,500)	(41,782)	2,120,718
Other financing sources (uses)				
Transfers in	978,000	978,000	978,000	-
Transfers out	(440,500)	(440,500)	(441,200)	(700)
Total other financing sources (uses)	537,500	537,500	536,800	(700)
Net change in fund balance	(1,625,000)	(1,625,000)	495,018	2,120,018
Fund balance at beginning of year	2,390,900	2,390,900	2,656,914	266,014
Fund balance at end of year	\$ 765,900	\$ 765,900	3,151,932	\$ 2,386,032
Reconciliation to generally accepted accounting principles				
Lease receivables, net of deferred inflows			50,557	
Due from other funds			69,000	
Parks fund balance included in the General Fund			250,416	
Fund balance at end of year, GAAP basis			\$ 3,521,905	

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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 92,200	\$ 92,200	\$ 93,677	\$ 1,477
Intergovernmental	684,000	684,000	832,345	148,345
Fuel taxes	159,700	159,700	191,620	31,920
Interest	6,900	6,900	51,782	44,882
Total revenues	<u>942,800</u>	<u>942,800</u>	<u>1,169,424</u>	<u>226,624</u>
Expenditures				
Street	1,003,400	1,003,400	579,535	423,865
Contingency	<u>1,088,700</u>	<u>1,088,700</u>	-	<u>1,088,700</u>
Total expenditures	<u>2,092,100</u>	<u>2,092,100</u>	<u>579,535</u>	<u>1,512,565</u>
Excess (deficiency) of revenues over expenditures	<u>(1,149,300)</u>	<u>(1,149,300)</u>	<u>589,889</u>	<u>1,739,189</u>
Other financing sources (uses)				
Transfers in	16,100	16,100	8,400	(7,700)
Transfers out	<u>(342,300)</u>	<u>(342,300)</u>	<u>(342,300)</u>	<u>-</u>
Total other financing sources (uses)	<u>(326,200)</u>	<u>(326,200)</u>	<u>(333,900)</u>	<u>(7,700)</u>
Net change in fund balance	(1,475,500)	(1,475,500)	255,989	1,731,489
Fund balance at beginning of year	<u>1,475,500</u>	<u>1,475,500</u>	<u>1,648,765</u>	<u>173,265</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,904,754</u>	<u>\$ 1,904,754</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
Assets					
Current assets					
Cash and cash equivalents	\$ 2,208,242	\$ 6,515,458	\$ 928,881	\$ 9,652,581	\$ 1,580,640
Receivables, net	187,320	350,750	32,063	570,133	-
Inventory	114,976	566,615	-	681,591	-
Total current assets	2,510,538	7,432,823	960,944	10,904,305	1,580,640
Net other postemployment benefits asset	3,128	6,703	640	10,471	4,702
Capital assets					
Capital assets, nondepreciable	31,825	905,735	1,685,712	2,623,272	35,316
Capital assets, net of accumulated depreciation	12,695,893	20,365,949	5,002,883	38,064,725	37,728
Total capital assets	12,727,718	21,271,684	6,688,595	40,687,997	73,044
Total assets	15,241,384	28,711,210	7,650,179	51,602,773	1,658,386
Deferred outflows of resources					
Refunded debt charges	30,794	-	-	30,794	-
Pension related items	124,533	150,744	12,719	287,996	176,000
Other postemployment benefit related items	15,583	20,597	1,613	37,793	22,157
Total deferred outflows of resources	170,910	171,341	14,332	356,583	198,157
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	125,635	230,891	3,266	359,792	288,391
Accrued interest payable	7,892	165,316	7,292	180,500	-
Unearned revenue	108,928	-	-	108,928	-
Consumer deposits	53,589	54,900	-	108,489	-
Due to other funds	-	-	69,000	69,000	-
Compensated absences	22,416	13,792	-	36,208	18,402
Bonds payable	271,414	589,114	29,575	890,103	-
Total current liabilities	589,874	1,054,013	109,133	1,753,020	306,793
Noncurrent liabilities					
Bonds payable	2,504,900	8,558,558	586,331	11,649,789	-
Net pension liability	26,162	33,068	2,898	59,230	41,132
Net other postemployment benefits liability	29,955	42,693	3,142	72,648	40,138
Total noncurrent liabilities	2,561,017	8,634,319	592,371	11,195,336	81,270
Total liabilities	3,150,891	9,688,332	701,504	24,730,023	469,333
Deferred inflows of resources					
Pension related items	5,955	40,222	5,092	51,269	11,494
Other postemployment benefit related items	5,539	9,086	699	15,324	7,738
Total deferred inflows of resources	11,494	49,308	5,791	66,593	19,232
Net position					
Net investment in capital assets	9,951,404	12,124,012	6,072,689	28,148,105	73,044
Restricted for:					
Capital projects	1,061,998	793,048	472,550	2,327,596	-
Debt service	-	517,490	-	517,490	-
Unrestricted	1,236,507	5,710,361	411,977	7,358,845	1,376,204
Total net position	\$ 12,249,909	\$ 19,144,911	\$ 6,957,216	\$ 38,352,036	\$ 1,449,248
Adjustment to reflect internal service fund balances related to business-type activities				525,413	
Net position of the business-type activities				\$ 38,877,449	

See notes to financial statements

CITY OF STAYTON
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Enterprise Funds			Totals Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
Operating revenues					
Charges for services	\$ 1,988,987	\$ 3,624,194	\$ 354,371	\$ 5,967,552	\$ -
Licenses and permits	-	-	-	-	30,288
Rents	-	-	-	-	19,056
Total operating revenues	<u>1,988,987</u>	<u>3,624,194</u>	<u>354,371</u>	<u>5,967,552</u>	<u>49,344</u>
Operating expenses					
Personnel services	298,561	417,248	36,627	752,436	492,505
Materials and services	543,845	732,714	80,995	1,357,554	269,574
Depreciation	322,152	623,782	119,182	1,065,116	1,986
Total operating expenses	<u>1,164,558</u>	<u>1,773,744</u>	<u>236,804</u>	<u>3,175,106</u>	<u>764,065</u>
Operating income (loss)	<u>824,429</u>	<u>1,850,450</u>	<u>117,567</u>	<u>2,792,446</u>	<u>(714,721)</u>
Nonoperating revenues (expenses)					
Interest income	52,560	180,350	22,651	255,561	40,424
Miscellaneous	9,602	768	-	10,370	711
Interest expense	(69,606)	(238,765)	(18,693)	(327,064)	-
Total nonoperating revenue (expenses)	<u>(7,444)</u>	<u>(57,647)</u>	<u>3,958</u>	<u>(61,133)</u>	<u>41,135</u>
Income (loss) before capital contributions and transfers	816,985	1,792,803	121,525	2,731,313	(673,586)
Capital contributions	582,552	523,814	163,728	1,270,094	-
Transfers in	-	-	-	-	813,800
Transfers out	(483,100)	(638,400)	(95,400)	(1,216,900)	-
Change in net position	916,437	1,678,217	189,853	2,784,507	140,214
Net position - beginning	<u>11,333,472</u>	<u>17,466,694</u>	<u>6,767,363</u>	<u>35,567,529</u>	<u>1,309,034</u>
Net position - ending	<u>\$ 12,249,909</u>	<u>\$ 19,144,911</u>	<u>\$ 6,957,216</u>	<u>\$ 38,352,036</u>	<u>\$ 1,449,248</u>

**Reconciliation of the Statement of Revenues, Expenses,
and Changes in Net Position to the Statement of Activities:**

Change in net position: \$ 2,784,507

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds

30,844

Change in net position of the business-type activities

\$ 2,815,351

See notes to financial statements

CITY OF STAYTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
Cash flows from operating activities					
Receipts from customers	\$ 1,933,343	\$ 3,563,526	\$ 351,069	\$ 5,847,938	\$ 49,344
Payments to suppliers	(465,246)	(665,212)	(129,455)	(1,259,913)	(15,769)
Payments to employees	(300,448)	(379,749)	(33,283)	(713,480)	(488,766)
Net cash provided by (used in) operating activities	<u>1,167,649</u>	<u>2,518,565</u>	<u>188,331</u>	<u>3,874,545</u>	<u>(455,191)</u>
Cash flows from noncapital financing activities					
Payments on interfund loan	-	-	(23,600)	(23,600)	-
Transfers in	-	-	-	-	813,800
Transfers out	(483,100)	(638,400)	(95,400)	(1,216,900)	-
Net cash provided by (used in) noncapital financing activities	<u>(483,100)</u>	<u>(638,400)</u>	<u>(119,000)</u>	<u>(1,240,500)</u>	<u>813,800</u>
Cash flows from capital and related financing activities					
System development charges received	582,552	523,814	163,728	1,270,094	-
Other	9,602	768	-	10,370	711
Acquisition of capital assets	(194,016)	(826,097)	-	(1,020,113)	(75,031)
Principal paid on long-term obligations	(230,000)	(549,046)	(28,947)	(807,993)	-
Interest paid on long-term obligations	(102,850)	(269,150)	(18,693)	(390,693)	-
Net cash provided by (used in) capital and related financing activities	<u>65,288</u>	<u>(1,119,711)</u>	<u>116,088</u>	<u>(938,335)</u>	<u>(74,320)</u>
Cash flows from investing activities					
Interest on investments	52,560	180,350	22,651	255,561	40,424
Net cash provided by (used in) investing activities	<u>52,560</u>	<u>180,350</u>	<u>22,651</u>	<u>255,561</u>	<u>40,424</u>
Net increase (decrease) in cash and cash equivalents	802,397	940,804	208,070	1,951,271	324,713
Cash and cash equivalents - beginning of year	1,405,845	5,574,654	720,811	7,701,310	1,255,927
Cash and cash equivalents - end of year	<u>2,208,242</u>	<u>\$ 6,515,458</u>	<u>\$ 928,881</u>	<u>\$ 9,652,581</u>	<u>\$ 1,580,640</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 824,429	\$ 1,850,450	\$ 117,567	\$ 2,792,446	\$ (714,721)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	322,152	623,782	119,182	1,065,116	1,986
(Increase) decrease in assets and deferred outflows					
Receivables, net	(52,536)	(59,492)	(3,302)	(115,330)	-
Inventories	5,676	(108,390)	-	(102,714)	-
Net pension asset	158,182	257,640	26,379	442,201	263,688
Net other postemployment benefits asset	5,367	6,784	595	12,746	8,438
Deferred outflows - pension related items	(84,111)	(106,311)	(9,318)	(199,740)	(132,237)
Deferred outflows - other postemployment benefit related items	(9,935)	(12,557)	(1,100)	(23,592)	(15,619)
Increase (decrease) in liabilities and deferred inflows					
Accounts payable and accrued liabilities	72,923	175,892	(48,460)	200,355	253,805
Consumer deposits	(3,108)	(1,176)	-	(4,284)	-
Compensated absences payable	7,525	(8,315)	(4,470)	(5,260)	3,536
Net pension liability	26,162	33,068	2,898	62,128	41,132
Net other postemployment benefits liability	7,170	9,063	794	17,027	11,273
Deferred inflows - pension related items	(110,648)	(139,852)	(12,257)	(262,757)	(173,958)
Deferred inflows - other postemployment benefit related items	(1,599)	(2,021)	(177)	(3,797)	(2,514)
Net cash provided by (used in) operating activities	<u>\$ 1,167,649</u>	<u>\$ 2,518,565</u>	<u>\$ 188,331</u>	<u>\$ 3,874,545</u>	<u>\$ (455,191)</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2023

	Pension Trusts
Assets	
Cash and cash equivalents	\$ 360,623
Receivables	33,856
Investments, at fair value	
Mutual funds	9,960,937
Total assets	10,355,416
Net position	
Net position held in trust for:	
Pension benefits	10,047,498
Other postemployment benefits	307,918
Total net position	\$ 10,355,416

See notes to financial statements

CITY OF STAYTON
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2023

	Pension Trusts
Additions	
Contributions	\$ 392,747
Investment earnings	929,297
Total additions	1,322,044
Deductions	
Benefits	402,926
Total deductions	402,926
Change in net position	919,118
Net position - beginning of year	9,436,298
Net position - end of year	\$ 10,355,416

See notes to financial statements

CITY OF STAYTON
NOTES TO THE 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.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- *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.
- *Pension Trusts* – accounts for the Retirement Plan for Employees of the City of Stayton and the Retirement Health Insurance Account.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 each year on November 15, February 15 and May 15.

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 unavailable revenue. Property taxes collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue.

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.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are valued at the lower of cost (first-in, first-out method). 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 to 75 years
Buildings and improvements	40 to 50 years
Equipment and vehicles	7 to 10 years

Long-term obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued, and premiums, are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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.

Leases

Lease contracts for which the City is a lessor for a period of time, in excess of twelve months, are reported as a lease receivable and deferred inflow of resources in the government-wide and fund financial statements. At the commencement of the lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.”

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 THE FINANCIAL STATEMENTS

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Cash and cash equivalents	
Deposits with financial institutions	\$ 961,009
State of Oregon Local Government Investment Pool	19,236,845
Money markets	360,623
Cash on hand	<u>627</u>
Total cash and cash equivalents	20,559,104
Investments	
Mutual funds	<u>9,960,937</u>
Total cash, cash equivalents and investments	<u><u>\$ 30,520,041</u></u>

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

Governmental activities	
Cash and cash equivalents	\$ 9,738,779
Business-type activities	
Cash and cash equivalents	<u>10,459,702</u>
Total cash and cash equivalents - government-wide statement of net position	<u>20,198,481</u>
Fiduciary funds	
Cash and cash equivalents	360,623
Investments	<u>9,960,937</u>
Total cash and cash equivalents - fiduciary funds	<u>10,321,560</u>
	<u><u>\$ 30,520,041</u></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 THE 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 financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the City’s deposits. As of June 30, 2023, none of the City’s deposits with financial institutions were exposed to custodial credit risk.

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, 2023, 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>9,960,937</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.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

NOTE 4 – RECEIVABLES

The City's receivables at June 30, 2023, are shown below:

	Governmental Activities / Funds				Business-type Activities / Proprietary Funds			
	General	Street	Total Nonmajor	Totals	Water	Wastewater	Stormwater	Totals
User charges	\$ -	\$ 8,404	\$ -	\$ 8,404	\$ 196,126	\$ 350,750	\$ 32,063	\$ 578,939
Property taxes	85,112	-	14,520	99,632	-	-	-	-
Accounts	243,679	80,558	-	324,237	-	-	-	-
Allowance for doubtful accounts	<u>(13,422)</u>	<u>-</u>	<u>-</u>	<u>(13,422)</u>	<u>(8,806)</u>	<u>-</u>	<u>-</u>	<u>(8,806)</u>
	<u>\$ 315,369</u>	<u>\$ 88,962</u>	<u>\$ 14,520</u>	<u>\$ 418,851</u>	<u>\$ 187,320</u>	<u>\$ 350,750</u>	<u>\$ 32,063</u>	<u>\$ 570,133</u>

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS

Governmental activities

For the year ended June 30, 2023, capital asset activity for the governmental activities was as follows:

	Balances July 1, 2022	Additions	Deletions and Reclassifications	Balances June 30, 2023
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 1,795,206	\$ -	\$ -	\$ 1,795,206
Construction in progress	<u>198,156</u>	<u>88,667</u>	<u>-</u>	<u>286,823</u>
Total capital assets not being depreciated	<u>1,993,362</u>	<u>88,667</u>	<u>-</u>	<u>2,082,029</u>
Capital assets being depreciated				
Infrastructure	8,072,572	336,578	-	8,409,150
Buildings and improvements	7,592,031	213,726	-	7,805,757
Equipment and vehicles	<u>1,420,375</u>	<u>37,872</u>	<u>-</u>	<u>1,458,247</u>
Total capital assets being depreciated	<u>17,084,978</u>	<u>588,176</u>	<u>-</u>	<u>17,673,154</u>
Less accumulated depreciation for:				
Infrastructure	5,128,973	88,817	-	5,217,790
Buildings and improvements	3,882,150	201,371	-	4,083,521
Equipment and vehicles	<u>1,024,340</u>	<u>123,067</u>	<u>-</u>	<u>1,147,407</u>
Total accumulated depreciation	<u>10,035,463</u>	<u>413,255</u>	<u>-</u>	<u>10,448,718</u>
Total capital assets being depreciated, net	<u>7,049,515</u>	<u>174,921</u>	<u>-</u>	<u>7,224,436</u>
Governmental activities capital assets, net	<u>\$ 9,042,877</u>	<u>\$ 263,588</u>	<u>\$ -</u>	<u>\$ 9,306,465</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 45,148
Public safety	77,795
Highways and streets	122,894
Culture and recreation	<u>167,418</u>
 Total depreciation expense - governmental activities	 <u>\$ 413,255</u>

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (Continued)

Business-type activities

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

	Balances July 1, 2022	Additions	Deletions and Reclassifications	Balances June 30, 2023
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 1,932,869	\$ -	\$ -	\$ 1,932,869
Construction in progress	<u>195,415</u>	<u>558,983</u>	<u>(63,995)</u>	<u>690,403</u>
Total capital assets not being depreciated	<u>2,128,284</u>	<u>558,983</u>	<u>(63,995)</u>	<u>2,623,272</u>
Capital assets being depreciated				
Infrastructure	52,403,120	143,329	(4,292)	52,542,157
Buildings and improvements	2,829,599	54,979	-	2,884,578
Equipment and vehicles	<u>2,615,868</u>	<u>276,135</u>	<u>54,974</u>	<u>2,946,977</u>
Total capital assets being depreciated	<u>57,848,587</u>	<u>474,443</u>	<u>50,682</u>	<u>58,373,712</u>
Less accumulated depreciation for:				
Infrastructure	15,110,584	872,205	-	15,982,789
Buildings and improvements	1,821,225	47,227	-	1,868,452
Equipment and vehicles	<u>2,312,062</u>	<u>145,684</u>	<u>-</u>	<u>2,457,746</u>
Total accumulated depreciation	<u>19,243,871</u>	<u>1,065,116</u>	<u>-</u>	<u>20,308,987</u>
Total capital assets being depreciated, net	<u>38,604,716</u>	<u>(590,673)</u>	<u>50,682</u>	<u>38,064,725</u>
Business-type activities capital assets, net	<u>\$ 40,733,000</u>	<u>\$ (31,690)</u>	<u>\$ (13,313)</u>	<u>\$ 40,687,997</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 322,152
Sewer	623,782
Stormwater	<u>119,182</u>
Total depreciation expense - business-type activities	<u>\$ 1,065,116</u>

NOTE 6 – LEASES

City as lessor

The City, as a lessor, has entered into lease agreements involving cell towers. The total amount of inflows of resources, including lease revenue and interest revenue, recognized during the year ended June 30, 2023 was \$50,557.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – UNEARNED REVENUE

Governmental and proprietary funds record unearned revenue when resources have been received, but not yet earned. The unearned revenue as of June 30, 2023, relates to amounts received under grant, but which are not recognized as revenue until they have been expended. Amounts received but not expended within the grant period are required to be returned to the granting agency.

NOTE 8 – UNAVAILABLE REVENUE

Governmental funds reported deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of June 30, 2023, property taxes, court fees, franchise fees, and other miscellaneous items which are due the City, but not received within 60 days after year end are reported as unavailable revenue in the governmental funds. The components of unearned revenue and unavailable revenue were as follows:

	General	Total Nonmajor	Totals
Property taxes	\$ 63,873	\$ 10,698	\$ 74,571
Accounts	16,252	-	16,252
 Total	 \$ 80,125	 \$ 10,698	 \$ 90,823

NOTE 9 – INTERFUND TRANSACTIONS AND BALANCES

The interfund transfers during the year ended June 30, 2023, were as follows:

	Transfers in					
	General	Street	Nonmajor governmental	Governmental activities - non-cash	Internal Service	
Transfers out:						
General	\$ -	\$ -	\$ 160,000	\$ -	\$ 115,200	\$ 275,200
Street	132,200	-	-	-	210,100	342,300
Nonmajor governmental	91,100	8,400	-	-	3,100	102,600
Water Operations	287,000	-	-	-	196,100	483,100
Wastewater Operations	410,500	-	-	-	227,900	638,400
Stormwater	34,000	-	-	-	61,400	95,400
Internal Service	-	-	-	328,400	-	328,400
	 \$ 954,800	 \$ 8,400	 \$ 160,000	 \$ 328,400	 \$ 813,800	 \$ 2,265,400

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – INTERFUND TRANSACTIONS AND BALANCES (Continued)

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

Non-cash transfers occur when a fund 1) acquires capital assets which will be used in the operation of a different fund’s activities, 2) issues long-term obligations which will be repaid out of a different fund’s resources, 3) pays principal on long-term obligations reported in a different fund, or 4) allocates activities within the fund to a different fund.

The primary purpose for significant transfers included the following:

- Administrative transfers into the General fund from other funds reflect the effect of inflation on costs incurred.
- \$70,000 was transferred to the Library fund and \$90,000 was transferred to the Pool fund from the General fund for operations, and \$115,200.
- \$813,800 was transferred into the Public Works and Facilities internal service funds from other City funds to support costs for services.

Interfund loan

In fiscal year 2015-16, the Vehicle Replacement Fund loaned \$230,000 to the Stormwater Fund. 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, 2023, the interfund loan balance is \$69,000.

NOTE 10 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2023:

	Outstanding July 1, 2022	Additions	Reductions	Outstanding June 30, 2023	Due Within One Year
<u>Governmental activities</u>					
<i>Other long-term obligations</i>					
Compensated absences	\$ 154,107	\$ 151,653	\$ 173,553	\$ 132,207	\$ 132,207
Net pension liability	809,425	565,058	-	1,374,483	-
Net other postemployment benefit liability	236,512	43,905	-	280,417	-
Total long-term obligations - governmental activities	<u>\$ 1,200,044</u>	<u>\$ 760,616</u>	<u>\$ 173,553</u>	<u>\$ 1,787,107</u>	<u>\$ 132,207</u>

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Business-type activities

Long-term debt

General obligation bonds:

2013 Full Faith and Credit Refunding	\$ 2,425,000	\$ -	\$ 400,000	\$ 2,025,000	\$ 410,000
2016 Full Faith and Credit Refunding	2,715,000	-	230,000	2,485,000	235,000
2019 Full Faith and Credit	644,503	-	28,597	615,906	29,575
Direct borrowing - revenue bond:					
USDA Sewer Revenue Bonds	7,141,866	-	149,046	6,992,820	153,144
Premium	483,550	-	62,384	421,166	62,384
Total long-term debt	<u>13,409,919</u>	-	<u>870,027</u>	<u>12,539,892</u>	<u>890,103</u>

Other long-term obligations

Compensated absences	56,334	54,610	56,334	54,610	54,610
Net pension liability	-	103,260	-	103,260	-
Net other postemployment benefit liability	87,628	28,300	-	115,928	-
Total long-term obligations - business-type activities	<u>\$ 13,553,881</u>	<u>\$ 186,170</u>	<u>\$ 926,361</u>	<u>\$ 12,813,690</u>	<u>\$ 944,713</u>

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 THE FINANCIAL STATEMENTS

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Future maturities of long-term obligations – business-type activities

As of June 30, 2023, the future maturities of long-term obligations for business-type activities are as follows:

Fiscal Year	2013 Full Faith and Credit		2016 Full Faith and Credit		2019 Full Faith and Credit	
	Refunding		Refunding		Financing	
	Principal	Interest	Principal	Interest	Principal	Interest
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	445,000	22,650	265,000	64,700	32,713	14,533
2028	310,000	9,300	275,000	53,900	33,832	13,553
2029-33	-	-	1,210,000	98,800	187,318	51,855
2034-38	-	-	-	-	221,603	22,892
2039-43	-	-	-	-	48,648	965
2044-48	-	-	-	-	-	-
2049-53	-	-	-	-	-	-
2054-58	-	-	-	-	-	-
	<u>\$ 2,025,000</u>	<u>\$ 176,850</u>	<u>\$ 2,485,000</u>	<u>\$ 472,300</u>	<u>\$ 615,906</u>	<u>\$ 152,956</u>

Fiscal Year	USDA Sewer		Unamortized		Totals	
	Revenue Bonds		Premium			
	Principal	Interest	Amortization	Principal	Interest	
2024	\$ 153,144	\$ 192,303	\$ 62,384	\$ 890,103	\$ 365,035	
2025	157,356	188,091	62,384	920,325	338,037	
2026	161,683	183,764	62,384	945,699	310,044	
2027	166,130	179,318	62,384	971,227	281,201	
2028	170,698	174,749	62,384	851,914	251,502	
2029-33	926,539	800,696	109,246	2,433,103	951,351	
2034-38	1,061,140	666,095	-	1,282,743	688,987	
2039-43	1,215,295	511,940	-	1,263,943	512,905	
2044-48	1,391,846	335,389	-	1,391,846	335,389	
2049-53	1,588,989	133,191	-	1,588,989	133,191	
2054-58	-	-	-	-	-	
	<u>\$ 6,992,820</u>	<u>\$ 3,365,536</u>	<u>\$ 421,166</u>	<u>\$ 12,539,892</u>	<u>\$ 4,167,642</u>	

Other long-term obligations

Compensated absences

Employees of the City can accrue compensated leave amounts as described in note 2. Amounts accumulated are vested and will be paid upon termination or retirement. The General, Library, Public Works, Water, Wastewater and Storm Water Funds have typically been used to liquidate the liability for compensated absences.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Net pension and other postemployment benefit (OPEB) liabilities

Net pension and OPEB liabilities are discussed in notes 11 through 15. The General, Library, Public Works, Water, Wastewater and Storm Water Funds have typically been used to liquidate the liability for the net pension and OPEB liabilities.

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

	<u>Net Pension Liability</u>	<u>Net Other Postemployment Benefit Liability</u>
Governmental Activities	\$ 1,374,483	\$ 280,417
Business-type Activities	<u>103,260</u>	<u>115,928</u>
Total	<u>\$ 1,477,743</u>	<u>\$ 396,345</u>
Oregon Public Employees Retirement System	\$ 1,214,280	\$ -
Retirement plan for employees of the City of Stayton	263,463	-
Implicit Subsidy	<u>-</u>	<u>396,345</u>
Total	<u>\$ 1,477,743</u>	<u>\$ 396,345</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS

Plan Description

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

Description of benefit terms

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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.

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.

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

Tier 1/Tier 2 Retirement Benefit (Chapter 238) (Continued)

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)

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

Pension benefits

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

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.

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.

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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, 2019 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. In November 2022, the City funded a side account with PERS totaling \$278,000, with a match of \$62,500 from the State's Employer Incentive Fund, to reduce future expenditures. The side account will be amortized over a 20 year period. Employer contributions for the year ended June 30, 2023 were \$565,305.

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

Net pension liability

At June 30, 2023, the City reported a liability of \$1,214,280 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. 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).

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.

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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

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, 2022, the City's proportion was 0.00793025%, which was an increase of 0.00116615% from its proportion measured as of June 30, 2021.

Pension expense

For the year ended June 30, 2023, the City recognized pension expense of \$98,745.

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, 2022, 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

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, 2022 - 5.5 years
- Fiscal Year ended June 30, 2021 - 5.4 years
- 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

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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

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, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 58,944	\$ 7,572
Changes in assumptions	190,527	1,741
Net difference between projected and actual earnings on pension plan investments	-	217,090
Changes in proportionate share	188,950	527,666
Differences between contributions and proportionate share of system contributions	154,828	93,662
Contributions subsequent to the measurement date	565,305	-
	\$ 1,158,554	\$ 847,731

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$565,305 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2024	\$ (88,108)
2025	(131,147)
2026	(147,273)
2027	100,976
2028	11,070
	\$ (254,482)

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

Actuarial methods and assumptions used in developing the total pension liability

The total pension liability measured as of June 30, 2022 was based on an actuarial valuation as of December 31, 2020 using the following methods and assumptions:

Experience study report	2020, published July 20, 2021
Actuarial cost method	Entry age normal
Inflation rate	2.4%
Long-term expected rate of return	6.9%
Discount rate	6.9%
Administrative expenses – Tier 1/Tier 2	\$40.9 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.4%
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> <p>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.</p>

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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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

UAL amortization

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tire 2 UAL over a closed 22 year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.

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 6.9%, a reduction from 7.2% from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed asset allocation

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	30.00%
Private equity	20.00%
Real estate	12.50%
Real assets	7.50%
Diversifying strategies	7.50%
Risk parity	2.50%
	100.00%

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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.

Long-Term Expected Rate of Return¹

Asset Class	Target Allocation	Annual	20-Year	Annual
		Arithmetic Return ²	Geometric Mean	Standard Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds – Multi-Strategy	1.25	5.42	5.11	8.45
Hedge Fund Equity – Hedge	0.63	5.85	5.31	11.05
Hedge Fund – Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation – Mean			2.40%	1.65%

¹Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

²The 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.

³Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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

Changes in actuarial methods and assumptions

There have been no changes in actuarial methods or assumptions since the December 31, 2020 valuation used for determining the collective net pension liability that are expected to have a significant effect on the City's proportionate share of the collective net pension liability.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

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 6.9%, 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 (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	<u>1% Lower</u>	<u>Current Discount Rate</u>	<u>1% Higher</u>
Proportionate share of net pension liability	\$ 2,153,421	\$ 1,214,280	\$ 428,263

NOTE 12 – 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.

As of July 1, 2022, plan membership consisted of 26 retirees and beneficiaries, 7 vested terminated participants, 7 nonvested terminated participants, and 20 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).

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON (Continued)

Description of benefit terms (Continued)

- 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.

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.

<u>Number of Years</u>	<u>Percentage</u>
0	100.0%
1	107.2%
2	114.4%
3	121.6%
4	128.8%
5	136.0%

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON (Continued)

Description of benefit terms (Continued)

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.

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, 2023 were \$287,616.

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, 2023, the City reported a net pension liability of \$263,463. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date as follows:

Total pension liability	\$ 9,422,880
Plan fiduciary net position	<u>9,159,417</u>
Net pension liability (asset)	<u>\$ 263,463</u>
Fiduciary net position as a percentage of total pension liability	97.20%

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – 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, 2023, changes in the net pension liability is as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
Beginning balances	\$ 8,962,077	\$ 10,596,676	\$ (1,634,599)
Changes for the year:			
Service cost	263,794	-	263,794
Interest on total pension liability	586,427	-	586,427
Benefit payments	(389,418)	(389,418)	-
Net investment income	-	(1,381,115)	1,381,115
Employer contributions	-	333,274	(333,274)
Ending balances	\$ 9,422,880	\$ 9,159,417	\$ 263,463

For the year ended June 30, 2023, the City recognized a credit to pension expense of \$63,210. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,412	\$ 13,552
Changes of assumptions or inputs	18,988	-
Net difference between projected and actual earnings on pension plan investments	820,818	-
City's contributions made subsequent to measurement date	287,616	-
	\$ 1,134,834	\$ 13,552

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – 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 \$287,616 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ends June 30,</u>		
2024	\$	159,070
2025		162,990
2026		97,992
2027		413,614
2028		-

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.

Actuarial methods and assumptions used in developing total pension liability

Valuation Date	July 1, 2021
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 2015 Scale.

NOTE 12 – 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)

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.

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 THE FINANCIAL STATEMENTS

NOTE 12 – 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:

	1% Lower	Current Discount Rate	1% Higher
Net pension liability	\$ 1,416,224	\$ 263,463	\$ 698,701

NOTE 13 – 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 13 – 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

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

The City makes the employee contributions of 6% of covered payroll to the IAP. Contributions for the year ended June 30, 2023 were \$47,454.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

NOTE 14 – 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, 2021, plan membership consisted of 26 retirees, 7 vested terminated participants, 7 non-vested terminated participants, and 20 active participants.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE (Continued)

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.

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, 2023, the actuarial determined contribution rate was 0.6% of covered payroll. City contributions to the plan for the year ended June 30, 2023 were \$10,188.

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, 2023, the City reported a net other postemployment benefit liability (asset) of \$(41,991). The net other postemployment benefit liability (asset) was measured as of June 30, 2022, and the total other postemployment benefit liability used to calculate the net other postemployment benefit liability (asset) was determined by an actuarial valuation as of that date as follows:

Total other postemployment benefit liability	\$	234,890
Plan fiduciary net position		<u>276,881</u>
Net other postemployment benefit liability (asset)	\$	<u>(41,991)</u>
Fiduciary net position as a percentage of total other postemployment benefit liability		117.88%

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 – 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	\$ 221,481	\$ 317,522	\$ (96,041)
Changes for the year			
Service cost	6,926	-	6,926
Interest on total OPEB liability	14,583	-	14,583
Benefit payments	(8,100)	(8,100)	-
Net investment income	-	(41,560)	41,560
Employer contributions	-	9,019	(9,019)
Ending balances	<u>\$ 234,890</u>	<u>\$ 276,881</u>	<u>\$ (41,991)</u>

For the year ended June 30, 2023, the City recognized other postemployment benefit expense of \$12,537. At June 30, 2023, 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	\$ 25,195	\$ 9,779
Changes of assumptions or inputs	1,126	-
Net difference between projected and actual earnings	24,783	-
Contributions made subsequent to measurement date	<u>10,188</u>	<u>-</u>
	<u>\$ 61,292</u>	<u>\$ 9,779</u>

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 – 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)

The amount 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, 2024. 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 Ending June 30

2024	\$	11,008
2025		11,021
2026		9,717
2027		11,798
2028		(1,482)
Thereafter		(737)

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 16-year period and assumes the annual payment will increase by the salary scale assumption each year.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE (Continued)

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

Valuation Date	July 1, 2021
Actuarial Cost Method	Individual entry age normal, level percentage of pay
Amortization Method	Amortized as a level percent of payroll over a period of 16 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 2015 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 14 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE (Continued)

Actuarial methods and assumptions used in developing the total other postemployment benefit liability (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 THE FINANCIAL STATEMENTS

NOTE 14 – 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:

	1% Lower	Current Discount Rate	1% Higher
Net other postemployment benefit liability (asset)	\$ (13,060)	\$ (41,991)	\$ (66,180)

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:

	1% Lower	Current Trend Rate	1% Higher
Net other postemployment benefit liability (asset)	\$ (41,991)	\$ (41,991)	\$ (41,991)

NOTE 15 – 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, 2022, there were 36 active employees and 3 eligible retirees for a total of 39 plan members.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 – 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	\$	753
For spouses of retirees		819

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, 2023, the City reported a total OPEB liability of \$396,345. The total OPEB liability was measured as of June 30, 2022, 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, 2022	\$ 324,140
Changes for the year:	
Service cost	20,833
Interest	7,282
Effect of economic/demographic gains or losses	91,231
Changes in assumptions or other inputs	(31,362)
Benefit payments	<u>(15,779)</u>
Balances at June 30, 2023	<u>\$ 396,345</u>

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 – 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)

For the year ended June 30, 2023, the City recognized OPEB expense of \$7,754. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 98,030	\$ 9,538
Changes of assumptions	4,888	46,278
City's contributions subsequent to the measurement date	24,183	-
	\$ 127,101	\$ 55,816

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$24,183 will be recognized as an adjustment to the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,

2024	\$	3,822
2025		3,822
2026		3,822
2027		10,008
2028		10,026
Thereafter		15,602

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.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT SUBSIDY (Continued)

Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2022
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.4 percent
Projected Salary Increases	3.4 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

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 3.54%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.16%.

Healthcare cost trend rate

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

Year	Pre-65 Trend
2022	4.25%
2023	6.75
2024	6.50
2025	6.00
2026	5.25
2027	5.00
2028 - 2029	4.75
2030	4.50
2031 - 2065	4.25
2066 - 2071	4.00
2072+	3.75

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT SUBSIDY (Continued)

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

Dental costs are assumed to increase 4.00 percent per year until 2072, then 3.75 percent in all future years.

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

The following presents the City's total OPEB liability calculated using the discount rate of 3.54%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

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, 2021 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 16 – 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, 2024. The agreement is automatically extended from year to year on the same terms and conditions unless it is modified or terminated by mutual written agreement of the cities of Stayton and Sublimity.

The City of Sublimity pays the City of Stayton for wholesale sewer service (operations, capital replacement and administrative services) in addition to a variable percent of debt service payments on the USDA Sewer Revenue Bonds (18.78% for 2022-23) and 27.88% of the debt service payments on the 2013 Full Faith and Credit Refunding and the USDA Sewer Revenue Bonds.

CITY OF STAYTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

As of June 30, 2023, 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 \$ 2,160,674

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 \$ 2,327,596

NOTE 18 – NEWLY ISSUED ACCOUNTING STANDARDS

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The statement improves financial reporting by addressing issues related to public-private partnership arrangements (PPPs) by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs) by requiring governments engaged in APAs that contain multiple components to recognize each component as a separate arrangement, and when related to operating or maintaining a nonfinancial asset, to report an outflow of resources in the period to which payments relate. Implementation of this standard had no impact on the City's financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users, including defining a SBITA, establishing that a SBITA results in an intangible right-to-use subscription asset and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. Implementation of this standard had no impact on the City's financial statements.

NOTE 19 – BUDGETARY PERSPECTIVE DIFFERENCES

Revenues

Total General Fund revenues - budgetary basis	\$ 4,120,762
Interfund loan	(23,600)
Lease revenues	50,557
Revenues of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	-
Parks	<u>188,210</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 4,335,929</u>

Expenditures

Total General Fund expenditures - budgetary basis	\$ 4,162,544
Expenditures of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	278,000
Parks	<u>284,675</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 4,725,219</u>

Other financing sources (uses)

Total General Fund other financing sources (uses) - budgetary basis	\$ 536,800
Other financing sources (uses) of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	700
Parks	<u>142,100</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 679,600</u>

Beginning fund balance

Total General Fund beginning fund balance - budgetary basis	\$ 2,656,914
Interfund loan	92,600
Beginning fund balance of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	277,300
Parks	<u>204,781</u>
Total beginning fund balance reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 3,231,595</u>

Ending fund balance

Total General Fund ending fund balance - budgetary basis	\$ 3,151,932
Interfund loan	69,000
Lease receivable	50,557
Ending fund balance of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Parks	<u>250,416</u>
Total ending fund balance reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 3,521,905</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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
2022	0.79302500%	\$ 1,214,280	\$ 1,038,557	117%	88%
2021	0.00676410%	809,425	1,033,302	78%	88%
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

Notes to schedule

Changes in Benefit Terms and Assumptions

Benefit Terms: The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. There were no change for the year ended June 30, 2022.

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
2023	\$ 565,305	\$ 565,305	-	\$ 1,033,884	54.68%
2022	240,392	240,392	-	1,038,557	23.15%
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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Beginning of year										
Total pension liability	\$ 8,962,077	\$ 8,450,342	\$ 7,982,276	\$ 7,576,069	\$ 7,135,977	\$ 7,014,532	\$ 6,582,356	\$ 5,814,484	\$ 5,460,247	\$ 5,089,313
Fiduciary net position	10,596,676	8,441,245	8,190,631	7,408,109	6,882,911	6,267,517	6,149,862	5,909,978	5,089,313	4,740,000
Net pension liability (asset)	\$ (1,634,599)	\$ 9,097	\$ (208,355)	\$ 167,960	\$ 253,066	\$ 747,015	\$ 432,494	\$ (95,494)	\$ 370,934	\$ 370,934
Changes in total pension liability										
Service cost	\$ 263,794	\$ 273,205	\$ 263,966	\$ 244,921	\$ 236,639	\$ 234,298	\$ 226,375	\$ 196,034	\$ 205,098	\$ 205,098
Interest on total pension liability	586,427	555,471	525,231	499,052	470,246	461,171	434,734	384,088	362,649	362,649
Effect of economic/demographic losses	-	12,904	-	(73,788)	-	(266,243)	-	(59,144)	(48,357)	(48,357)
Effect of assumption changes or inputs	-	25,840	-	22,568	-	-	-	441,438	-	-
Benefit payments	(389,418)	(355,685)	(321,131)	(286,546)	(266,793)	(307,781)	(228,933)	(194,544)	(165,153)	(165,153)
Net change in total pension liability	\$ 460,803	\$ 511,735	\$ 468,066	\$ 406,207	\$ 440,092	\$ 121,445	\$ 432,176	\$ 767,872	\$ 354,237	\$ 354,237
Changes in fiduciary net position										
Employer contributions	\$ 333,274	\$ 355,483	\$ 351,006	\$ 604,633	\$ 230,677	\$ 223,999	\$ 213,582	\$ 198,193	\$ 203,582	\$ 203,582
Member contributions	-	-	-	-	77,795	76,484	76,542	68,901	70,200	70,200
Investment income net of expenses	(1,381,115)	2,155,633	220,739	464,435	483,519	647,240	106,824	183,402	729,046	729,046
Benefit payments	(389,418)	(355,685)	(321,131)	(286,546)	(266,793)	(307,781)	(228,933)	(194,544)	(165,153)	(165,153)
Administrative expenses	-	-	-	-	-	(24,548)	(50,360)	(16,068)	(17,010)	(17,010)
Net change in fiduciary net position	\$ (1,437,259)	\$ 2,155,431	\$ 250,614	\$ 782,522	\$ 525,198	\$ 615,394	\$ 117,655	\$ 239,884	\$ 820,665	\$ 820,665
End of year										
Total pension liability	\$ 9,422,880	\$ 8,962,077	\$ 8,450,342	\$ 7,982,276	\$ 7,576,069	\$ 7,135,977	\$ 7,014,532	\$ 6,582,356	\$ 5,814,484	\$ 5,814,484
Fiduciary net position	9,159,417	10,596,676	8,441,245	8,190,631	7,408,109	6,882,911	6,267,517	6,149,862	5,909,978	5,909,978
Net pension liability (asset)	\$ 263,463	\$ (1,634,599)	\$ 9,097	\$ (208,355)	\$ 167,960	\$ 253,066	\$ 747,015	\$ 432,494	\$ (95,494)	\$ (95,494)
Fiduciary net position as a percent of total pension liability	97.2%	118.2%	99.9%	102.6%	97.8%	96.5%	89.4%	93.4%	101.6%	101.6%
Covered payroll	\$ 1,658,337	\$ 1,435,047	\$ 1,507,990	\$ 1,399,047	\$ 1,393,167	\$ 1,346,055	\$ 1,188,545	\$ 1,148,353	\$ 1,051,497	\$ 1,051,497
Net pension liability as a percent of covered payroll	15.9%	-113.9%	0.6%	-14.9%	12.1%	18.8%	62.9%	37.7%	-9.1%	-9.1%

*Information will be accumulated until 10 years are presented

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
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, 2012: 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
Pre-retirement Healthy Mortality	None
Post Retirement Healthy mortality	Effective July 1, 2019: Pub-2010 General Employee, Healthy Retiree, sex distinct, set back 12 months for males and no setback for females. Projected generationally using Unisex Social Security 2014 Scale. Effective July 1, 2015: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in section 4 Effective July 1, 2012: Healthy Combined RP_2000 mortality projected to 2020 Effective July 1, 2010: Healthy Combined RP_2000 mortality projected to 2010
Cost of living increases	2.0% per year
Salary increases	Effective July 1, 2015: 3.5% per year Effective July 1, 2012: 4.0% per year Effective July 1, 2010: 4.5% per year

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

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	*	\$ 385	\$ 324	\$ 339	\$ 315	\$ 322	\$ 288	\$ 270	\$ 277	\$ 255
Actual employer contribution	<u>383</u>	<u>333</u>	<u>355</u>	<u>351</u>	<u>605</u>	<u>308</u>	<u>300</u>	<u>290</u>	<u>267</u>	<u>274</u>
Contribution deficiency (excess)	<u>* \$ 52</u>	<u>\$ (31)</u>	<u>\$ (12)</u>	<u>\$ (290)</u>	<u>\$ 14</u>	<u>\$ (12)</u>	<u>\$ (20)</u>	<u>\$ 10</u>	<u>\$ (19)</u>	
Covered payroll	\$ 1,658	\$ 1,435	\$ 1,508	\$ 1,399	\$ 1,393	\$ 1,346	\$ 1,189	\$ 1,148	\$ 1,051	\$ 1,108
Contribution as a percent of covered payroll	23.10%	23.21%	23.54%	25.09%	43.43%	22.88%	25.23%	25.26%	25.40%	24.73%
Valuation date	7/1/2021	7/1/2019	7/1/2019	7/1/2017	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012
Assumed investment rate of return	*	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

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

<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2023	6.36%
2022	-13.01%
2021	25.60%
2020	2.70%
2019	6.10%
2018	7.03%
2017	10.40%
2016	1.75%
2015	3.10%
2014	14.24%

*Information will be accumulated until 10 years are presented

CITY OF STAYTON
SCHEDULE OF NET OTHER POSTEMPLOYMENT BENEFIT 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,						
	2022	2021	2020	2019	2018	2017	2016
<u>Beginning of year</u>							
Total other postemployment benefit liability	\$ 221,481	\$ 219,585	\$ 207,898	\$ 250,678	\$ 237,854	\$ 231,855	\$ 221,388
Fiduciary net position	317,522	251,669	240,912	110,009	96,262	80,288	71,341
Net other postemployment benefit liability (asset)	<u>\$ (96,041)</u>	<u>\$ (32,084)</u>	<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	\$ 6,926	\$ 6,955	\$ 6,720	\$ 6,469	\$ 6,250	\$ 4,616	\$ 4,460
Interest on total other postemployment benefit liability	14,583	14,452	13,667	16,403	15,574	15,098	14,408
Effect of economic/demographic losses	-	(11,660)	-	(57,707)	-	-	-
Effect of assumption changes or inputs	-	549	-	1,655	-	(5,315)	-
Benefit payments	(8,100)	(8,400)	(8,700)	(9,600)	(9,000)	(8,400)	(8,400)
Net change in total other postemployment benefit liability	<u>\$ 13,409</u>	<u>\$ 1,896</u>	<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	\$ 9,019	\$ 9,805	\$ 12,918	\$ 130,056	\$ 15,767	\$ 15,999	\$ 16,627
Investment income net of expenses	(41,560)	64,448	6,539	10,447	6,980	8,689	1,304
Benefit payments	(8,100)	(8,400)	(8,700)	(9,600)	(9,000)	(8,400)	(8,400)
Administrative expenses	-	-	-	-	-	(314)	(584)
Net change in fiduciary net position	<u>\$ (40,641)</u>	<u>\$ 65,853</u>	<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	\$ 234,890	\$ 221,481	\$ 219,585	\$ 207,898	\$ 250,678	\$ 237,854	\$ 231,856
Fiduciary net position	276,881	317,522	251,669	240,912	110,009	96,262	80,288
Net other postemployment benefit liability (asset)	<u>\$ (41,991)</u>	<u>\$ (96,041)</u>	<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	117.88%	143.36%	114.61%	115.88%	43.88%	40.47%	34.63%
Covered payroll	\$ 1,658,337	\$ 1,435,047	\$ 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	-2.53%	-6.69%	-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)

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarilly determined contribution	* \$	9 \$	9 \$	12 \$	11 \$	17 \$	15 \$	15 \$	10 \$	8
Actual employer contribution	10	9	10	13	130	16	16	17	9	8
Contribution deficiency (excess)	* \$	(0) \$	(1) \$	(1) \$	(119) \$	1 \$	(1) \$	(2) \$	1 \$	-
Covered payroll	\$ 1,658	\$ 1,435	\$ 1,508	\$ 1,399	\$ 1,393	\$ 1,346	\$ 1,189	\$ 1,148	\$ 1,051	\$ 1,108
Contribution as a percent of covered payroll	0.60%	0.63%	0.70%	0.86%	9.29%	1.15%	1.19%	1.43%	0.78%	0.76%
Valuation date	7/1/2021	7/1/2019	7/1/2019	7/1/2017	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012
Assumed investment rate of return	*	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

* Information not available

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*

Year Ended June 30,	Rate of Return
2023	6.37%
2022	-13.12%
2021	25.63%
2020	2.71%
2019	5.40%
2018	7.09%
2017	10.53%
2016	1.77%

*Information will be accumulated until 10 years are presented

CITY OF STAYTON
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
Last 10 Plan Years*

	Years Ended June 30,				
	2022	2021	2020	2019	2018
Service cost	\$ 20,833	\$ 20,241	\$ 15,921	\$ 14,261	\$ 19,035
Interest on total OPEB liability	7,282	7,111	9,479	9,614	10,576
Effect of economic/demographic gains or losses	91,231	-	29,843	-	(24,917)
Effect of assumptions changes or inputs	(31,362)	1,013	680	7,363	(29,013)
Benefit payments	(15,779)	(11,479)	(7,093)	(13,820)	(21,913)
Net change in total OPEB liability	72,205	16,886	48,830	17,418	(46,232)
Total OPEB liability - beginning of year	324,140	307,254	258,424	241,006	287,238
Total OPEB liability - end of year	\$ 396,345	\$ 324,140	\$ 307,254	\$ 258,424	\$ 241,006
Covered employee payroll	\$ 3,303,556	\$ 2,820,158	\$ 2,466,385	\$ 2,339,399	\$ 2,416,728
Total OPEB liability as a percentage of covered payroll	12.00%	11.49%	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.

Implicit rate subsidy

Contributions are not based on a measure of pay, therefore the covered-employee payroll is used in the percentages above.

Changes in assumptions

	2023	2022	2021	2020	2019	2018
Discount rate used	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%

**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

CITY OF STAYTON
COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2023

	General	Parks	Total
Assets			
Cash and cash equivalents	\$ 3,947,010	\$ 253,136	\$ 4,200,146
Receivables	310,910	4,459	315,369
Lease receivable	976,480	-	976,480
Due from other funds	69,000	-	69,000
Total assets	\$ 5,303,400	\$ 257,595	\$ 5,560,995
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 79,178	\$ 3,905	\$ 83,083
Unearned revenue	921,222	-	921,222
Consumer deposits	28,737	-	28,737
Total liabilities	1,029,137	3,905	1,033,042
Deferred inflows of resources			
Leases	925,923	-	925,923
Unavailable revenue	76,851	3,274	80,125
Total deferred inflows of resources	1,002,774	3,274	1,006,048
Fund balances			
Restricted for:			
Parks	-	250,416	250,416
Other purposes	25,735	-	25,735
Unassigned	3,245,754	-	3,245,754
Total fund balances	3,271,489	250,416	3,521,905
Total liabilities, deferred inflows of resources and fund balances	\$ 5,303,400	\$ 257,595	\$ 5,560,995

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUNDS
Year Ended June 30, 2023

	General	Pension Stabilization	Parks	Eliminations	Total
Revenues					
Property taxes	\$ 2,400,077	\$ -	\$ 178,889	\$ -	\$ 2,578,966
Franchise fees	851,199	-	-	-	851,199
Licenses, permits and fees	73,320	-	-	-	73,320
Fines and forfeitures	63,969	-	-	-	63,969
Charges for services	2,770	-	-	-	2,770
Intergovernmental	364,383	-	-	-	364,383
Rent	98,092	-	3,111	-	101,203
Interest	130,722	-	6,210	-	136,932
Miscellaneous	163,187	-	-	-	163,187
Total revenues	4,147,719	-	188,210	-	4,335,929
Expenditures					
Current					
General government	1,515,001	-	-	-	1,515,001
Public safety	2,367,524	278,000	-	-	2,645,524
Highways and streets	94,813	-	-	-	94,813
Culture and recreation	39,804	-	201,332	-	241,136
Capital outlay	145,402	-	83,343	-	228,745
Total expenditures	4,162,544	278,000	284,675	-	4,725,219
Excess (deficiency) of revenues over expenditures	(14,825)	(278,000)	(96,465)	-	(389,290)
Other financing sources (uses)					
Transfers in	978,000	700	190,000	(213,900)	954,800
Transfers out	(441,200)	-	(47,900)	213,900	(275,200)
Total other financing sources (uses)	536,800	700	142,100	-	679,600
Net change in fund balances	521,975	(277,300)	45,635	-	290,310
Fund balances at beginning of year	2,749,514	277,300	204,781	-	3,231,595
Fund balanced at end of year	\$ 3,271,489	\$ -	\$ 250,416	\$ -	\$ 3,521,905

CITY OF STAYTON
PENSION STABILIZATION - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ 1,000	\$ -	\$ (1,000)
Total revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Expenditures			
Personnel services	<u>278,000</u>	<u>278,000</u>	<u>-</u>
Total expenditures	<u>278,000</u>	<u>278,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(277,000)</u>	<u>(278,000)</u>	<u>(1,000)</u>
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>700</u>	<u>700</u>
Total other financing sources (uses)	<u>-</u>	<u>700</u>	<u>700</u>
Net change in fund balance	(277,000)	(277,300)	(300)
Fund balance at beginning of year	<u>277,000</u>	<u>277,300</u>	<u>300</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF STAYTON
PARKS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 181,100	\$ 178,889	\$ (2,211)
Rent	-	3,111	3,111
Interest	900	6,210	5,310
	<u>182,000</u>	<u>188,210</u>	<u>6,210</u>
Total revenues			
Expenditures			
Parks	334,400	284,675	49,725
Contingency	125,700	-	125,700
	<u>460,100</u>	<u>284,675</u>	<u>175,425</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(278,100)</u>	<u>(96,465)</u>	<u>181,635</u>
Other financing sources (uses)			
Transfers in	190,000	190,000	-
Transfers out	(47,900)	(47,900)	-
	<u>142,100</u>	<u>142,100</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	(136,000)	45,635	181,635
Fund balance at beginning of year	<u>136,000</u>	<u>204,781</u>	<u>68,781</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 250,416</u>	<u>\$ 250,416</u>

CITY OF STAYTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue	Capital Projects	Total
Assets			
Cash and cash equivalents	\$ 543,935	\$ 2,160,674	\$ 2,704,609
Receivables	14,520	-	14,520
Total assets	\$ 558,455	\$ 2,160,674	\$ 2,719,129
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 13,421	\$ -	\$ 13,421
Total liabilities	13,421	-	13,421
Deferred inflows of resources			
Unavailable revenue	10,698	-	10,698
Total deferred inflows of resources	10,698	-	10,698
Fund balances			
Restricted for:			
Swimming pool	132,166	-	132,166
Capital projects	-	2,160,674	2,160,674
Library	402,170	-	402,170
Total fund balances	534,336	2,160,674	2,695,010
Total liabilities, deferred inflows of resources and fund balances	\$ 558,455	\$ 2,160,674	\$ 2,719,129

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Property taxes	\$ 469,367	\$ -	\$ 469,367
Licenses, permits and fees	934	-	934
Fines and forfeitures	7,270	-	7,270
Charges for services	105,390	-	105,390
System development charges	-	925,546	925,546
Intergovernmental	190,754	-	190,754
Interest	14,903	48,881	63,784
Miscellaneous	365	-	365
	<u>788,983</u>	<u>974,427</u>	<u>1,763,410</u>
Total revenues			
Expenditures			
Current			
Culture and recreation	817,514	-	817,514
Capital outlay	25,714	-	25,714
	<u>843,228</u>	<u>-</u>	<u>843,228</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(54,245)</u>	<u>974,427</u>	<u>920,182</u>
Other financing sources (uses)			
Transfers in	160,000	-	160,000
Transfers out	(94,200)	(8,400)	(102,600)
	<u>65,800</u>	<u>(8,400)</u>	<u>57,400</u>
Total other financing sources (uses)			
Net change in fund balances	11,555	966,027	977,582
Fund balances at beginning of year	<u>522,781</u>	<u>1,194,647</u>	<u>1,717,428</u>
Fund balances at end of year	<u>\$ 534,336</u>	<u>\$ 2,160,674</u>	<u>\$ 2,695,010</u>

CITY OF STAYTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2023

	<u>Library</u>	<u>Swimming Pool</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 409,161	\$ 134,774	\$ 543,935
Receivables	<u>8,608</u>	<u>5,912</u>	<u>14,520</u>
Total assets	<u>\$ 417,769</u>	<u>\$ 140,686</u>	<u>\$ 558,455</u>
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 9,260	\$ 4,161	\$ 13,421
Total liabilities	<u>9,260</u>	<u>4,161</u>	<u>13,421</u>
Deferred inflows of resources			
Unavailable revenue	<u>6,339</u>	<u>4,359</u>	<u>10,698</u>
Total deferred inflows of resources	<u>6,339</u>	<u>4,359</u>	<u>10,698</u>
Fund balances			
Restricted for:			
Swimming pool	-	132,166	132,166
Library	<u>402,170</u>	<u>-</u>	<u>402,170</u>
Total fund balances	<u>402,170</u>	<u>132,166</u>	<u>534,336</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 417,769</u>	<u>\$ 140,686</u>	<u>\$ 558,455</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

	<u>Library</u>	<u>Swimming Pool</u>	<u>Total</u>
Revenues			
Property taxes	\$ 288,997	\$ 180,370	\$ 469,367
Licenses, permits and fees	934	-	934
Fines and forfeitures	7,270	-	7,270
Charges for services	-	105,390	105,390
Intergovernmental	190,754	-	190,754
Interest	10,844	4,059	14,903
Miscellaneous	-	365	365
	<u>498,799</u>	<u>290,184</u>	<u>788,983</u>
Expenditures			
Current			
Culture and recreation	482,753	334,761	817,514
Capital outlay	9,875	15,839	25,714
	<u>492,628</u>	<u>350,600</u>	<u>843,228</u>
Excess (deficiency) of revenues over expenditures	<u>6,171</u>	<u>(60,416)</u>	<u>(54,245)</u>
Other financing sources (uses)			
Transfers in	70,000	90,000	160,000
Transfers out	(30,600)	(63,600)	(94,200)
	<u>39,400</u>	<u>26,400</u>	<u>65,800</u>
Net change in fund balances	45,571	(34,016)	11,555
Fund balances at beginning of year	<u>356,599</u>	<u>166,182</u>	<u>522,781</u>
Fund balances at end of year	<u>\$ 402,170</u>	<u>\$ 132,166</u>	<u>\$ 534,336</u>

CITY OF STAYTON
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2023

	Street System Development Charges	Parks System Development Charges	Total
Assets			
Cash and cash equivalents	\$ 1,138,331	\$ 1,022,343	\$ 2,160,674
Total assets	<u>\$ 1,138,331</u>	<u>\$ 1,022,343</u>	<u>\$ 2,160,674</u>
Fund balances			
Restricted for:			
Capital projects	\$ 1,138,331	\$ 1,022,343	\$ 2,160,674
Total fund balances	<u>\$ 1,138,331</u>	<u>\$ 1,022,343</u>	<u>\$ 2,160,674</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2023

	Street System Development Charges	Parks System Development Charges	Total
Revenues			
System development charges	\$ 195,524	\$ 730,022	\$ 925,546
Interest	<u>30,317</u>	<u>18,564</u>	<u>48,881</u>
Total revenues	<u>225,841</u>	<u>748,586</u>	<u>974,427</u>
Other financing sources (uses)			
Transfers out	<u>(8,400)</u>	<u>-</u>	<u>(8,400)</u>
Total other financing sources (uses)	<u>(8,400)</u>	<u>-</u>	<u>(8,400)</u>
Net change in fund balances	217,441	748,586	966,027
Fund balances at beginning of year	<u>920,890</u>	<u>273,757</u>	<u>1,194,647</u>
Fund balances at end of year	<u>\$ 1,138,331</u>	<u>\$ 1,022,343</u>	<u>\$ 2,160,674</u>

CITY OF STAYTON
LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 278,700	\$ 288,997	\$ 10,297
Licenses, permits and fees	700	934	234
Fines and forfeitures	5,200	7,270	2,070
Intergovernmental	182,000	190,754	8,754
Rents	500	-	(500)
Interest	1,600	10,844	9,244
	<u>468,700</u>	<u>498,799</u>	<u>30,099</u>
Expenditures			
Library	508,800	492,628	16,172
Contingency	343,500	-	343,500
	<u>852,300</u>	<u>492,628</u>	<u>359,672</u>
Excess (deficiency) of revenues over expenditures	<u>(383,600)</u>	<u>6,171</u>	<u>389,771</u>
Other financing sources (uses)			
Transfers in	70,000	70,000	-
Transfers out	(30,600)	(30,600)	-
	<u>39,400</u>	<u>39,400</u>	<u>-</u>
Net change in fund balance	(344,200)	45,571	389,771
Fund balance at beginning of year	344,200	356,599	12,399
Fund balance at end of year	<u>\$ -</u>	<u>\$ 402,170</u>	<u>\$ 402,170</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 181,300	\$ 180,370	\$ (930)
Charges for services	95,600	105,390	9,790
Interest	700	4,059	3,359
Miscellaneous	-	365	365
	<u>277,600</u>	<u>290,184</u>	<u>12,584</u>
Expenditures			
Pool	376,300	350,600	25,700
Contingency	114,100	-	114,100
	<u>490,400</u>	<u>350,600</u>	<u>139,800</u>
Excess (deficiency) of revenues over expenditures	<u>(212,800)</u>	<u>(60,416)</u>	<u>152,384</u>
Other financing sources (uses)			
Transfers in	90,000	90,000	-
Transfers out	(63,600)	(63,600)	-
	<u>26,400</u>	<u>26,400</u>	<u>-</u>
Net change in fund balance	(186,400)	(34,016)	152,384
Fund balance at beginning of year	<u>186,400</u>	<u>166,182</u>	<u>(20,218)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 132,166</u>	<u>\$ 132,166</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 63,800	\$ 195,524	\$ 131,724
Interest	3,900	30,317	26,417
 Total revenues	<u>67,700</u>	<u>225,841</u>	<u>158,141</u>
 Other financing sources (uses)			
Transfers out	<u>(16,100)</u>	<u>(8,400)</u>	<u>7,700</u>
 Total other financing sources (uses)	<u>(16,100)</u>	<u>(8,400)</u>	<u>7,700</u>
 Net change in fund balance	51,600	217,441	165,841
 Fund balance at beginning of year	<u>918,100</u>	<u>920,890</u>	<u>2,790</u>
 Fund balance at end of year	<u>\$ 969,700</u>	<u>\$ 1,138,331</u>	<u>\$ 168,631</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, 2023

	Budget	Actual	Variance
Revenues			
System development charges	\$ 75,800	\$ 730,022	\$ 654,222
Interest	<u>1,000</u>	<u>18,564</u>	<u>17,564</u>
 Total revenues	 <u>76,800</u>	 <u>748,586</u>	 <u>671,786</u>
 Net change in fund balance	 76,800	 748,586	 671,786
 Fund balance at beginning of year	 <u>623,400</u>	 <u>273,757</u>	 <u>(349,643)</u>
 Fund balance at end of year	 <u>\$ 700,200</u>	 <u>\$ 1,022,343</u>	 <u>\$ 322,143</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
WATER FUND
June 30, 2023

	<u>Water</u>	<u>Water System Development Charges</u>	<u>Total Water Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 1,146,244	\$ 1,061,998	\$ 2,208,242
Receivables, net	187,320	-	187,320
Inventory	114,976	-	114,976
Total current assets	<u>1,448,540</u>	<u>1,061,998</u>	<u>2,510,538</u>
Net other postemployment benefits asset	3,128	-	3,128
Capital assets			
Capital assets, nondepreciable	31,825	-	31,825
Capital assets, net of accumulated depreciation	<u>12,695,893</u>	<u>-</u>	<u>12,695,893</u>
Total capital assets	<u>12,727,718</u>	<u>-</u>	<u>12,727,718</u>
Total assets	<u>14,179,386</u>	<u>1,061,998</u>	<u>15,241,384</u>
Deferred outflows of resources			
Refunded debt charges	30,794	-	30,794
Pension related items	124,533	-	124,533
Other postemployment benefit related items	<u>15,583</u>	<u>-</u>	<u>15,583</u>
Total deferred outflows of resources	<u>170,910</u>	<u>-</u>	<u>170,910</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	125,635	-	125,635
Accrued interest payable	7,892	-	7,892
Unearned revenue	108,928	-	108,928
Consumer deposits	53,589	-	53,589
Compensated absences	22,416	-	22,416
Bonds payable	<u>271,414</u>	<u>-</u>	<u>271,414</u>
Total current liabilities	<u>589,874</u>	<u>-</u>	<u>589,874</u>
Noncurrent liabilities			
Bonds payable	2,504,900	-	2,504,900
Net pension liability	26,162	-	26,162
Net other postemployment benefits liability	<u>29,955</u>	<u>-</u>	<u>29,955</u>
Total noncurrent liabilities	<u>2,561,017</u>	<u>-</u>	<u>2,561,017</u>
Total liabilities	<u>3,150,891</u>	<u>-</u>	<u>3,150,891</u>
Deferred inflows of resources			
Pension related items	5,955	-	5,955
Other postemployment benefit related items	<u>5,539</u>	<u>-</u>	<u>5,539</u>
Total deferred inflows of resources	<u>11,494</u>	<u>-</u>	<u>11,494</u>
Net position			
Net investment in capital assets	9,951,404	-	9,951,404
Restricted for capital projects	-	1,061,998	1,061,998
Unrestricted	<u>1,236,507</u>	<u>-</u>	<u>1,236,507</u>
Total net position	<u>\$ 11,187,911</u>	<u>\$ 1,061,998</u>	<u>\$ 12,249,909</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER FUND
Year Ended June 30, 2023

	<u>Water</u>	<u>Water System Development Charges</u>	<u>Total Water Fund</u>
Operating revenues			
Charges for services	\$ 1,988,987	\$ -	\$ 1,988,987
Operating expenses			
Personnel services	298,561	-	298,561
Materials and services	543,845	-	543,845
Depreciation	322,152	-	322,152
Total operating expenses	<u>1,164,558</u>	<u>-</u>	<u>1,164,558</u>
Operating income (loss)	<u>824,429</u>	<u>-</u>	<u>824,429</u>
Nonoperating revenues (expenses)			
Interest income	31,367	21,193	52,560
Miscellaneous	9,602	-	9,602
Interest expense	<u>(69,606)</u>	<u>-</u>	<u>(69,606)</u>
Total nonoperating revenue (expenses)	<u>(28,637)</u>	<u>21,193</u>	<u>(7,444)</u>
Income (loss) before capital contributions and transfers	795,792	21,193	816,985
Capital contributions	-	582,552	582,552
Transfers out	<u>(483,100)</u>	<u>-</u>	<u>(483,100)</u>
Change in net position	312,692	603,745	916,437
Net position - beginning	<u>10,875,219</u>	<u>458,253</u>	<u>11,333,472</u>
Net position - ending	<u>\$ 11,187,911</u>	<u>\$ 1,061,998</u>	<u>\$ 12,249,909</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
WATER FUND
Year Ended June 30, 2023

	<u>Water</u>	<u>Water System Development Charges</u>	<u>Total Water Fund</u>
Cash flows from operating activities			
Receipts from customers	\$ 1,918,781	\$ 14,562	\$ 1,933,343
Payments to suppliers	(465,246)	-	(465,246)
Payments to employees	(300,448)	-	(300,448)
Net cash provided by operating activities	<u>1,153,087</u>	<u>14,562</u>	<u>1,167,649</u>
Cash flows from noncapital financing activities			
Transfers out	(483,100)	-	(483,100)
Net cash provided by (used in) noncapital financing activities	<u>(483,100)</u>	<u>-</u>	<u>(483,100)</u>
Cash flows from capital and related financing activities			
System development charges received	-	582,552	582,552
Other	9,602	-	9,602
Acquisition of capital assets	(194,016)	-	(194,016)
Principal paid on long-term obligations	(230,000)	-	(230,000)
Interest paid on long-term obligations	(102,850)	-	(102,850)
Net cash provided by (used in) capital and related financing activities	<u>(517,264)</u>	<u>582,552</u>	<u>65,288</u>
Cash flows from investing activities			
Interest on investments	31,367	21,193	52,560
Net cash provided by investing activities	<u>31,367</u>	<u>21,193</u>	<u>52,560</u>
Net increase (decrease) in cash and cash equivalents	184,090	618,307	802,397
Cash and cash equivalents - beginning of year	962,154	443,691	1,405,845
Cash and cash equivalents - end of year	<u>\$ 1,146,244</u>	<u>\$ 1,061,998</u>	<u>\$ 2,208,242</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 824,429	\$ -	\$ 824,429
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	322,152	-	322,152
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(67,098)	14,562	(52,536)
Inventories	5,676	-	5,676
Net pension asset	158,182	-	158,182
Net other postemployment benefits asset	5,367	-	5,367
Deferred outflows - pension related items	(84,111)	-	(84,111)
Deferred outflows - other postemployment benefit related items	(9,935)	-	(9,935)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	72,923	-	72,923
Consumer deposits	(3,108)	-	(3,108)
Compensated absences payable	7,525	-	7,525
Net pension liability	26,162	-	26,162
Net other postemployment benefits liability	7,170	-	7,170
Deferred inflows - pension related items	(110,648)	-	(110,648)
Deferred inflows - other postemployment benefit related items	(1,599)	-	(1,599)
Net cash provided by (used in) operating activities	<u>\$ 1,153,087</u>	<u>\$ 14,562</u>	<u>\$ 1,167,649</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, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 2,009,400	\$ 2,009,400	\$ 1,984,861	\$ (24,539)
Interest	4,100	4,100	31,367	27,267
Miscellaneous	-	-	9,602	9,602
Total revenues	<u>2,013,500</u>	<u>2,013,500</u>	<u>2,025,830</u>	<u>12,330</u>
Expenditures				
Water	1,489,800	1,489,800	1,032,633	457,167
Debt service	339,600	339,600	332,850	6,750
Contingency	<u>1,032,200</u>	<u>1,032,200</u>	-	<u>1,032,200</u>
Total expenditures	<u>2,861,600</u>	<u>2,861,600</u>	<u>1,365,483</u>	<u>1,496,117</u>
Excess (deficiency) of revenues over expenditures	<u>(848,100)</u>	<u>(848,100)</u>	<u>660,347</u>	<u>1,508,447</u>
Other financing sources (uses)				
Transfers in	250,000	250,000	-	(250,000)
Transfers out	<u>(483,100)</u>	<u>(483,100)</u>	<u>(483,100)</u>	<u>-</u>
Total other financing sources (uses)	<u>(233,100)</u>	<u>(233,100)</u>	<u>(483,100)</u>	<u>(250,000)</u>
Net change in fund balance	(1,081,200)	(1,081,200)	177,247	1,258,447
Fund balance at beginning of year	<u>1,081,200</u>	<u>1,081,200</u>	<u>856,563</u>	<u>(224,637)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	1,033,810	<u>\$ 1,033,810</u>
Reconciliation to generally accepted accounting principles				
Inventory			114,976	
Net other postemployment benefit asset			3,128	
Capital assets, net			12,727,718	
Deferred outflows of resources			170,910	
Unavailable revenues			11,602	
Accrued interest payable			(7,892)	
Compensated absences payable			(22,416)	
Net pension liability			(26,162)	
Net other postemployment benefit liability			(29,955)	
Bonds payable			(2,776,314)	
Deferred inflows of resources			<u>(11,494)</u>	
Net position - ending			<u>\$ 11,187,911</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, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
System development charges	\$ 78,800	\$ 78,800	\$ 582,552	\$ 503,752
Interest	2,400	2,400	21,193	18,793
Total revenues	<u>81,200</u>	<u>81,200</u>	<u>603,745</u>	<u>522,545</u>
Other financing sources (uses)				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	-	<u>250,000</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	-	<u>250,000</u>
Net change in fund balance	(168,800)	(168,800)	603,745	772,545
Fund balance at beginning of year	<u>561,200</u>	<u>561,200</u>	<u>458,253</u>	<u>(102,947)</u>
Fund balance at end of year	<u>\$ 392,400</u>	<u>\$ 392,400</u>	<u>\$ 1,061,998</u>	<u>\$ 669,598</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
WASTEWATER FUND
June 30, 2023

	<u>Wastewater</u>	<u>Wastewater System Development Charges</u>	<u>Total Wastewater Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 5,722,410	\$ 793,048	\$ 6,515,458
Receivables, net	350,750	-	350,750
Inventory	566,615	-	566,615
Total current assets	<u>6,639,775</u>	<u>793,048</u>	<u>7,432,823</u>
Net other postemployment benefits asset	6,703	-	6,703
Capital assets			
Capital assets, nondepreciable	905,735	-	905,735
Capital assets, net of accumulated depreciation	20,365,949	-	20,365,949
Total capital assets	<u>21,271,684</u>	<u>-</u>	<u>21,271,684</u>
Total assets	<u>27,918,162</u>	<u>793,048</u>	<u>28,711,210</u>
Deferred outflows of resources			
Pension related items	150,744	-	150,744
Other postemployment benefit related items	20,597	-	20,597
Total deferred outflows of resources	<u>171,341</u>	<u>-</u>	<u>171,341</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	230,891	-	230,891
Accrued interest payable	165,316	-	165,316
Consumer deposits	54,900	-	54,900
Compensated absences	13,792	-	13,792
Bonds payable	589,114	-	589,114
Total current liabilities	<u>1,054,013</u>	<u>-</u>	<u>1,054,013</u>
Noncurrent liabilities			
Bonds payable	8,558,558	-	8,558,558
Net pension liability	33,068	-	33,068
Net other postemployment benefits liability	42,693	-	42,693
Total noncurrent liabilities	<u>8,634,319</u>	<u>-</u>	<u>8,634,319</u>
Total liabilities	<u>9,688,332</u>	<u>-</u>	<u>9,688,332</u>
Deferred inflows of resources			
Pension related items	40,222	-	40,222
Other postemployment benefit related items	9,086	-	9,086
Total deferred inflows of resources	<u>49,308</u>	<u>-</u>	<u>49,308</u>
Net position			
Net investment in capital assets	12,124,012	-	12,124,012
Restricted for:			
Capital projects	-	793,048	793,048
Debt service	517,490	-	517,490
Unrestricted	5,710,361	-	5,710,361
Total net position	<u>\$ 18,351,863</u>	<u>\$ 793,048</u>	<u>\$ 19,144,911</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WASTEWATER FUND
Year Ended June 30, 2023

	<u>Wastewater</u>	<u>Wastewater System Development Charges</u>	<u>Eliminations</u>	<u>Total Wastewater Fund</u>
Operating revenues				
Charges for services	\$ 3,624,194	\$ -	\$ -	\$ 3,624,194
Operating expenses				
Personnel services	417,248	-	-	417,248
Materials and services	732,714	-	-	732,714
Depreciation	623,782	-	-	623,782
Total operating expenses	1,773,744	-	-	1,773,744
Operating income (loss)	1,850,450	-	-	1,850,450
Nonoperating revenues (expenses)				
Interest income	164,468	15,882	-	180,350
Miscellaneous	768	-	-	768
Interest expense	(238,765)	-	-	(238,765)
Total nonoperating revenue (expenses)	(73,529)	15,882	-	(57,647)
Income (loss) before capital contributions and transfers	1,776,921	15,882	-	1,792,803
Capital contributions	-	523,814	-	523,814
Transfers in	71,333	-	(71,333)	-
Transfers out	(638,400)	(71,333)	71,333	(638,400)
Change in net position	1,209,854	468,363	-	1,678,217
Net position - beginning	17,142,009	324,685	-	17,466,694
Net position - ending	\$ 18,351,863	\$ 793,048	\$ -	\$ 19,144,911

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
WASTEWATER FUND
Year Ended June 30, 2023

	<u>Wastewater</u>	<u>Wastewater System Development Charges</u>	<u>Eliminations</u>	<u>Total Wastewater Fund</u>
Cash flows from operating activities				
Receipts from customers	\$ 3,563,526	\$ -	\$ -	\$ 3,563,526
Payments to suppliers	(665,212)	-	-	(665,212)
Payments to employees	(379,749)	-	-	(379,749)
Net cash provided by (used in) operating activities	<u>2,518,565</u>	<u>-</u>	<u>-</u>	<u>2,518,565</u>
Cash flows from noncapital financing activities				
Transfers out	(638,400)	-	-	(638,400)
Net cash provided by (used in) noncapital financing activities	<u>(638,400)</u>	<u>-</u>	<u>-</u>	<u>(638,400)</u>
Cash flows from capital and related financing activities				
Transfers in	71,333	-	(71,333)	-
Transfers out	-	(71,333)	71,333	-
System development charges received	-	523,814	-	523,814
Other	768	-	-	768
Acquisition of capital assets	(826,097)	-	-	(826,097)
Principal paid on long-term obligations	(549,046)	-	-	(549,046)
Interest paid on long-term obligations	(269,150)	-	-	(269,150)
Net cash provided by (used in) capital and related financing activities	<u>(1,572,192)</u>	<u>452,481</u>	<u>-</u>	<u>(1,119,711)</u>
Cash flows from investing activities				
Interest on investments	164,468	15,882	-	180,350
Net cash provided by (used in) investing activities	<u>164,468</u>	<u>15,882</u>	<u>-</u>	<u>180,350</u>
Net increase (decrease) in cash and cash equivalents	472,441	468,363	-	940,804
Cash and cash equivalents - beginning of year	5,249,969	324,685	-	5,574,654
Cash and cash equivalents - end of year	<u>\$ 5,722,410</u>	<u>\$ 793,048</u>	<u>\$ -</u>	<u>\$ 6,515,458</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 1,850,450	\$ -	\$ -	\$ 1,850,450
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	623,782	-	-	623,782
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(59,492)	-	-	(59,492)
Inventories	(108,390)	-	-	(108,390)
Net pension asset	257,640	-	-	257,640
Net other postemployment benefits asset	6,784	-	-	6,784
Deferred outflows - pension related items	(106,311)	-	-	(106,311)
Deferred outflows - other postemployment benefit related items	(12,557)	-	-	(12,557)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	175,892	-	-	175,892
Consumer deposits	(1,176)	-	-	(1,176)
Compensated absences payable	(8,315)	-	-	(8,315)
Net pension liability	33,068	-	-	33,068
Net other postemployment benefits liability	9,063	-	-	9,063
Deferred inflows - pension related items	(139,852)	-	-	(139,852)
Deferred inflows - other postemployment benefit related items	(2,021)	-	-	(2,021)
Net cash provided by (used in) operating activities	<u>\$ 2,518,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,518,565</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, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 3,625,900	\$ 3,625,900	\$ 3,620,324	\$ (5,576)
Intergovernmental	500,000	500,000	-	(500,000)
Interest	20,800	20,800	164,468	143,668
Miscellaneous	-	-	768	768
Total revenues	4,146,700	4,146,700	3,785,560	(361,140)
Expenditures				
Wastewater	3,687,600	3,687,600	2,046,950	1,640,650
Debt service	815,400	818,196	818,196	-
Contingency	692,000	689,204	-	689,204
Total expenditures	5,195,000	5,195,000	2,865,146	2,329,854
Excess (deficiency) of revenues over expenditures	(1,048,300)	(1,048,300)	920,414	1,968,714
Other financing sources (uses)				
Transfers in	125,200	125,200	71,333	(53,867)
Transfers out	(638,400)	(638,400)	(638,400)	-
Total other financing sources (uses)	(513,200)	(513,200)	(567,067)	(53,867)
Net change in fund balance	(1,561,500)	(1,561,500)	353,347	1,914,847
Fund balance at beginning of year	8,593,500	5,077,500	5,412,968	335,468
Fund balance at end of year	\$ 7,032,000	\$ 3,516,000	5,766,315	\$ 2,250,315
Reconciliation to generally accepted accounting principles				
Inventory			566,615	
Net other postemployment benefit asset			6,703	
Capital assets, net			21,271,684	
Deferred outflows of resources			171,341	
Unavailable revenues			21,054	
Accrued interest payable			(165,316)	
Compensated absences payable			(13,792)	
Net pension liability			(33,068)	
Net other postemployment benefit liability			(42,693)	
Bonds payable			(9,147,672)	
Deferred inflows of resources			(49,308)	
Net position - ending			\$ 18,351,863	

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, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
System development charges	\$ 58,700	\$ 58,700	\$ 523,814	\$ 465,114
Interest	<u>1,800</u>	<u>1,800</u>	<u>15,882</u>	<u>14,082</u>
Total revenues	<u>60,500</u>	<u>60,500</u>	<u>539,696</u>	<u>479,196</u>
Other financing sources (uses)				
Transfers out	<u>(125,200)</u>	<u>(125,200)</u>	<u>(71,333)</u>	<u>53,867</u>
Total other financing sources (uses)	<u>(125,200)</u>	<u>(125,200)</u>	<u>(71,333)</u>	<u>53,867</u>
Net change in fund balance	(64,700)	(64,700)	468,363	533,063
Fund balance at beginning of year	<u>583,300</u>	<u>583,300</u>	<u>324,685</u>	<u>(258,615)</u>
Fund balance at end of year	<u>\$ 518,600</u>	<u>\$ 518,600</u>	<u>\$ 793,048</u>	<u>\$ 274,448</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
STORMWATER FUND
June 30, 2023

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Stormwater Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 456,331	\$ 472,550	\$ 928,881
Receivables, net	32,063	-	32,063
Total current assets	<u>488,394</u>	<u>472,550</u>	<u>960,944</u>
Net other postemployment benefits asset	640	-	640
Capital assets			
Capital assets, nondepreciable	1,685,712	-	1,685,712
Capital assets, net of accumulated depreciation	<u>5,002,883</u>	<u>-</u>	<u>5,002,883</u>
Total capital assets	<u>6,688,595</u>	<u>-</u>	<u>6,688,595</u>
 Total assets	 <u>7,177,629</u>	 <u>472,550</u>	 <u>7,650,179</u>
Deferred outflows of resources			
Pension related items	12,719	-	12,719
Other postemployment benefit related items	<u>1,613</u>	<u>-</u>	<u>1,613</u>
Total deferred outflows of resources	<u>14,332</u>	<u>-</u>	<u>14,332</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	3,266	-	3,266
Accrued interest payable	7,292	-	7,292
Due to other funds	69,000	-	69,000
Bonds payable	<u>29,575</u>	<u>-</u>	<u>29,575</u>
Total current liabilities	<u>109,133</u>	<u>-</u>	<u>109,133</u>
Noncurrent liabilities			
Bonds payable	586,331	-	586,331
Net pension liability	2,898	-	2,898
Net other postemployment benefits liability	<u>3,142</u>	<u>-</u>	<u>3,142</u>
Total noncurrent liabilities	<u>592,371</u>	<u>-</u>	<u>592,371</u>
 Total liabilities	 <u>701,504</u>	 <u>-</u>	 <u>701,504</u>
Deferred inflows of resources			
Pension related items	5,092	-	5,092
Other postemployment benefit related items	<u>699</u>	<u>-</u>	<u>699</u>
 Total deferred inflows of resources	 <u>5,791</u>	 <u>-</u>	 <u>5,791</u>
Net position			
Net investment in capital assets	6,072,689	-	6,072,689
Restricted for capital projects	-	472,550	472,550
Unrestricted	<u>411,977</u>	<u>-</u>	<u>411,977</u>
 Total net position	 <u>\$ 6,484,666</u>	 <u>\$ 472,550</u>	 <u>\$ 6,957,216</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
STORMWATER FUND
Year Ended June 30, 2023

	Stormwater	Stormwater System Development Charges	Total Stormwater Fund
Operating revenues			
Charges for services	\$ 354,371	\$ -	\$ 354,371
Operating expenses			
Personnel services	36,627	-	36,627
Materials and services	80,995	-	80,995
Depreciation	<u>119,182</u>	-	<u>119,182</u>
Total operating expenses	<u>236,804</u>	-	<u>236,804</u>
Operating income (loss)	<u>117,567</u>	-	<u>117,567</u>
Nonoperating revenues (expenses)			
Interest income	11,720	10,931	22,651
Interest expense	<u>(18,693)</u>	-	<u>(18,693)</u>
Total nonoperating revenue (expenses)	<u>(6,973)</u>	<u>10,931</u>	<u>3,958</u>
Income (loss) before capital contributions and transfers	110,594	10,931	121,525
Capital contributions	-	163,728	163,728
Transfers out	<u>(95,400)</u>	-	<u>(95,400)</u>
Change in net position	15,194	174,659	189,853
Net position - beginning	<u>6,469,472</u>	<u>297,891</u>	<u>6,767,363</u>
Net position - ending	<u>\$ 6,484,666</u>	<u>\$ 472,550</u>	<u>\$ 6,957,216</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
STORMWATER FUND
Year Ended June 30, 2023

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Stormwater Fund</u>
Cash flows from operating activities			
Receipts from customers	\$ 351,069	\$ -	\$ 351,069
Payments to suppliers	(129,455)	-	(129,455)
Payments to employees	(33,283)	-	(33,283)
Net cash provided by (used in) operating activities	<u>188,331</u>	<u>-</u>	<u>188,331</u>
Cash flows from noncapital financing activities			
Payments on interfund loan	(23,600)	-	(23,600)
Transfers out	(95,400)	-	(95,400)
Net cash provided by (used in) noncapital financing activities	<u>(119,000)</u>	<u>-</u>	<u>(119,000)</u>
Cash flows from capital and related financing activities			
System development charges received	-	163,728	163,728
Principal paid on long-term obligations	(28,947)	-	(28,947)
Interest paid on long-term obligations	(18,693)	-	(18,693)
Net cash provided by (used in) capital and related financing activities	<u>(47,640)</u>	<u>163,728</u>	<u>116,088</u>
Cash flows from investing activities			
Interest on investments	11,720	10,931	22,651
Net cash provided by (used in) investing activities	<u>11,720</u>	<u>10,931</u>	<u>22,651</u>
Net increase (decrease) in cash and cash equivalents	33,411	174,659	208,070
Cash and cash equivalents - beginning of year	422,920	297,891	720,811
Cash and cash equivalents - end of year	<u>\$ 456,331</u>	<u>\$ 472,550</u>	<u>\$ 928,881</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 117,567	\$ -	\$ 117,567
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	119,182	-	119,182
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(3,302)	-	(3,302)
Net pension asset	26,379	-	26,379
Net other postemployment benefits asset	595	-	595
Deferred outflows - pension related items	(9,318)	-	(9,318)
Deferred outflows - other postemployment benefit related items	(1,100)	-	(1,100)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(48,460)	-	(48,460)
Compensated absences payable	(4,470)	-	(4,470)
Net pension liability	2,898	-	2,898
Net other postemployment benefits liability	794	-	794
Deferred inflows - pension related items	(12,257)	-	(12,257)
Deferred inflows - other postemployment benefit related items	(177)	-	(177)
Net cash provided by (used in) operating activities	<u>\$ 188,331</u>	<u>\$ -</u>	<u>\$ 188,331</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, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 352,800	\$ 352,800	\$ 354,024	\$ 1,224
Interest	1,700	1,700	11,720	10,020
Total revenues	<u>354,500</u>	<u>354,500</u>	<u>365,744</u>	<u>11,244</u>
Expenditures				
Stormwater	277,900	277,900	114,278	163,622
Debt service	65,800	71,240	71,240	-
Contingency	242,300	236,860	-	236,860
Total expenditures	<u>586,000</u>	<u>586,000</u>	<u>185,518</u>	<u>400,482</u>
Excess (deficiency) of revenues over expenditures	<u>(231,500)</u>	<u>(231,500)</u>	<u>180,226</u>	<u>411,726</u>
Other financing sources (uses)				
Transfers out	(95,400)	(95,400)	(95,400)	-
Total other financing sources (uses)	<u>(95,400)</u>	<u>(95,400)</u>	<u>(95,400)</u>	<u>-</u>
Net change in fund balance	(326,900)	(326,900)	84,826	411,726
Fund balance at beginning of year	<u>326,900</u>	<u>326,900</u>	<u>398,257</u>	<u>71,357</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	483,083	<u>\$ 483,083</u>
Reconciliation to generally accepted accounting principles				
Net other postemployment benefit asset			640	
Capital assets, net			6,688,595	
Deferred outflows of resources			14,332	
Unavailable revenues			2,045	
Accrued interest payable			(7,292)	
Due to other funds			(69,000)	
Net pension liability			(2,898)	
Net other postemployment benefit liability			(3,142)	
Bonds payable			(615,906)	
Deferred inflows of resources			<u>(5,791)</u>	
Net position - ending			<u>\$ 6,484,666</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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
System development charges	\$ 87,600	\$ 87,600	\$ 163,728	\$ 76,128
Interest	<u>1,100</u>	<u>1,100</u>	<u>10,931</u>	<u>9,831</u>
Total revenues	<u>88,700</u>	<u>88,700</u>	<u>174,659</u>	<u>85,959</u>
Net change in fund balance	88,700	88,700	174,659	85,959
Fund balance at beginning of year	<u>683,500</u>	<u>683,500</u>	<u>297,891</u>	<u>(385,609)</u>
Fund balance at end of year	<u>\$ 772,200</u>	<u>\$ 772,200</u>	<u>\$ 472,550</u>	<u>\$ (299,650)</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

	Public Works		
	Administration	Facilities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 807,121	\$ 773,519	\$ 1,580,640
Total current assets	<u>807,121</u>	<u>773,519</u>	<u>1,580,640</u>
Noncurrent assets			
Net other postemployment benefits asset	4,702	-	4,702
Capital assets			
Land and construction in progress	-	35,316	35,316
Other capital assets, net	-	<u>37,728</u>	<u>37,728</u>
Total capital assets	<u>-</u>	<u>73,044</u>	<u>73,044</u>
Total assets	<u>811,823</u>	<u>846,563</u>	<u>1,658,386</u>
Deferred outflows of resources			
Pension related items	176,000	-	176,000
Other postemployment benefit related items	<u>22,157</u>	<u>-</u>	<u>22,157</u>
Total deferred outflows of resources	<u>198,157</u>	<u>-</u>	<u>198,157</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	285,180	3,211	288,391
Compensated absences	<u>18,402</u>	<u>-</u>	<u>18,402</u>
Total current liabilities	<u>303,582</u>	<u>3,211</u>	<u>306,793</u>
Noncurrent liabilities			
Net pension liability	41,132	-	41,132
Net other postemployment benefits liability	<u>40,138</u>	<u>-</u>	<u>40,138</u>
Total noncurrent liabilities	<u>81,270</u>	<u>-</u>	<u>81,270</u>
Total liabilities	<u>384,852</u>	<u>3,211</u>	<u>388,063</u>
Deferred inflows of resources			
Pension related items	11,494	-	11,494
Other postemployment benefit related items	<u>7,738</u>	<u>-</u>	<u>7,738</u>
Total deferred inflows of resources	<u>19,232</u>	<u>-</u>	<u>19,232</u>
Net position			
Net investment in capital assets	-	73,044	73,044
Unrestricted	<u>605,896</u>	<u>770,308</u>	<u>1,376,204</u>
Total net position	<u>\$ 605,896</u>	<u>\$ 843,352</u>	<u>\$ 1,449,248</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	Public Works		Totals
	Administration	Facilities	
Operating revenues			
Licenses and permits	\$ 30,288	\$ -	\$ 30,288
Rents	-	19,056	19,056
Total operating revenues	<u>30,288</u>	<u>19,056</u>	<u>49,344</u>
Operating expenses			
Personnel services	476,097	16,408	492,505
Materials and services	269,574	-	269,574
Depreciation	-	1,986	1,986
Total operating expenses	<u>745,671</u>	<u>18,394</u>	<u>764,065</u>
Operating income (loss)	<u>(715,383)</u>	<u>662</u>	<u>(714,721)</u>
Nonoperating revenues (expenses)			
Interest income	18,509	21,915	40,424
Miscellaneous	711	-	711
Total nonoperating revenue (expenses)	<u>19,220</u>	<u>21,915</u>	<u>41,135</u>
Income (loss) before capital contributions and transfers	(696,163)	22,577	(673,586)
Transfers in	<u>725,000</u>	<u>88,800</u>	<u>813,800</u>
Change in net position	28,837	111,377	140,214
Net position - beginning	<u>577,059</u>	<u>731,975</u>	<u>1,309,034</u>
Net position - ending	<u>\$ 605,896</u>	<u>\$ 843,352</u>	<u>\$ 1,449,248</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	Public Works		
	Administration	Facilities	Totals
Cash flows from operating activities			
Receipts from customers	\$ 30,288	\$ 19,056	\$ 49,344
Payments to suppliers	(18,981)	3,212	(15,769)
Payments to employees	(472,358)	(16,408)	(488,766)
Net cash provided by (used in) operating activities	(461,051)	5,860	(455,191)
Cash flows from noncapital financing activities			
Transfers in	725,000	88,800	813,800
Net cash provided by (used in) noncapital financing activities	725,000	88,800	813,800
Cash flows from capital and related financing activities			
Other receipts	711	-	711
Acquisition of capital assets	-	(75,031)	(75,031)
Net cash provided by (used in) capital and related financing activities	711	(75,031)	(74,320)
Cash flows from investing activities			
Interest on investments	18,509	21,915	40,424
Net increase (decrease) in cash and cash equivalents	283,169	41,544	324,713
Cash and cash equivalents - beginning of year	523,952	731,975	1,255,927
Cash and cash equivalents - end of year	\$ 807,121	\$ 773,519	\$ 1,580,640
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (715,383)	\$ 662	\$ (714,721)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
(Increase) decrease in assets and deferred outflows of resources			
Net pension asset	263,688	-	263,688
Net other postemployment benefits asset	8,438	-	8,438
Deferred outflows - pension related items	(132,237)	-	(132,237)
Deferred outflows - other postemployment benefit related items	(15,619)	-	(15,619)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	250,593	3,212	253,805
Compensated absences payable	3,536	-	3,536
Net pension liability	41,132	-	41,132
Net other postemployment benefits liability	11,273	-	11,273
Deferred inflows - pension related items	(173,958)	-	(173,958)
Deferred inflows - other postemployment benefit related items	(2,514)	-	(2,514)
Net cash provided by (used in) operating activities	\$ (461,051)	\$ 5,860	\$ (455,191)

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, 2023

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 9,600	\$ 30,288	\$ 20,688
Interest	1,200	18,509	17,309
Miscellaneous	<u>-</u>	<u>711</u>	<u>711</u>
 Total revenues	 <u>10,800</u>	 <u>49,508</u>	 <u>38,708</u>
Expenditures			
Public works administration	844,000	741,932	102,068
Contingency	<u>233,800</u>	<u>-</u>	<u>233,800</u>
 Total expenditures	 <u>1,077,800</u>	 <u>741,932</u>	 <u>335,868</u>
 Excess (deficiency) of revenues over expenditures	 <u>(1,067,000)</u>	 <u>(692,424)</u>	 <u>374,576</u>
Other financing sources (uses)			
Transfers in	<u>725,000</u>	<u>725,000</u>	<u>-</u>
 Total other financing sources (uses)	 <u>725,000</u>	 <u>725,000</u>	 <u>-</u>
 Net change in fund balance	 (342,000)	 32,576	 374,576
 Fund balance at beginning of year	 <u>342,000</u>	 <u>489,365</u>	 <u>147,365</u>
 Fund balance at end of year	 <u>\$ -</u>	 521,941	 <u>\$ 521,941</u>
Reconciliation to generally accepted accounting principles			
Net other postemployment benefit asset		4,702	
Deferred outflows of resources		198,157	
Compensated absences payable		(18,402)	
Net pension liability		(41,132)	
Net other postemployment benefit liability		(40,138)	
Deferred inflows of resources		<u>(19,232)</u>	
 Net position - ending		 <u>\$ 605,896</u>	

CITY OF STAYTON
FACILITIES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Rents	\$ 42,000	\$ 19,056	\$ (22,944)
Interest	3,000	21,915	18,915
Total revenues	<u>45,000</u>	<u>40,971</u>	<u>(4,029)</u>
Expenditures			
Facilities	151,500	91,438	60,062
Contingency	664,700	-	664,700
Total expenditures	<u>816,200</u>	<u>91,438</u>	<u>724,762</u>
Excess (deficiency) of revenues over expenditures	<u>(771,200)</u>	<u>(50,467)</u>	<u>720,733</u>
Other financing sources (uses)			
Transfers in	88,800	88,800	-
Total other financing sources (uses)	<u>88,800</u>	<u>88,800</u>	<u>-</u>
Net change in fund balance	(682,400)	38,333	720,733
Fund balance at beginning of year	<u>682,400</u>	<u>731,975</u>	<u>49,575</u>
Fund balance at end of year	<u>\$ -</u>	770,308	<u>\$ 770,308</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net		<u>73,044</u>	
Net position - ending		<u>\$ 843,352</u>	

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
June 30, 2023

	Retirement Plan for Employees of the City of Stayton	Retirement Health Insurance Account	Totals
Assets			
Cash and cash equivalents	\$ 349,896	\$ 10,727	\$ 360,623
Receivables	32,965	891	33,856
Investments, at fair value			
Mutual funds	9,664,637	296,300	9,960,937
Total assets	10,047,498	307,918	10,355,416
Net position			
Net position held in trust for:			
Pension benefits	10,047,498	-	10,047,498
Other postemployment benefits	-	307,918	307,918
Total net position	\$ 10,047,498	\$ 307,918	\$ 10,355,416

CITY OF STAYTON
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
Year Ended June 30, 2023

	Retirement Plan for Employees of the City of Stayton	Retirement Health Insurance Account	Totals
Additions			
Contributions	\$ 382,559	\$ 10,188	\$ 392,747
Investment earnings	901,848	27,449	929,297
Total additions	<u>1,284,407</u>	<u>37,637</u>	<u>1,322,044</u>
Deductions			
Benefits	<u>396,326</u>	<u>6,600</u>	<u>402,926</u>
Total deductions	<u>396,326</u>	<u>6,600</u>	<u>402,926</u>
Change in net position	888,081	31,037	919,118
Net position - beginning of year	<u>9,159,417</u>	<u>276,881</u>	<u>9,436,298</u>
Net position - end of year	<u>\$ 10,047,498</u>	<u>\$ 307,918</u>	<u>\$ 10,355,416</u>

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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, Oregon (the "City") as of and for the year ended June 30, 2023, and have issued our report thereon dated June 7, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States.

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 162-010-000 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)

- 1) The City's financial summary, LB-1, for the 2023-24 adopted budget should agree with amounts on the detail budget sheets per ORS 294.438. Actual numbers for the approved amounts for 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>
2023-24 Requirements	\$ 35,915,198	\$ 36,130,898	\$ 215,700
2023-24 Resources	35,915,198	36,130,898	215,700

- 2) The City's transfers per the adopted budget detail sheet for the General fund (\$795,100) do not agree with transfers for the General fund per the budget resolution (\$995,100) per ORS.294.398.
- 3) The City's 2023-24 budget document did not include a column for 2023-24 proposed and approved budgets as prescribed by the Oregon Department of Revenue under ORS 294.495, which authorized the Department to make rules and prescribe budget forms.

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

June 7, 2024

By:



Bradley G. Bingenheimer, Partner

**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**

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stayton, Oregon (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 7, 2024.

Report on 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. 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 or significant deficiencies may exist that were not identified.

To the Honorable 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*

Report on Compliance and Other Matters

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

The image shows a handwritten signature in cursive script that reads "Singer Lewak LLP". The signature is written in black ink and is positioned above the date.

June 7, 2024