



CITY OF STAYTON
FINANCIAL REPORT
June 30, 2022

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CITY OF STAYTON
OFFICERS AND MEMBERS OF THE GOVERNING BODY
Year Ended June 30, 2022

MAYOR

Henry Porter

CITY COUNCIL*

Paige Hook

Ben McDonald

Jordan Ohrt

David Patty

Brian Quigley

*The Mayor and Councilors receive mail at the City address

CITY MANAGER

Julia Hajduk

CITY ADDRESS

362 N. Third Avenue
Stayton, Oregon 97383

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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, 2022, 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, 2022, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the beginning net position of governmental activities and business-type activities, have been adjusted to reflect corrections in capital assets. In addition, as discussed in Note 2 to the financial statements, the City implemented GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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.

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

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.

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
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 April 25, 2023, 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 April 25, 2023, 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.

SingerLewak LLP

SingerLewak LLP

April 25, 2023

By:



Bradley G. Bingenheimer, Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Stayton

Administration • Finance

362 N. Third Avenue • Stayton, OR 97383
Phone: (503) 769-3425 • Fax (503) 769-1456

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, 2022.

Financial Highlights

- The City’s net position increased by \$3.8 million (7.9%) during the current fiscal year.
- The City’s increase in revenues is primarily related to one-time grant funding and SDC fees collected.
- The City reduced expenses with unfilled staff positions and continued delays of maintenance and capital projects.

Overview of the Financial Statements

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

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

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

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

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

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

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

POOL
333 E. BURNETT STREET
STAYTON, OR 97383
(503) 767-7665

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

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

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



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

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

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

The City of Stayton maintains eight (8) governmental funds. Two (2) of the funds are the pension stabilization and parks funds, which are consolidated with the general fund for financial statement 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 four (4) (non-major) funds are combined into a single aggregate presentation. Individual fund information for each of the remaining funds is provided in the form of combining schedules in the supplemental information.

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

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.

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

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

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333 E. BURNETT STREET
STAYTON, OR 97383
(503) 767-7665

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362 N. THIRD AVENUE
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(503) 769-2919
FAX (503) 767-2134

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

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515 N. FIRST AVENUE
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(503) 769-3313
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362 N. Third Avenue • Stayton, OR 97383
 Phone: (503) 769-3425 • Fax (503) 769-1456

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

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

Government-wide Financial Analysis

Table 1 - Net Position as of June 30
 (amounts in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	Restated	Restated	Restated	Restated	Restated	Restated
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 9,709	\$ 6,786	\$ 9,826	\$ 8,274	\$ 19,535	\$ 15,060
Capital assets	9,043	8,852	40,733	40,415	49,776	49,267
Total assets	18,752	15,638	50,559	48,689	69,311	64,327
Deferred outflows of resources	1,013	1,274	188	286	1,201	1,560
Liabilities						
Long-term liabilities	1,200	2,404	13,554	14,398	14,754	16,802
Other liabilities	518	124	602	529	1,120	653
Total liabilities	1,718	2,528	14,156	14,927	15,874	17,455
Deferred inflows of resources	2,631	667	529	70	3,160	737
Net position:						
Net investment in capital assets	9,043	8,853	27,323	26,164	36,366	35,017
Restricted for:						
Highways and streets	1,649	1,557	-	-	1,649	1,557
Swimming pool	170	318	-	-	170	318
Capital projects	1,195	1,072	1,081	1,161	2,276	2,233
Debt service	-	-	945	945	945	945
Other purposes	19	19	-	-	19	19
Unrestricted	3,340	1,898	6,713	5,708	10,053	7,606
Total net position	\$ 15,416	\$ 13,717	\$ 36,062	\$ 33,978	\$ 51,478	\$ 47,695

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

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

POOL
 333 E. BURNETT STREET
 STAYTON, OR 97383
 (503) 767-7665

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

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 950 JETTERS WAY
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 (503) 769-2810
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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 \$51.5 million as of June 30, 2022, an increase of \$3.8 million (7.9%) from June 30, 2021.

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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for Services	\$ 386	\$ 385	\$ 5,404	\$ 5,125	\$ 5,790	\$ 5,510
Grants /Contributions	916	1,455	1,020	335	1,936	1,790
General revenue						
Property taxes	2,889	2,586	-	-	2,889	2,586
Other general revenues	1,583	1,651	82	69	1,665	1,720
Total revenues	5,774	6,077	6,506	5,529	12,280	11,606
Expenses						
Governmental activities						
General government	883	1,318	-	-	883	1,318
Public safety	2,299	2,403	-	-	2,299	2,403
Highways and streets	510	948	-	-	510	948
Culture and recreation	1,065	970	-	-	1,065	970
Business-type activities						
Water	-	-	1,171	1,288	1,171	1,288
Wastewater	-	-	2,288	2,210	2,288	2,210
Stormwater	-	-	281	167	281	167
Total expenses	4,757	5,639	3,740	3,665	8,497	9,304
Change in net position before transfers	1,017	438	2,766	1,864	3,783	2,302
Transfers	682	711	(682)	(711)	-	-
Change in net position	1,699	1,149	2,084	1,153	3,783	2,302
Net position - beginning	13,717	13,138	33,978	12,835	47,695	25,973
Prior period adjustment	-	(570)	-	19,990	-	19,420
Net position - ending	\$ 15,416	\$ 13,117	\$ 36,062	\$ 33,978	\$ 51,478	\$ 47,695

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

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

Governmental activities. Governmental activities increased the net position by \$1.7 million (12.4%). There were no substantial changes in governmental revenue except for one-time grant funding. The governmental expenditures were offset by the transfers in from business type activities. There was a decrease in expenditures by 16% as a result of administrative and street fund savings due to being short-staffed with fewer maintenance and capital projects 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 unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the 2022 fiscal year, the City of Stayton’s governmental funds reported combined ending fund balances of \$6.6 million, an increase of \$0.7 million from the previous year-end, primarily due related to costs savings due to being short-staffed and continued delays to maintenance and capital projects.

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, 2022, the unrestricted net position of the propriety funds are as follows (in thousands):

- Water Fund \$ 1,062
- Wastewater Fund \$ 4,850
- Stormwater Fund \$ 306

The change in net position was \$1.9 million, which is higher than the prior year primarily due to the Water Fund’s receipt of ARPA grant funds used for a sand bed filter project.

General Fund Budgetary Highlights

General Fund revenue of \$3.8 million was slightly less than budgeted revenue of \$3.92 million primarily due to a delay in receipt (and related use) of a \$500,000 HUD grant, offset by additional ARPA grant funds and higher than expected State Revenue Sharing.

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

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

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333 E. BURNETT STREET
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(503) 769-2919
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(503) 769-2810
FAX (503) 769-7413

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(503) 769-3313
FAX (503) 769-3218



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Expenditures for the General Fund were underspent, net of contingency by \$0.9 million when compared to the budget. A substantial portion of this is delayed capital spending, including \$500,000 in projects funded by a HUD grant.

Capital Asset and Debt Administration

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

The City of Stayton’s net investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$36.4 million (net of accumulated depreciation). During fiscal year 2022 the City acquired \$0.3 million of governmental assets, net of disposals and adjustments, while incurring \$0.1 million in depreciation, net of disposals and adjustments. Major acquisitions included a Police patrol vehicle, parks mower, building improvements, and improvements made to Jefferson Street.

The City acquired \$1.2 million of business-type assets, net of disposals and adjustments, while incurring \$0.9 million in depreciation expense, net of disposals and adjustments. Major projects included sand filter beds and completion of a secondary water source.

The following table summarizes the City of Stayton’s capital assets as of June 30, 2022, and 2021:

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

	Governmental		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,795	\$ 1,795	\$ 1,933	\$ 1,946	\$ 3,728	\$ 3,741
Construction in progress	198	120	195	35	393	155
Infrastructure	2,944	2,785	37,292	37,014	40,236	39,799
Buildings and improvements	3,710	3,707	1,009	1,059	4,719	4,766
Equipment and vehicles	396	445	304	361	700	806
Capital assets, net of depreciation	<u>\$ 9,043</u>	<u>\$ 8,852</u>	<u>\$ 40,733</u>	<u>\$ 40,415</u>	<u>\$ 49,776</u>	<u>\$ 49,267</u>

Additional information on the City of Stayton’s capital assets can be found in note 6.

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

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

POOL
 333 E. BURNETT STREET
 STAYTON, OR 97383
 (503) 767-7665

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

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

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



City of Stayton

Administration • Finance

362 N. Third Avenue • Stayton, OR 97383
Phone: (503) 769-3425 • Fax (503) 769-1456

Long-term debt

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

	Business-type Activities	
	2022	2021
Bonds payable	\$ 12,926	\$ 13,705

Current year principal payments were \$0.8 million. Additional information on the City of Stayton’s long-term debt can be found in note 11.

Economic Factors and Next Year’s Budgets and Rates

In preparing the budget for fiscal year 2022-23, the City made 8.7% CPI adjustments as per our fiscal policy. This includes the City’s utility bill which includes water, wastewater, stormwater, and streets. City Council approved an overall increase of 5% to the water portion of the utility bill.

As we move away from the pandemic, we are seeing slower economic movement. Revenues are increasing at a slow rate. However, the American Rescue Plan Act (ARPA) funding and City staff’s dedication through the pandemic to not fill positions and delay projects has led to a larger beginning fund balance. As life and business have begun to return to more of a normal pace, the City has moved forward with filling vacant positions and working on delayed projects.

The passage of the local option levies for Recreation and the Library in 2021, have led to lower transfers from the general fund. These levy funds allow us to meet the needs of our community at the Library, Parks, and Pool. The Library has been able to add programing and materials; the parks are receiving much needed repairs; and the Pool is able to open its doors.

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

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

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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, 2022

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ 7,416,118	\$ 8,225,262	\$ 15,641,380
Internal balances	175,090	(175,090)	-
Receivables, net	500,680	454,803	955,483
Inventory	27,961	578,877	606,838
Net pension asset	928,710	705,889	1,634,599
Net other postemployment benefit asset	59,684	36,357	96,041
Lease receivable	600,958	-	600,958
Capital assets:			
Capital assets, nondepreciable	1,993,362	2,128,284	4,121,646
Capital assets, net of accumulated depreciation	<u>7,049,515</u>	<u>38,604,716</u>	<u>45,654,231</u>
Total assets	<u>18,752,078</u>	<u>50,559,098</u>	<u>69,311,176</u>
Deferred outflows of resources			
Refunded debt charges	-	34,643	34,643
Pension related items	945,034	132,019	1,077,053
Other postemployment benefit related items	<u>67,607</u>	<u>20,739</u>	<u>88,346</u>
Total deferred outflows of resources	<u>1,012,641</u>	<u>187,401</u>	<u>1,200,042</u>
Liabilities			
Accounts payable and accrued liabilities	391,243	194,024	585,267
Accrued interest payable	-	185,944	185,944
Unearned revenue	106,813	108,928	215,741
Deposits	19,813	112,773	132,586
Long-term liabilities:			
Due within one year	154,107	926,041	1,080,148
Due in more than one year	<u>1,045,937</u>	<u>12,627,840</u>	<u>13,673,777</u>
Total liabilities	<u>1,717,913</u>	<u>14,155,550</u>	<u>15,873,463</u>
Deferred inflows of resources			
Leases	600,958	-	600,958
Pension related items	1,978,158	499,478	2,477,636
Other postemployment benefit related items	<u>52,326</u>	<u>29,373</u>	<u>81,699</u>
Total deferred inflows of resources	<u>2,631,442</u>	<u>528,851</u>	<u>3,160,293</u>
Net position			
Net investment in capital assets	9,042,877	27,323,081	36,365,958
Restricted for:			
Highways and streets	1,648,765	-	1,648,765
Swimming pool	170,327	-	170,327
Capital projects	1,194,647	1,080,829	2,275,476
Debt service	-	944,848	944,848
Other purposes	19,150	-	19,150
Unrestricted	<u>3,339,598</u>	<u>6,713,340</u>	<u>10,052,938</u>
Total net position	<u>\$ 15,415,364</u>	<u>\$ 36,062,098</u>	<u>\$ 51,477,462</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

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	\$ 882,816	\$ 49,001	\$ 120,540	\$ 58	\$ (713,217)	\$ -	\$ (713,217)
Public safety	2,298,345	77,366	8,993	-	(2,211,986)	-	(2,211,986)
Highways and streets	510,122	92,422	649,490	52,249	284,039	-	284,039
Culture and recreation	1,065,109	166,670	14,672	69,637	(814,130)	-	(814,130)
Total governmental activities	4,756,392	385,459	793,695	121,944	(3,455,294)	-	(3,455,294)
Business-type activities:							
Water	1,171,207	1,711,658	703,237	204,612	-	1,448,300	1,448,300
Wastewater	2,287,554	3,366,935	-	46,087	-	1,125,468	1,125,468
Stormwater	280,779	325,019	-	66,556	-	110,796	110,796
Total business-type activities	3,739,540	5,403,612	703,237	317,255	-	2,684,564	2,684,564
Totals	\$ 8,495,932	\$ 5,789,071	\$ 1,496,932	\$ 439,199	(3,455,294)	2,684,564	(770,730)
General revenues:							
Taxes levied for:							
General purposes					2,282,881	-	2,282,881
Specific purposes					605,806	-	605,806
Franchise fees					755,059	-	755,059
Fuel taxes					197,956	-	197,956
Grants and contributions not restricted to specific programs					324,047	-	324,047
Rents					77,812	5,041	82,853
Unrestricted investment earnings					46,260	45,265	91,525
Miscellaneous					182,176	31,496	213,672
Transfers					682,305	(682,305)	-
Total general revenues and transfers					5,154,302	(600,503)	4,553,799
Change in net position					1,699,008	2,084,061	3,783,069
Net position - beginning					14,287,215	13,988,131	28,275,346
Prior period adjustment					(570,859)	19,989,906	19,419,047
Net position - beginning, as restated					13,716,356	33,978,037	47,694,393
Net position - ending					\$ 15,415,364	\$ 36,062,098	\$ 51,477,462

See notes to financial statements

CITY OF STAYTON

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	<u>General</u>	<u>Street</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 3,117,878	\$ 1,828,070	\$ 1,738,195	\$ 6,684,143
Receivables	399,064	84,968	16,648	500,680
Due from other funds	92,600	-	-	92,600
Total assets	<u>\$ 3,609,542</u>	<u>\$ 1,913,038</u>	<u>\$ 1,754,843</u>	<u>\$ 7,277,423</u>
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 107,368	\$ 264,273	\$ 19,602	\$ 391,243
Unearned revenue	100,000	-	6,813	106,813
Consumer deposits	19,813	-	-	19,813
Total liabilities	<u>227,181</u>	<u>264,273</u>	<u>26,415</u>	<u>517,869</u>
Deferred inflows of resources				
Unavailable revenue	150,766	-	11,000	161,766
Total deferred inflows of resources	<u>150,766</u>	<u>-</u>	<u>11,000</u>	<u>161,766</u>
Fund balances				
Restricted for:				
Highways and streets	-	1,648,765	-	1,648,765
Swimming pool	-	-	166,182	166,182
Capital projects	-	-	1,194,647	1,194,647
Other purposes	19,150	-	-	19,150
Committed for library programs	-	-	356,599	356,599
Assigned for:				
Pensions	277,300	-	-	277,300
Parks	204,781	-	-	204,781
Unassigned	2,730,364	-	-	2,730,364
Total fund balances	<u>3,231,595</u>	<u>1,648,765</u>	<u>1,717,428</u>	<u>6,597,788</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,609,542</u>	<u>\$ 1,913,038</u>	<u>\$ 1,754,843</u>	<u>\$ 7,277,423</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, 2022

Fund balances - total governmental funds	\$	6,597,788
<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		27,961
The statement of net position reports a net benefit asset for its participation in the retirement plan and other postemployment benefit plan for employees of City of Stayton		928,710
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		59,684
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds		161,766
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		9,042,877
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		945,034
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		67,607
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		(1,978,158)
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		(52,326)
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		814,465
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>(1,200,044)</u>
Net position of governmental activities	\$	<u>15,415,364</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General	Street	Total Nonmajor Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 2,440,628	\$ -	\$ 440,031	\$ 2,880,659
Franchise fees	735,059	-	-	735,059
Licenses, permits and fees	49,451	-	954	50,405
Fines and forfeitures	70,499	-	5,060	75,559
Charges for services	2,378	92,422	160,656	255,456
System development charges	-	-	121,153	121,153
Intergovernmental	434,553	649,490	21,698	1,105,741
Rent	35,381	-	-	35,381
Fuel taxes	-	197,956	-	197,956
Interest	19,401	9,190	9,327	37,918
Miscellaneous	141,936	-	29,680	171,616
Total revenues	<u>3,929,286</u>	<u>949,058</u>	<u>788,559</u>	<u>5,666,903</u>
Expenditures				
Current				
General government	1,199,893	-	-	1,199,893
Public safety	2,193,038	-	-	2,193,038
Highways and streets	86,442	188,107	-	274,549
Culture and recreation	236,068	-	631,488	867,556
Capital outlay	139,633	342,664	230,841	713,138
Total expenditures	<u>3,855,074</u>	<u>530,771</u>	<u>862,329</u>	<u>5,248,174</u>
Excess (deficiency) of revenues over expenditures	<u>74,212</u>	<u>418,287</u>	<u>(73,770)</u>	<u>418,729</u>
Other financing sources (uses)				
Transfers in	1,156,100	5,466	115,000	1,276,566
Transfers out	(496,800)	(331,900)	(95,466)	(924,166)
Total other financing sources (uses)	<u>659,300</u>	<u>(326,434)</u>	<u>19,534</u>	<u>352,400</u>
Net change in fund balances	733,512	91,853	(54,236)	771,129
Fund balances at beginning of year	<u>2,498,083</u>	<u>1,556,912</u>	<u>1,771,664</u>	<u>5,826,659</u>
Fund balances at end of year	<u>\$ 3,231,595</u>	<u>\$ 1,648,765</u>	<u>\$ 1,717,428</u>	<u>\$ 6,597,788</u>

See notes to financial statements

CITY OF STAYTON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$	771,129
<i>Amounts reported for governmental activities in the Statement of Activities are different because of the following</i>		
Governmental funds report the acquisition of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:		
Acquisition of capital asset		641,110
Depreciation		(376,305)
		264,805
The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position		(73,766)
Governmental funds report the acquisition of inventory supplies as expenditures while governmental activities report them as inventory on the Statement of Net Position		2,767
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		491,193
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		(1,913)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		47,643
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		143,140
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		54,010
		54,010
Change in net position of governmental activities		<u>\$ 1,699,008</u>

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, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 2,150,000	\$ 2,150,000	\$ 2,274,059	\$ 124,059
Franchise fees	704,000	704,000	735,059	31,059
Licenses, permits and fees	40,500	40,500	49,451	8,951
Fines and forfeitures	89,500	89,500	70,499	(19,001)
Charges for services	17,000	17,000	2,378	(14,622)
Intergovernmental	241,900	262,600	434,553	171,953
Rents	19,600	19,600	35,381	15,781
Interest	16,000	16,000	17,427	1,427
Miscellaneous	627,000	627,000	160,335	(466,665)
Total revenues	<u>3,905,500</u>	<u>3,926,200</u>	<u>3,779,142</u>	<u>(147,058)</u>
Expenditures				
Police	2,252,800	2,347,800	2,163,306	184,494
Planning	214,400	214,400	177,636	36,764
Community center	31,000	36,000	36,097	(97)
Municipal court	112,000	112,000	104,159	7,841
City council and administration	1,091,400	1,162,400	1,017,957	144,443
Non-departmental	500,000	500,000	4,300	495,700
Street lights	114,000	114,000	86,442	27,558
Contingency	855,450	814,950	-	814,950
Total expenditures	<u>5,171,050</u>	<u>5,301,550</u>	<u>3,589,897</u>	<u>1,711,653</u>
Excess (deficiency) of revenues over expenditures	<u>(1,265,550)</u>	<u>(1,375,350)</u>	<u>189,245</u>	<u>1,564,595</u>
Other financing sources (uses)				
Transfers in	871,200	905,900	905,700	(200)
Transfers out	(528,800)	(453,700)	(453,700)	-
Total other financing sources (uses)	<u>342,400</u>	<u>452,200</u>	<u>452,000</u>	<u>(200)</u>
Net change in fund balance	(923,150)	(923,150)	641,245	1,564,395
Fund balance at beginning of year	<u>1,689,000</u>	<u>1,689,000</u>	<u>2,015,669</u>	<u>326,669</u>
Fund balance at end of year	<u>\$ 765,850</u>	<u>\$ 765,850</u>	2,656,914	<u>\$ 1,891,064</u>
Reconciliation to generally accepted accounting principles				
Due from other funds			<u>92,600</u>	
Fund balance at end of year			<u>\$ 2,749,514</u>	

See notes to financial statements

CITY OF STAYTON
STREET FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 90,200	\$ 90,200	\$ 92,422	\$ 2,222
Intergovernmental	644,900	644,900	649,490	4,590
Fuel taxes	175,700	175,700	197,956	22,256
Interest	10,700	10,700	9,190	(1,510)
Total revenues	<u>921,500</u>	<u>921,500</u>	<u>949,058</u>	<u>27,558</u>
Expenditures				
Street	809,800	809,800	530,771	279,029
Contingency	<u>1,178,100</u>	<u>1,178,000</u>	-	<u>1,178,000</u>
Total expenditures	<u>1,987,900</u>	<u>1,987,800</u>	<u>530,771</u>	<u>1,457,029</u>
Excess (deficiency) of revenues over expenditures	<u>(1,066,400)</u>	<u>(1,066,300)</u>	<u>418,287</u>	<u>1,484,587</u>
Other financing sources (uses)				
Transfers in	150,000	150,000	5,466	(144,534)
Transfers out	<u>(331,800)</u>	<u>(331,900)</u>	<u>(331,900)</u>	<u>-</u>
Total other financing sources (uses)	<u>(181,800)</u>	<u>(181,900)</u>	<u>(326,434)</u>	<u>(144,534)</u>
Net change in fund balance	(1,248,200)	(1,248,200)	91,853	1,340,053
Fund balance at beginning of year	<u>1,248,200</u>	<u>1,248,200</u>	<u>1,556,912</u>	<u>308,712</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,648,765</u>	<u>\$ 1,648,765</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
Assets					
Current assets					
Cash and cash equivalents	\$ 1,405,845	\$ 5,574,654	\$ 720,811	\$ 7,701,310	\$ 1,255,927
Receivables, net	134,784	291,258	28,761	454,803	-
Inventory	120,652	458,225	-	578,877	-
Total current assets	<u>1,661,281</u>	<u>6,324,137</u>	<u>749,572</u>	<u>8,734,990</u>	<u>1,255,927</u>
Lease receivable	-	-	-	-	600,958
Net pension asset	158,182	257,640	26,379	442,201	263,688
Net other postemployment benefits asset	8,495	13,487	1,235	23,217	13,140
Capital assets					
Capital assets, nondepreciable	31,825	410,747	1,685,712	2,128,284	-
Capital assets, net of accumulated depreciation	<u>12,824,029</u>	<u>20,658,622</u>	<u>5,122,065</u>	<u>38,604,716</u>	<u>-</u>
Total capital assets	<u>12,855,854</u>	<u>21,069,369</u>	<u>6,807,777</u>	<u>40,733,000</u>	<u>-</u>
Total assets	<u>14,683,812</u>	<u>27,664,633</u>	<u>7,584,963</u>	<u>49,933,408</u>	<u>2,133,713</u>
Deferred outflows of resources					
Refunded debt charges	34,643	-	-	34,643	-
Pension related items	40,422	44,433	3,401	88,256	43,763
Other postemployment benefit related items	5,648	8,040	513	14,201	6,538
Total deferred outflows of resources	<u>80,713</u>	<u>52,473</u>	<u>3,914</u>	<u>137,100</u>	<u>50,301</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	52,712	54,999	51,726	159,437	34,587
Accrued interest payable	8,571	169,731	7,642	185,944	-
Unearned revenue	108,928	-	-	108,928	-
Consumer deposits	56,697	56,076	-	112,773	-
Due to other funds	-	-	92,600	92,600	-
Compensated absences	14,891	22,107	4,470	41,468	14,866
Bonds payable	266,414	575,016	28,277	869,707	-
Total current liabilities	<u>508,213</u>	<u>877,929</u>	<u>184,715</u>	<u>1,570,857</u>	<u>49,453</u>
Noncurrent liabilities					
Bonds payable	2,776,314	9,147,672	616,226	12,540,212	-
Net other postemployment benefits liability	22,785	33,630	2,348	56,415	-
Total noncurrent liabilities	<u>2,799,099</u>	<u>9,181,302</u>	<u>618,574</u>	<u>11,980,401</u>	<u>28,865</u>
Total liabilities	<u>3,307,312</u>	<u>10,059,231</u>	<u>803,289</u>	<u>26,147,885</u>	<u>78,318</u>
Deferred inflows of resources					
Leases	-	-	-	-	600,958
Pension related items	116,603	180,074	17,349	314,026	185,452
Other postemployment benefit related items	7,138	11,107	876	19,121	10,252
Total deferred inflows of resources	<u>123,741</u>	<u>191,181</u>	<u>18,225</u>	<u>333,147</u>	<u>796,662</u>
Net position					
Net investment in capital assets	9,813,126	11,346,681	6,163,274	27,323,081	-
Restricted for:					
Capital projects	458,253	324,685	297,891	1,080,829	-
Debt service	-	944,848	-	944,848	-
Unrestricted	<u>1,062,093</u>	<u>4,850,480</u>	<u>306,198</u>	<u>6,218,771</u>	<u>1,309,034</u>
Total net position	<u>\$ 11,333,472</u>	<u>\$ 17,466,694</u>	<u>\$ 6,767,363</u>	\$ 35,567,529	<u>\$ 1,309,034</u>
Adjustment to reflect internal service fund balances related to business-type activities				<u>494,569</u>	
Net position of the business-type activities				<u>\$ 36,062,098</u>	

See notes to financial statements

CITY OF STAYTON
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Enterprise Funds			Totals Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
Operating revenues					
Charges for services	\$ 1,711,658	\$ 3,366,935	\$ 325,019	\$ 5,403,612	\$ 14,925
Rents	-	-	-	-	47,472
Total operating revenues	<u>1,711,658</u>	<u>3,366,935</u>	<u>325,019</u>	<u>5,403,612</u>	<u>62,397</u>
Operating expenses					
Personnel services	199,715	338,555	32,941	571,211	349,789
Materials and services	376,118	939,356	67,589	1,383,063	226,356
Depreciation	317,549	576,481	119,182	1,013,212	-
Total operating expenses	<u>893,382</u>	<u>1,854,392</u>	<u>219,712</u>	<u>2,967,486</u>	<u>576,145</u>
Operating income (loss)	<u>818,276</u>	<u>1,512,543</u>	<u>105,307</u>	<u>2,436,126</u>	<u>(513,748)</u>
Nonoperating revenues (expenses)					
Grants	856,399	-	-	856,399	-
Interest income	9,812	29,750	3,780	43,342	10,265
Miscellaneous	10,783	7,073	-	17,856	5,700
Loss on disposal of capital assets	(67,417)	(20,250)	-	(87,667)	-
Interest expense	(76,473)	(257,385)	(19,698)	(353,556)	-
Total nonoperating revenue (expenses)	<u>733,104</u>	<u>(240,812)</u>	<u>(15,918)</u>	<u>476,374</u>	<u>15,965</u>
Income (loss) before capital contributions and transfers	1,551,380	1,271,731	89,389	2,912,500	(497,783)
Capital contributions	50,830	45,362	66,357	162,549	2,335
Transfers in	-	-	-	-	806,700
Transfers out	(469,700)	(593,400)	(96,000)	(1,159,100)	-
Change in net position	1,132,510	723,693	59,746	1,915,949	311,252
Net position - beginning	4,538,194	6,742,537	2,380,943	13,661,674	997,782
Prior period adjustment	5,662,768	10,000,464	4,326,674	19,989,906	-
Net position - beginning, restated	<u>10,200,962</u>	<u>16,743,001</u>	<u>6,707,617</u>	<u>33,651,580</u>	<u>997,782</u>
Net position - ending	<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>

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

Change in net position: \$ 1,915,949

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds 168,112

Change in net position of the business-type activities **\$ 2,084,061**

See notes to financial statements

CITY OF STAYTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Stormwater		
Cash flows from operating activities					
Receipts from customers	\$ 1,731,297	\$ 3,348,544	\$ 324,009	\$ 5,403,850	\$ 14,925
Receipts from other funds	-	-	-	-	47,472
Payments to suppliers	(418,457)	(894,656)	(15,868)	(1,328,981)	(331,057)
Payments to employees	(244,218)	(397,769)	(40,726)	(682,713)	(421,842)
Net cash provided by (used in) operating activities	<u>1,068,622</u>	<u>2,056,119</u>	<u>267,415</u>	<u>3,392,156</u>	<u>(690,502)</u>
Cash flows from noncapital financing activities					
Payments on interfund loan	-	-	(23,000)	(23,000)	-
Grants	-	-	-	-	-
Transfers in	-	-	-	-	806,700
Transfers out	(469,700)	(593,400)	(96,000)	(1,159,100)	-
Net cash provided by (used in) noncapital financing activities	<u>(469,700)</u>	<u>(593,400)</u>	<u>(119,000)</u>	<u>(1,182,100)</u>	<u>806,700</u>
Cash flows from capital and related financing activities					
System development charges received	36,268	45,362	66,357	147,987	2,335
Other	10,783	7,073	-	17,856	5,700
Grants	965,327	-	-	965,327	-
Acquisition of capital assets	(1,208,993)	(160,080)	(49,752)	(1,418,825)	-
Principal paid on long-term obligations	(220,000)	(530,633)	(27,653)	(778,286)	-
Interest paid on long-term obligations	(109,600)	(287,962)	(20,210)	(417,772)	-
Net cash provided by (used in) capital and related financing activities	<u>(526,215)</u>	<u>(926,240)</u>	<u>(31,258)</u>	<u>(1,483,713)</u>	<u>8,035</u>
Cash flows from investing activities					
Interest on investments	9,812	29,750	3,780	43,342	10,265
Net cash provided by (used in) investing activities	<u>9,812</u>	<u>29,750</u>	<u>3,780</u>	<u>43,342</u>	<u>10,265</u>
Net increase (decrease) in cash and cash equivalents	82,519	566,229	120,937	769,685	134,498
Cash and cash equivalents - beginning of year	<u>1,323,326</u>	<u>5,008,425</u>	<u>599,874</u>	<u>6,931,625</u>	<u>1,121,429</u>
Cash and cash equivalents - end of year	<u>1,405,845</u>	<u>\$ 5,574,654</u>	<u>\$ 720,811</u>	<u>\$ 7,701,310</u>	<u>\$ 1,255,927</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 818,276	\$ 1,512,543	\$ 105,307	\$ 2,436,126	\$ (513,748)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	317,549	576,481	119,182	1,013,212	-
(Increase) decrease in assets and deferred outflows					
Receivables, net	14,554	(23,423)	(1,010)	(9,879)	-
Inventories	(48,294)	37,553	-	(10,741)	-
Net pension asset	(158,182)	(257,640)	(26,379)	(442,201)	(263,688)
Net other postemployment benefits asset	(6,189)	(10,081)	(1,032)	(17,302)	(10,317)
Deferred outflows - pension related items	19,742	32,155	3,292	55,189	32,910
Deferred outflows - other postemployment benefit related items	1,419	2,310	236	3,965	2,365
Increase (decrease) in liabilities and deferred inflows					
Accounts payable and accrued liabilities	5,955	7,147	51,721	64,823	(104,701)
Consumer deposits	5,085	5,032	-	10,117	-
Compensated absences payable	(4,296)	6,091	(1,086)	709	(5,308)
Net pension liability	(924)	(1,320)	(147)	(2,391)	(1,261)
Net other postemployment benefits liability	1,003	1,634	167	2,804	1,673
Deferred inflows - pension related items	99,356	161,827	16,569	277,752	165,626
Deferred inflows - other postemployment benefit related items	3,568	5,810	595	9,973	5,947
Net cash provided by (used in) operating activities	<u>\$ 1,068,622</u>	<u>\$ 2,056,119</u>	<u>\$ 267,415</u>	<u>\$ 3,392,156</u>	<u>\$ (690,502)</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	<u>Pension Trusts</u>
Assets	
Cash and cash equivalents	\$ 279,951
Receivables	28,677
Investments, at fair value	
Mutual funds	<u>9,127,670</u>
 Total assets	 <u>9,436,298</u>
 Net position	
Net position held in trust for:	
Pension benefits	9,159,417
Other postemployment benefits	<u>276,881</u>
 Total net position	 <u>\$ 9,436,298</u>

See notes to financial statements

CITY OF STAYTON
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2022

	Pension Trusts
Additions	
Contributions	\$ 342,293
Total additions	342,293
Deductions	
Investment losses	1,422,675
Benefits	397,518
Total deductions	1,820,193
Change in net position	(1,477,900)
Net position - beginning of year	10,914,198
Net position - end of year	\$ 9,436,298

See notes to financial statements

NOTE 1 – FINANCIAL REPORTING ENTITY

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

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

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

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

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.

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.

New accounting standard implemented

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The statement establishes accounting and financial reporting standards for leases by lessees and lessors. The statement requires lessees to report a “right to use” asset and a lease liability and requires lessors to report a lease receivable and a deferred inflow, for leases with a term of more than one year. The City implemented the provisions of GASB 87 as of July 1, 2021, which required lease receivables and equal amounts of deferred inflows to be recorded without impact to net position or fund balances.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position

Government-wide and proprietary fund financial statements

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

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

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

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

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

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance

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.

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

The beginning capital assets and net position of governmental activities has been reduced by \$570,859, and the beginning capital assets and net position of business-type activities has been increased by \$19,989,906 to correct errors in capital assets. The estimated effects on the changes in net position for the year ended June 30, 2021, are \$48,880 and \$(42,575) for the governmental activities and business-type activities, respectively.

The beginning net position of the Water, Wastewater and Stormwater funds has been increased by \$5,662,768, \$10,000,464 and \$4,326,674 respectively, to correct errors in capital assets. The estimated effects on the changes in net position for the year ended June 30, 2021, are \$56,695, \$(1,275), and \$(97,995) for the Water, Wastewater and Stormwater funds, respectively.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City’s cash, cash equivalents and investments at June 30, 2022 are as follows:

Cash and cash equivalents	
Deposits with financial institutions	\$ 1,263,362
State of Oregon Local Government Investment Pool	14,375,358
Money markets	279,951
Cash on hand	2,660
Total cash and cash equivalents	15,921,331
Investments	
Mutual funds	9,127,670
Total cash, cash equivalents and investments	\$ 25,049,001

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

Governmental activities	
Cash and cash equivalents	\$ 7,417,449
Business-type activities	
Cash and cash equivalents	8,223,931
Total cash and cash equivalents - government-wide statement of net position	15,641,380
Fiduciary funds	
Cash and cash equivalents	279,951
Investments	9,127,670
	\$ 25,049,001

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.

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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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, 2022, 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, 2022, 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	\$ 9,127,670	100%	N/A

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

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

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

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

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

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

NOTE 5 – RECEIVABLES

The City's receivables at June 30, 2022, are shown below:

	Governmental Activities / Funds				Business-type Activities / Proprietary Funds			
	General	Street	Nonmajor	Totals	Water	Wastewater	Stormwater	Totals
User charges	\$ -	\$ 8,117	\$ -	\$ 8,117	\$ 141,604	\$ 291,258	\$ 28,761	\$ 461,623
Property taxes	81,339	-	13,323	94,662	-	-	-	-
Accounts	331,147	76,851	3,325	411,323	-	-	-	-
Allowance for doubtful accounts	(13,422)	-	-	(13,422)	(6,820)	-	-	(6,820)
	<u>\$ 399,064</u>	<u>\$ 84,968</u>	<u>\$ 16,648</u>	<u>\$ 500,680</u>	<u>\$ 134,784</u>	<u>\$ 291,258</u>	<u>\$ 28,761</u>	<u>\$ 454,803</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Governmental activities

For the year ended June 30, 2022, capital asset activity for the governmental activities was as follows:

	<u>Restated</u>			
	Balances		Deletions and	Balances
	July 1, 2021	Additions	Reclassification	June 30, 2022
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 1,795,206	\$ -	\$ -	\$ 1,795,206
Construction in progress	<u>120,077</u>	<u>78,079</u>	<u>-</u>	<u>198,156</u>
Total capital assets not being depreciated	<u>1,915,283</u>	<u>78,079</u>	<u>-</u>	<u>1,993,362</u>
Capital assets being depreciated				
Infrastructure	7,852,785	251,520	(31,733)	8,072,572
Buildings and improvements	7,542,834	221,008	(171,811)	7,592,031
Equipment and vehicles	<u>1,445,726</u>	<u>90,503</u>	<u>(115,854)</u>	<u>1,420,375</u>
Total capital assets being depreciated	<u>16,841,345</u>	<u>563,031</u>	<u>(319,398)</u>	<u>17,084,978</u>
Less accumulated depreciation for:				
Infrastructure	5,067,516	78,804	(17,347)	5,128,973
Buildings and improvements	3,835,799	179,844	(133,493)	3,882,150
Equipment and vehicles	<u>1,001,475</u>	<u>117,657</u>	<u>(94,792)</u>	<u>1,024,340</u>
Total accumulated depreciation	<u>9,904,790</u>	<u>376,305</u>	<u>(245,632)</u>	<u>10,035,463</u>
Total capital assets being depreciated, net	<u>6,936,555</u>	<u>186,726</u>	<u>(73,766)</u>	<u>7,049,515</u>
Governmental activities capital assets, net	<u>\$ 8,851,838</u>	<u>\$ 264,805</u>	<u>\$ (73,766)</u>	<u>\$ 9,042,877</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

Business-type activities

For the year ended June 30, 2022, capital asset activity for the business-type activities was as follows:

	<u>Restated</u>			
	Balances		Deletions and	Balances
	July 1, 2021	Additions	Reclassification	June 30, 2022
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 1,945,846	\$ -	\$ (12,977)	\$ 1,932,869
Construction in progress	<u>35,335</u>	<u>160,080</u>	<u>-</u>	<u>195,415</u>
Total capital assets not being depreciated	<u>1,981,181</u>	<u>160,080</u>	<u>(12,977)</u>	<u>2,128,284</u>
Capital assets being depreciated				
Infrastructure	51,291,701	1,201,076	(89,657)	52,403,120
Buildings and improvements	2,882,255	-	(52,656)	2,829,599
Equipment and vehicles	<u>2,632,691</u>	<u>57,669</u>	<u>(74,492)</u>	<u>2,615,868</u>
Total capital assets being depreciated	<u>56,806,647</u>	<u>1,258,745</u>	<u>(216,805)</u>	<u>57,848,587</u>
Less accumulated depreciation for:				
Infrastructure	14,277,399	870,351	(37,167)	15,110,583
Buildings and improvements	1,823,490	44,478	(46,743)	1,821,225
Equipment and vehicles	<u>2,271,885</u>	<u>98,383</u>	<u>(58,205)</u>	<u>2,312,063</u>
Total accumulated depreciation	<u>18,372,774</u>	<u>1,013,212</u>	<u>(142,115)</u>	<u>19,243,871</u>
Total capital assets being depreciated, net	<u>38,433,873</u>	<u>245,533</u>	<u>(74,690)</u>	<u>38,604,716</u>
Business-type activities capital assets, net	<u>\$ 40,415,054</u>	<u>\$ 405,613</u>	<u>\$ (87,667)</u>	<u>\$ 40,733,000</u>

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

<i>Governmental activities</i>	
General government	\$ 23,856
Public safety	77,795
Highways and streets	115,439
Culture and recreation	<u>159,215</u>
Total depreciation expense - governmental activities	<u>\$ 376,305</u>
<i>Business-type activities</i>	
Water	\$ 317,549
Sewer	576,481
Stormwater	<u>119,182</u>
Total depreciation expense - business-type activities	<u>\$ 1,013,212</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – 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, 2022 was \$42,316.

NOTE 8 – 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, 2022, 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 9 – 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, 2022, 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	\$ 62,667	\$ 11,000	\$ 73,667
Accounts	88,099	-	88,099
Total	\$ 150,766	\$ 11,000	\$ 161,766

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – INTERFUND TRANSACTIONS AND BALANCES

The interfund transfers during the year ended June 30, 2022, were as follows:

	Transfer	
	In	Out
<u>Governmental Funds</u>		
General	\$ 1,156,100	\$ 496,800
Street	5,466	331,900
Nonmajor governmental	115,000	95,466
<u>Proprietary Funds</u>		
Enterprise Funds:		
Water	-	469,700
Wastewater	-	593,400
Stormwater	-	96,000
Internal service fund	806,700	-
Totals	\$ 2,083,266	\$2,083,266

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

Interfund loan

The Vehicle Replacement Fund loaned \$230,000 to the Stormwater Fund in 2015-16. In fiscal year 2019-20, the Vehicle Replacement Fund was closed and the remaining balance of the loan transferred to the General Fund. The loan is being repaid in annual installments of \$23,000 plus interest of 1 percent. At June 30, 2022, the interfund loan balance is \$92,600.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2022:

	Outstanding July 1, 2021	Additions	Reductions	Outstanding June 30, 2022	Due Within One Year
<u>Governmental activities</u>					
<i>Other long-term obligations</i>					
Compensated absences	\$ 208,117	\$ 69,489	\$ 123,499	\$ 154,107	\$ 154,107
Net pension liability	1,971,994	809,425	1,971,994	809,425	-
Net other postemployment benefit liability	224,103	12,409	-	236,512	-
Total long-term obligations - governmental activities	<u>\$ 2,404,214</u>	<u>\$ 891,323</u>	<u>\$ 2,095,493</u>	<u>\$ 1,200,044</u>	<u>\$ 154,107</u>
<u>Business-type activities</u>					
<i>Long-term debt</i>					
General obligation bonds:					
2013 Full Faith and Credit Refunding	\$ 2,810,000	\$ -	\$ 385,000	\$ 2,425,000	\$ 400,000
2016 Full Faith and Credit Refunding	2,935,000	-	220,000	2,715,000	230,000
2019 Full Faith and Credit	672,155	-	27,652	644,503	28,277
Direct Borrowing - Revenue bond:					
USDA Sewer Revenue Bonds	7,287,500	-	145,634	7,141,866	149,046
Premium	545,934	-	62,384	483,550	62,384
Total long-term debt	<u>14,250,589</u>	<u>-</u>	<u>840,670</u>	<u>13,409,919</u>	<u>869,707</u>
<i>Other long-term obligations</i>					
Compensated absences	60,933	61,414	66,013	56,334	56,334
Net pension liability	3,652	-	3,652	-	-
Net other postemployment benefit liability	83,151	4,477	-	87,628	-
Total long-term obligations - business-type activities	<u>\$ 14,398,325</u>	<u>\$ 65,891</u>	<u>\$ 910,335</u>	<u>\$ 13,553,881</u>	<u>\$ 926,041</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.

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

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.

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

As of June 30, 2022, 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
2023	\$ 400,000	\$ 72,750	\$ 230,000	\$ 102,850	\$ 28,277	\$ 18,139
2024	410,000	60,750	235,000	94,700	29,895	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
2028-32	310,000	9,300	1,485,000	152,700	181,126	57,280
2033-37	-	-	-	-	214,277	28,804
2038-42	-	-	-	-	95,998	3,181
2043-47	-	-	-	-	-	-
2048-52	-	-	-	-	-	-
2053-57	-	-	-	-	-	-
	<u>\$ 2,425,000</u>	<u>\$ 249,600</u>	<u>\$ 2,715,000</u>	<u>\$ 575,150</u>	<u>\$ 644,503</u>	<u>\$ 171,095</u>

Fiscal Year	USDA Sewer		Unamortized		Totals	
	Revenue Bonds		Premium			
	Principal	Interest	Amortization	Principal	Interest	
2023	\$ 149,046	\$ 196,401	\$ 62,384	\$ 869,707	\$ 390,140	
2024	153,144	192,303	62,384	890,423	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	
2028-32	901,741	825,494	171,630	3,049,497	1,044,774	
2033-37	1,032,740	694,495	-	1,247,017	723,299	
2038-42	1,182,769	544,466	-	1,278,767	547,647	
2043-47	1,354,594	372,641	-	1,354,594	372,641	
2048-52	1,551,381	175,854	-	1,551,381	175,854	
2053-57	331,282	9,110	-	331,282	9,110	
	<u>\$ 7,141,866</u>	<u>\$ 3,561,937</u>	<u>\$ 483,550</u>	<u>\$ 13,409,919</u>	<u>\$ 4,557,782</u>	

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

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.

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:

	Net Pension Liability	Net Other Postemployment Benefit Liability
Governmental Activities	\$ 809,425	\$ 236,512
Business-type Activities	-	87,628
Total	\$ 809,425	\$ 324,140
Oregon Public Employees Retirement System	\$ 809,425	\$ -
Implicit Subsidy	-	324,140
Total	\$ 809,425	\$ 324,140

NOTE 12 – 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 Annual Comprehensive Financial Report which includes detailed information about the pension plan’s fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf.

NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

Description of benefit terms

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

Tier 1/Tier 2 retirement benefit (Chapter 238)

Tier 1/Tier 2 Retirement Benefit Plan is closed to new members hired on or after August 29, 2003.

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees and 2% for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

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 12 – DEFINED BENEFIT PENSION PLAN – OPERS (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)

Pension benefits

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

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

General service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Police: 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 12 – 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. Employer contributions for the year ended June 30, 2022 were \$240,392.

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

Net pension liability

As of June 30, 2022, the City reported a liability of \$809,425 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. 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 12 – DEFINED BENEFIT PENSION PLAN – OPERS (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.

As of June 30, 2021, the City's proportion was 0.00676410%, which was an increase of 0.00224708% from its proportion measured as of June 30, 2020.

Pension expense

For the year ended June 30, 2022, the City recognized pension expense of \$(15,891).

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, 2021, 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, 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 FINANCIAL STATEMENTS

NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (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, 2022, 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	\$ 75,767	\$ -
Changes in assumptions	202,623	2,130
Net difference between projected and actual earnings on pension plan investments	-	599,211
Changes in proportionate share	53,570	731,424
Differences between contributions and proportionate share of system contributions	216,884	17,065
Contributions subsequent to the measurement date	240,392	-
	\$ 789,236	\$ 1,349,830

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$240,392 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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:	
2023	\$ (177,405)
2024	(179,123)
2025	(217,651)
2026	(223,464)
2027	(3,343)
	\$ (800,986)

NOTE 12 – 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, 2021, was based on an actuarial valuation as of December 31, 2019 using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.5%
Long-term expected rate of return	6.9%
Discount rate	6.9%
Administrative expenses – Tier 1/Tier 2	\$32.5 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.4%
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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

UAL amortization

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

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	15.00%
Opportunity portfolio	2.50%
	100.00%

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

Long-term expected rate of return

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

Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual 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 – Multistrategy	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
U.S. Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation – Mean			2.40%	1.65%

¹ Based 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.

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

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

NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)

Depletion date projection

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

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

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

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

Changes in actuarial methods and assumptions

There have been no changes in actuarial methods or assumptions since the December 31, 2019 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 FINANCIAL STATEMENTS

NOTE 12 – 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	\$ 1,589,516	\$ 809,425	\$ 156,771

NOTE 13 – 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, 2021, 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).

NOTE 13 – DEFINED BENEFIT PENSION PLAN – RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF STAYTON

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%

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

NOTE 13 – 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, 2022 were \$248,566.

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, 2022, the City reported a net pension asset of \$1,634,599. The net pension liability was measured as of June 30, 2021, 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	\$ 8,962,077
Plan fiduciary net position	<u>10,596,676</u>
Net pension liability (asset)	<u>\$ (1,634,599)</u>
Fiduciary net position as a percentage of total pension liability	118.24%

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – 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, 2022, changes in the net pension liability is as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension (Asset) Liability</u>
Beginning balances	\$ 8,450,342	\$ 8,441,245	\$ 9,097
Changes for the year:			
Service cost	273,205	-	273,205
Interest on total pension liability	555,471	-	555,471
Effect of economic/demographic (gains) or losses	12,904	-	12,904
Effect of assumptions, changes or inputs	25,840	-	25,840
Benefit payments	(355,685)	(355,685)	-
Net investment income	-	2,155,633	(2,155,633)
Employer contributions	-	355,483	(355,483)
Ending balances	<u>\$ 8,962,077</u>	<u>\$ 10,596,676</u>	<u>\$ (1,634,599)</u>

For the year ended June 30, 2022, the City recognized pension expense of \$(164,407). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,158	\$ 33,829
Changes of assumptions or inputs	29,092	-
Net difference between projected and actual earnings on pension plan investments	-	1,093,977
City's contributions made subsequent to measurement date	248,566	-
	<u>\$ 287,816</u>	<u>\$ 1,127,806</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – 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 \$248,566 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ends June 30,</u>		
2023	\$	267,763
2024		254,545
2025		250,624
2026		315,624
2027		-

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 2017 Scale.

NOTE 13 – 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 FINANCIAL STATEMENTS

NOTE 13 – 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	\$ (538,211)	\$ (1,634,599)	\$ (2,549,711)

NOTE 14 – 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 14 – 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 the 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 percent of covered payroll to the IAP. Contributions for the year ended June 30, 2022 were \$39,789.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

NOTE 15 – 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 FINANCIAL STATEMENTS

NOTE 15 – 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, 2022, the actuarial determined contribution rate was 0.6% of covered payroll. City contributions to the plan for the year ended June 30, 2022 were \$9,805.

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

At June 30, 2022, the City reported a net other postemployment benefit liability (asset) of \$(96,041). The net other postemployment benefit liability (asset) was measured as of June 30, 2021, 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	\$	221,481
Plan fiduciary net position		<u>317,522</u>
Net other postemployment benefit liability (asset)	\$	<u>(96,041)</u>
Fiduciary net position as a percentage of total other postemployment benefit liability		143.36%

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – 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	\$ 219,585	\$ 251,669	\$ (32,084)
Changes for the year			
Service cost	6,955	-	6,955
Interest on total OPEB liability	14,452	-	14,452
Effect of economic/demographic (gains) or losses	(11,660)	-	(11,660)
Effect of assumptions, changes or inputs	549	-	549
Benefit payments	(8,400)	(8,400)	-
Net investment income	-	64,448	(64,448)
Employer contributions	-	9,805	(9,805)
Ending balances	<u>\$ 221,481</u>	<u>\$ 317,522</u>	<u>\$ (96,041)</u>

For the year ended June 30, 2022, the City recognized other postemployment benefit expense of \$16,790. At June 30, 2022, 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	\$ 33,323	\$ (12,015)
Changes of assumptions or inputs	1,432	-
Net difference between projected and actual earnings	-	(32,733)
Contributions made subsequent to measurement date	<u>9,805</u>	<u>-</u>
	<u>\$ 44,560</u>	<u>\$ (44,748)</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – 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, 2023. 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:

<u>Year Ending June 30</u>		
2023	\$	(1,535)
2024		(1,438)
2025		(1,425)
2026		(2,729)
2027		(647)
Thereafter		(2,219)

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.

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

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE (Continued)

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

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 2017 Scale.
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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 15 – OTHER POSTEMPLOYMENT BENEFITS – GROUP HEALTH INSURANCE (Continued)

Depletion date projection

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

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

- The City has a formal written policy to calculate an actuarial determined contribution (ADC).
- The ADC is based on a closed amortization period that will decrease over time until it reaches 15 years. Once that occurs new layers will be amortized over closed 15-year periods. This funding policy means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period (20 years) if future experience follows assumptions.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

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

Long-term expected rate of return

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

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – 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)	\$ (68,762)	\$ (96,041)	\$ (118,849)

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)	\$ (96,041)	\$ (96,041)	\$ (96,041)

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT SUBSIDY

Plan description and benefits provided

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

Plan membership

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

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT SUBSIDY (Continued)

Contributions

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

For retirees	\$	726
For spouses of retirees		793

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

At June 30, 2022, the City reported a total OPEB liability of \$324,140. The total OPEB liability was measured as of June 30, 2021 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, 2021	\$	307,254
Changes for the year:		
Service cost		20,241
Interest		7,111
Changes in assumptions or other inputs		1,013
Benefit payments		<u>(11,479)</u>
 Balances at June 30, 2022	 \$	 <u>324,140</u>

For the year ended June 30, 2022, the City recognized OPEB expense of \$23,783. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 21,989	\$ 12,613
Changes of assumptions	6,018	24,336
City's contributions subsequent to the measurement date	<u>15,779</u>	<u>-</u>
	<u>\$ 43,786</u>	<u>\$ 36,949</u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT SUBSIDY (Continued)

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

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$15,779 will be recognized as an adjustment to the total OPEB liability in the year ended June 30, 2023. 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,

2023	\$	(3,569)
2024		(3,569)
2025		(3,569)
2026		(3,569)
2027		2,617
Thereafter		2,717

Actuarial valuation

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

Actuarial methods and assumptions used in developing total OPEB liability

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

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT SUBSIDY (Continued)

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

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

Discount rate

The discount rate used to measure the total OPEB liability was 2.16%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.21%.

Healthcare cost trend rate

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

Year	Pre-65 Trend
2020	3.75%
2021	5.75
2022	5.25
2023-2025	5.00
2026-2040	4.75
2041-2049	5.00
2050-2064	4.75
2065-2067	4.50
2068-2071	4.25
2072+	4.00

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

Sensitivity of the City's total OPEB liability to changes in the discount and healthcare cost trend rates The following presents the City's total OPEB liability calculated using the discount rate of 2.16%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Lower	Current Discount Rate	1% Higher
City's total OPEB liability	\$ 345,576	\$ 324,140	\$ 303,633

	1% Lower	Current Trend Rate	1% Higher
City's total OPEB liability	\$ 294,230	\$ 324,140	\$ 358,142

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT SUBSIDY (Continued)

Changes since prior valuation

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

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

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

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

NOTE 17 – 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, 2022. 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 (18.22% for 2021-22) and 27.88% of the debt service payments on the Full Faith and Credit Refunding Bonds.

NOTE 18 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

As of June 30, 2022, the amount of net position restricted by enabling legislation is as follows:

Governmental activities

<i>Capital projects</i> – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$ 1,194,647
<i>Highway and streets</i> – Street maintenance fees are restricted for maintenance of public streets	1,648,765
<i>Swimming pool</i> – Pool charges and fees are restricted for operations and Maintenance of the pool	170,327

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 18 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION (Continued)

Governmental activities (continued)

<i>Other purposes</i> – restrictions by various grants and donors for specific programs of the City	19,150
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Business-type activities

<i>Capital projects</i> – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$ 1,080,829
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<i>Debt service</i> – Restricted per loan agreement the U.S. Department of Agriculture - Rural Development	944,848
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NOTE 19 – BUDGETARY PERSPECTIVE DIFFERENCES

Revenues

Total General Fund revenues - budgetary basis	\$ 3,879,142
Interfund loan	(23,000)
Unearned revenue	(100,000)
Revenues of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	1,117
Parks	<u>172,027</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u><u>\$ 3,929,286</u></u>

Expenditures

Total General Fund expenditures - budgetary basis	\$ 3,589,897
Expenditures of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Parks	<u>265,177</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u><u>\$ 3,855,074</u></u>

CITY OF STAYTON
NOTES TO FINANCIAL STATEMENTS

NOTE 19 – BUDGETARY PERSPECTIVE DIFFERENCES (Continued)

Other financing sources (uses)

Total General Fund other financing sources (uses) - budgetary basis	\$ 452,000
Other financing sources (uses) of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	90,400
Parks	<u>116,900</u>
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 659,300</u>

Beginning fund balance

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

Ending fund balance

Total General Fund ending fund balance - budgetary basis	\$ 2,756,914
Interfund loan	92,600
Unearned revenue	(100,000)
Ending 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 ending fund balance reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 3,231,595</u>

NOTE 20 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures in excess of appropriations occurred as follows:

<u>Fund/Appropriation Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
<i>General Fund</i>			
Community Center	\$ 36,000	\$ 36,097	\$ 97

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
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

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

*Information will be accumulated until 10 years are presented

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

	Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 324	\$ 339	\$ 315	\$ 322	\$ 288	\$ 270	\$ 277	\$ 255	\$ 305	\$ 313
Actual employer contribution	355	351	605	308	300	290	267	274	306	315
Contribution deficiency (excess)	<u>\$ (31)</u>	<u>\$ (12)</u>	<u>\$ (290)</u>	<u>\$ 14</u>	<u>\$ (12)</u>	<u>\$ (20)</u>	<u>\$ 10</u>	<u>\$ (19)</u>	<u>\$ (1)</u>	<u>\$ (2)</u>
Covered payroll	\$ 1,435	\$ 1,508	\$ 1,399	\$ 1,393	\$ 1,346	\$ 1,189	\$ 1,148	\$ 1,051	\$ 1,108	\$ 1,178
Contribution as a percent of covered payroll	24.74%	23.28%	43.25%	22.11%	22.29%	24.39%	23.26%	26.07%	27.62%	26.74%
Valuation date	7/1/2021	7/1/2019	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010
Assumed investment rate of return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

Notes to schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Effective July 1, 2006: Individual entry age normal, level percent of pay
Amortization method	Effective July 1, 2017: Closed 20-year amortization, level percent of pay, with the balance being amortized each year and the amortization period reducing one year per year until it reaches 15 years. Once the amortization period reaches 15 years, new bases will be amortized over 15 years (layered amortization) Effective July 1, 2015: Closed 22-year amortization, level percent of pay Effective July 1, 2014: Closed 23-year amortization, level percent of pay Effective July 1, 2013: Closed 24-year amortization, level percent of pay Effective July 1, 2012: Closed 25-year amortization, level percent of pay Effective July 1, 2006: Open 20-year amortization, level percent of pay
Asset valuation method	Effective July 1, 2009: Market value gains and losses smoothed over five years, with result not less than 80% or greater than 120% of market value Through July 1, 2008: Market value of assets
Healthy mortality	Effective July 1, 2019: Pub-2010 General Employee, Sex-distinct, set back 12 months for males and no setback for females. Projected generationally using Unisex Social Security 2015 Scale Effective July 1, 2015: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs 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 percent per year
Salary increases	Effective July 1, 2015: 3.5 percent per year Effective July 1, 2012: 4.0 percent per year Effective July 1, 2010: 4.5 percent per year

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

Year Ended June 30,	Rate of Return
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,					
	2021	2020	2019	2018	2017	2016
<u>Beginning of year</u>						
Total other postemployment benefit liability	\$ 219,585	\$ 207,898	\$ 250,678	\$ 237,854	\$ 231,855	\$ 221,388
Fiduciary net position	251,669	240,912	110,009	96,262	80,288	71,341
Net other postemployment benefit liability (asset)	<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	\$ 6,955	\$ 6,720	\$ 6,469	\$ 6,250	\$ 4,616	\$ 4,460
Interest on total other postemployment benefit liability	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	(8,400)	(8,700)	(9,600)	(9,000)	(8,400)	(8,400)
Net change in total other postemployment benefit liability	<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	\$ 9,805	\$ 12,918	\$ 130,056	\$ 15,767	\$ 15,999	\$ 16,627
Investment income net of expenses	64,448	6,539	10,447	6,980	8,689	1,304
Benefit payments	(8,400)	(8,700)	(9,600)	(9,000)	(8,400)	(8,400)
Administrative expenses	-	-	-	-	(314)	(584)
Net change in fiduciary net position	<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	\$ 221,481	\$ 219,585	\$ 207,898	\$ 250,678	\$ 237,854	\$ 231,856
Fiduciary net position	317,522	251,669	240,912	110,009	96,262	80,288
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>\$ 151,568</u>
Fiduciary net position as a percent of total other postemployment benefit liability	143.36%	114.61%	115.88%	43.88%	40.47%	34.63%
Covered payroll	\$ 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	-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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 9	\$ 12	\$ 11	\$ 17	\$ 15	\$ 15	\$ 10	\$ 8	\$ 10	\$ 10
Actual employer contribution	10	13	130	16	16	17	9	8	9	7
Contribution deficiency (excess)	\$ (1)	\$ (1)	\$ (119)	\$ 1	\$ (1)	\$ (2)	\$ 1	\$ -	\$ 1	\$ 3
Covered payroll	\$ 1,435	\$ 1,508	\$ 1,399	\$ 1,393	\$ 1,346	\$ 1,189	\$ 1,148	\$ 1,051	\$ 1,108	\$ 1,178
Contribution as a percent of covered payroll	0.70%	0.86%	9.29%	1.15%	1.19%	1.43%	0.78%	0.76%	0.81%	0.59%
Valuation date	7/1/2021	7/1/2019	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010
Assumed investment rate of return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

Notes to schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Effective July 1, 2006: Individual entry age normal, level percent of pay
Amortization method	Effective July 1, 2017: Closed 20-year amortization, level percent of pay, with the balance being amortized each year and the amortization period reducing one year per year until it reaches 15 years. Once the amortization period reaches 15 years, new bases will be amortized over 15 years (layered amortization) Effective July 1, 2015: Closed 22-year amortization, level percent of pay Effective July 1, 2014: Closed 23-year amortization, level percent of pay Effective July 1, 2013: Closed 24-year amortization, level percent of pay Effective July 1, 2012: Closed 25-year amortization, level percent of pay Effective July 1, 2006: Open 20-year amortization, level percent of pay
Asset valuation method	Effective July 1, 2009: Market value gains and losses smoothed over five years, with result not less than 80% or greater than 120% of market value
Healthy mortality	Effective July 1, 2019: Pub-2010 General Employee, Sex-distinct, set back 12 months for males and no setback for females. Projected generationally using Unisex Social Security 2015 Scale Effective July 1, 2015: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs 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 percent per year
Salary increases	Effective July 1, 2015: 3.5 percent per year Effective July 1, 2012: 4.0 percent per year Effective July 1, 2010: 4.5 percent per year

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

Year Ended June 30,	Rate of Return
2021	25.63%
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 CHANGES IN THE CITY'S TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
Last 10 Plan Years*

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

**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

CITY OF STAYTON
COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2022

	<u>General</u>	<u>Pension Stabilization</u>	<u>Parks</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 2,622,432	\$ 277,300	\$ 218,146	\$ 3,117,878
Receivables	396,304	-	2,760	399,064
Due from other funds	92,600	-	-	92,600
Total assets	<u>\$ 3,111,336</u>	<u>\$ 277,300</u>	<u>\$ 220,906</u>	<u>\$ 3,609,542</u>
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 93,162	\$ -	\$ 14,206	\$ 107,368
Unearned revenue	100,000	-	-	100,000
Consumer deposits	19,813	-	-	19,813
Total liabilities	<u>212,975</u>	<u>-</u>	<u>14,206</u>	<u>227,181</u>
Deferred inflows of resources				
Unavailable revenue	148,847	-	1,919	150,766
Total deferred inflows of resources	<u>148,847</u>	<u>-</u>	<u>1,919</u>	<u>150,766</u>
Fund balances				
Restricted for other purposes	19,150	-	-	19,150
Assigned for:				
Pensions	-	277,300	-	277,300
Parks	-	-	204,781	204,781
Unassigned	2,730,364	-	-	2,730,364
Total fund balances	<u>2,749,514</u>	<u>277,300</u>	<u>204,781</u>	<u>3,231,595</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,111,336</u>	<u>\$ 277,300</u>	<u>\$ 220,906</u>	<u>\$ 3,609,542</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUNDS
Year Ended June 30, 2022

	<u>General</u>	<u>Pension Stabilization</u>	<u>Parks</u>	<u>Total</u>
Revenues				
Property taxes	\$ 2,274,059	\$ -	\$ 166,569	\$ 2,440,628
Franchise fees	735,059	-	-	735,059
Licenses, permits and fees	49,451	-	-	49,451
Fines and forfeitures	70,499	-	-	70,499
Charges for services	2,378	-	-	2,378
Intergovernmental	434,553	-	-	434,553
Rent	35,381	-	-	35,381
Interest	17,427	1,117	857	19,401
Miscellaneous	137,335	-	4,601	141,936
	<u>3,756,142</u>	<u>1,117</u>	<u>172,027</u>	<u>3,929,286</u>
Expenditures				
Current				
General government	1,199,893	-	-	1,199,893
Public safety	2,193,038	-	-	2,193,038
Highways and streets	86,442	-	-	86,442
Culture and recreation	36,097	-	199,971	236,068
Capital outlay	74,427	-	65,206	139,633
	<u>3,589,897</u>	<u>-</u>	<u>265,177</u>	<u>3,855,074</u>
Excess (deficiency) of revenues over expenditures	<u>166,245</u>	<u>1,117</u>	<u>(93,150)</u>	<u>74,212</u>
Other financing sources (uses)				
Transfers in	905,700	90,400	160,000	1,156,100
Transfers out	(453,700)	-	(43,100)	(496,800)
	<u>452,000</u>	<u>90,400</u>	<u>116,900</u>	<u>659,300</u>
Net change in fund balances	618,245	91,517	23,750	733,512
Fund balances at beginning of year	<u>2,131,269</u>	<u>185,783</u>	<u>181,031</u>	<u>2,498,083</u>
Fund balanced at end of year	<u>\$ 2,749,514</u>	<u>\$ 277,300</u>	<u>\$ 204,781</u>	<u>\$ 3,231,595</u>

CITY OF STAYTON
PENSION STABILIZATION - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ 1,000	\$ 1,117	\$ 117
Total revenues	<u>1,000</u>	<u>1,117</u>	<u>117</u>
Excess (deficiency) of revenues over expenditures	<u>1,000</u>	<u>1,117</u>	<u>117</u>
Other financing sources (uses)			
Transfers in	<u>90,400</u>	<u>90,400</u>	<u>-</u>
Total other financing sources (uses)	<u>90,400</u>	<u>90,400</u>	<u>-</u>
Net change in fund balance	91,400	91,517	117
Fund balance at beginning of year	<u>185,800</u>	<u>185,783</u>	<u>(17)</u>
Fund balance at end of year	<u>\$ 277,200</u>	<u>\$ 277,300</u>	<u>\$ 100</u>

CITY OF STAYTON
PARKS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ -	\$ 160,500	\$ 166,569	\$ 6,069
Interest	900	900	857	(43)
Miscellaneous	-	-	4,601	4,601
	<u>900</u>	<u>161,400</u>	<u>172,027</u>	<u>10,627</u>
Expenditures				
Parks	221,900	335,200	265,177	70,023
Contingency	112,000	91,300	-	91,300
	<u>333,900</u>	<u>426,500</u>	<u>265,177</u>	<u>161,323</u>
Excess (deficiency) of revenues over expenditures	<u>(333,000)</u>	<u>(265,100)</u>	<u>(93,150)</u>	<u>171,950</u>
Other financing sources (uses)				
Transfers in	220,000	160,000	160,000	-
Transfers out	(37,800)	(45,700)	(43,100)	2,600
	<u>182,200</u>	<u>114,300</u>	<u>116,900</u>	<u>2,600</u>
Net change in fund balance	(150,800)	(150,800)	23,750	174,550
Fund balance at beginning of year	150,800	150,800	181,031	30,231
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,781</u>	<u>\$ 204,781</u>

CITY OF STAYTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue	Capital Projects	Total
Assets			
Cash and cash equivalents	\$ 543,548	\$ 1,194,647	\$ 1,738,195
Receivables	16,648	-	16,648
Total assets	\$ 560,196	\$ 1,194,647	\$ 1,754,843
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 19,602	\$ -	\$ 19,602
Unearned revenue	6,813	-	6,813
Total liabilities	26,415	-	26,415
Deferred inflows of resources			
Unavailable revenue	11,000	-	11,000
Total deferred inflows of resources	11,000	-	11,000
Fund balances			
Restricted for:			
Swimming pool	166,182	-	166,182
Capital projects	-	1,194,647	1,194,647
Committed for library programs	356,599	-	356,599
Total fund balances	522,781	1,194,647	1,717,428
Total liabilities, deferred inflows of resources and fund balances	\$ 560,196	\$ 1,194,647	\$ 1,754,843

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	Special Revenue	Capital Projects	Total
Revenues			
Property taxes	\$ 440,031	\$ -	\$ 440,031
Licenses, permits and fees	954	-	954
Fines and forfeitures	5,060	-	5,060
Charges for services	160,656	-	160,656
System development charges	-	121,153	121,153
Intergovernmental	21,698	-	21,698
Interest	2,973	6,354	9,327
Miscellaneous	29,680	-	29,680
	<u>661,052</u>	<u>127,507</u>	<u>788,559</u>
Total revenues			
Expenditures			
Current			
Culture and recreation	631,488	-	631,488
Capital outlay	230,841	-	230,841
	<u>862,329</u>	<u>-</u>	<u>862,329</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(201,277)</u>	<u>127,507</u>	<u>(73,770)</u>
Other financing sources (uses)			
Transfers in	115,000	-	115,000
Transfers out	(90,000)	(5,466)	(95,466)
	<u>25,000</u>	<u>(5,466)</u>	<u>19,534</u>
Total other financing sources (uses)			
Net change in fund balances	(176,277)	122,041	(54,236)
Fund balances at beginning of year	699,058	1,072,606	1,771,664
Fund balances at end of year	<u>\$ 522,781</u>	<u>\$ 1,194,647</u>	<u>\$ 1,717,428</u>

CITY OF STAYTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2022

	<u>Library</u>	<u>Swimming Pool</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 372,100	\$ 171,448	\$ 543,548
Receivables	<u>7,822</u>	<u>8,826</u>	<u>16,648</u>
Total assets	<u>\$ 379,922</u>	<u>\$ 180,274</u>	<u>\$ 560,196</u>
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 9,655	\$ 9,947	\$ 19,602
Unearned revenue	<u>6,813</u>	<u>-</u>	<u>6,813</u>
Total liabilities	<u>16,468</u>	<u>9,947</u>	<u>26,415</u>
Deferred inflows of resources			
Unavailable revenue	<u>6,855</u>	<u>4,145</u>	<u>11,000</u>
Total deferred inflows of resources	<u>6,855</u>	<u>4,145</u>	<u>11,000</u>
Fund balances			
Restricted for swimming pool operations	-	166,182	166,182
Committed for library programs	<u>356,599</u>	<u>-</u>	<u>356,599</u>
Total fund balances	<u>356,599</u>	<u>166,182</u>	<u>522,781</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 379,922</u>	<u>\$ 180,274</u>	<u>\$ 560,196</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2022

	<u>Library</u>	<u>Swimming Pool</u>	<u>Total</u>
Revenues			
Property taxes	\$ 269,687	\$ 170,344	\$ 440,031
Licenses, permits and fees	954	-	954
Fines and forfeitures	5,060	-	5,060
Charges for services	97,583	63,073	160,656
Intergovernmental	21,698	-	21,698
Interest	1,992	981	2,973
Miscellaneous	-	29,680	29,680
	<u>396,974</u>	<u>264,078</u>	<u>661,052</u>
Total revenues			
Expenditures			
Current			
Culture and recreation	411,269	220,219	631,488
Capital outlay	11,265	219,576	230,841
	<u>422,534</u>	<u>439,795</u>	<u>862,329</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(25,560)</u>	<u>(175,717)</u>	<u>(201,277)</u>
Other financing sources (uses)			
Transfers in	25,000	90,000	115,000
Transfers out	(28,500)	(61,500)	(90,000)
	<u>(3,500)</u>	<u>28,500</u>	<u>25,000</u>
Total other financing sources (uses)			
Net change in fund balances	(29,060)	(147,217)	(176,277)
Fund balances at beginning of year	<u>385,659</u>	<u>313,399</u>	<u>699,058</u>
Fund balances at end of year	<u>\$ 356,599</u>	<u>\$ 166,182</u>	<u>\$ 522,781</u>

CITY OF STAYTON
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2022

	Street System Development Charges	Parks System Development Charges	Total
Assets			
Cash and cash equivalents	\$ 920,890	\$ 273,757	\$ 1,194,647
Total assets	\$ 920,890	\$ 273,757	\$ 1,194,647
Fund balances			
Restricted for capital projects	\$ 920,890	\$ 273,757	\$ 1,194,647
Total fund balances	\$ 920,890	\$ 273,757	\$ 1,194,647

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2022

	Street System Development Charges	Parks System Development Charges	Total
Revenues			
System development charges	\$ 51,592	\$ 69,561	\$ 121,153
Interest	<u>4,961</u>	<u>1,393</u>	<u>6,354</u>
Total revenues	<u>56,553</u>	<u>70,954</u>	<u>127,507</u>
Other financing sources (uses)			
Transfers out	<u>(5,466)</u>	<u>-</u>	<u>(5,466)</u>
Total other financing sources (uses)	<u>(5,466)</u>	<u>-</u>	<u>(5,466)</u>
Net change in fund balances	51,087	70,954	122,041
Fund balances at beginning of year	<u>869,803</u>	<u>202,803</u>	<u>1,072,606</u>
Fund balances at end of year	<u>\$ 920,890</u>	<u>\$ 273,757</u>	<u>\$ 1,194,647</u>

CITY OF STAYTON
LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 1,000	\$ 257,800	\$ 269,687	\$ 11,887
Licenses, permits and fees	500	500	954	454
Fines and forfeitures	10,000	10,000	5,060	(4,940)
Charges for services	99,500	99,500	97,583	(1,917)
Intergovernmental	33,400	48,400	21,698	(26,702)
Rents	500	500	-	(500)
Interest	2,000	2,000	1,992	(8)
Total revenues	<u>146,900</u>	<u>418,700</u>	<u>396,974</u>	<u>(21,726)</u>
Expenditures				
Library	384,100	469,400	422,534	46,866
Contingency	212,900	289,900	-	289,900
Total expenditures	<u>597,000</u>	<u>759,300</u>	<u>422,534</u>	<u>336,766</u>
Excess (deficiency) of revenues over expenditures	<u>(450,100)</u>	<u>(340,600)</u>	<u>(25,560)</u>	<u>315,040</u>
Other financing sources (uses)				
Transfers in	130,000	25,000	25,000	-
Transfers out	(24,000)	(28,500)	(28,500)	-
Total other financing sources (uses)	<u>106,000</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Net change in fund balance	(344,100)	(344,100)	(29,060)	315,040
Fund balance at beginning of year	344,100	344,100	385,659	41,559
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,599</u>	<u>\$ 356,599</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, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 1,000	\$ 161,500	\$ 170,344	\$ 8,844
Charges for services	-	190,000	63,073	(126,927)
Interest	1,200	1,200	981	(219)
Miscellaneous	-	28,000	29,680	1,680
	<u>2,200</u>	<u>380,700</u>	<u>264,078</u>	<u>(116,622)</u>
Total revenues				
Expenditures				
Pool	93,500	653,300	439,795	213,505
Contingency	37,600	53,900	-	53,900
	<u>131,100</u>	<u>707,200</u>	<u>439,795</u>	<u>267,405</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(128,900)</u>	<u>(326,500)</u>	<u>(175,717)</u>	<u>150,783</u>
Other financing sources (uses)				
Transfers in	-	90,000	90,000	-
Transfers out	(34,700)	(61,500)	(61,500)	-
	<u>(34,700)</u>	<u>28,500</u>	<u>28,500</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	(163,600)	(298,000)	(147,217)	150,783
Fund balance at beginning of year	163,600	298,000	313,399	15,399
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,182</u>	<u>\$ 166,182</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 98,200	\$ 51,592	\$ (46,608)
Interest	<u>7,500</u>	<u>4,961</u>	<u>(2,539)</u>
Total revenues	<u>105,700</u>	<u>56,553</u>	<u>(49,147)</u>
Expenditures			
Street system development charges	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total expenditures	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Excess (deficiency) of revenues over expenditures	<u>70,700</u>	<u>56,553</u>	<u>(14,147)</u>
Other financing sources (uses)			
Transfers out	<u>(150,000)</u>	<u>(5,466)</u>	<u>144,534</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(5,466)</u>	<u>144,534</u>
Net change in fund balance	(79,300)	51,087	130,387
Fund balance at beginning of year	<u>752,900</u>	<u>869,803</u>	<u>116,903</u>
Fund balance at end of year	<u>\$ 673,600</u>	<u>\$ 920,890</u>	<u>\$ 247,290</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, 2022

	Budget	Actual	Variance
Revenues			
System development charges	\$ 117,000	\$ 69,561	\$ (47,439)
Interest	<u>1,000</u>	<u>1,393</u>	<u>393</u>
 Total revenues	 <u>118,000</u>	 <u>70,954</u>	 <u>(47,046)</u>
 Net change in fund balance	 118,000	 70,954	 (47,046)
 Fund balance at beginning of year	 <u>179,600</u>	 <u>202,803</u>	 <u>23,203</u>
 Fund balance at end of year	 <u>\$ 297,600</u>	 <u>\$ 273,757</u>	 <u>\$ (23,843)</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
WATER FUND
June 30, 2022

	<u>Water</u>	<u>Water System Development Charges</u>	<u>Total Water Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 962,154	\$ 443,691	\$ 1,405,845
Receivables, net	120,222	14,562	134,784
Inventory	120,652	-	120,652
Total current assets	<u>1,203,028</u>	<u>458,253</u>	<u>1,661,281</u>
Net pension asset	158,182	-	158,182
Net other postemployment benefits asset	8,495	-	8,495
Capital assets			
Capital assets, nondepreciable	31,825	-	31,825
Capital assets, net of accumulated depreciation	<u>12,824,029</u>	<u>-</u>	<u>12,824,029</u>
Total capital assets	<u>12,855,854</u>	<u>-</u>	<u>12,855,854</u>
 Total assets	 <u>14,225,559</u>	 <u>458,253</u>	 <u>14,683,812</u>
Deferred outflows of resources			
Refunded debt charges	34,643	-	34,643
Pension related items	40,422	-	40,422
Other postemployment benefit related items	5,648	-	5,648
Total deferred outflows of resources	<u>80,713</u>	<u>-</u>	<u>80,713</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	52,712	-	52,712
Accrued interest payable	8,571	-	8,571
Unearned revenue	108,928	-	108,928
Consumer deposits	56,697	-	56,697
Compensated absences	14,891	-	14,891
Bonds payable	266,414	-	266,414
Total current liabilities	<u>508,213</u>	<u>-</u>	<u>508,213</u>
Noncurrent liabilities			
Bonds payable	2,776,314	-	2,776,314
Net other postemployment benefits liability	22,785	-	22,785
Total noncurrent liabilities	<u>2,799,099</u>	<u>-</u>	<u>2,799,099</u>
 Total liabilities	 <u>3,307,312</u>	 <u>-</u>	 <u>3,307,312</u>
Deferred inflows of resources			
Pension related items	116,603	-	116,603
Other postemployment benefit related items	7,138	-	7,138
Total deferred inflows of resources	<u>123,741</u>	<u>-</u>	<u>123,741</u>
Net position			
Net investment in capital assets	9,813,126	-	9,813,126
Restricted for capital projects	-	458,253	458,253
Unrestricted	1,062,093	-	1,062,093
 Total net position	 <u>\$ 10,875,219</u>	 <u>\$ 458,253</u>	 <u>\$ 11,333,472</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER FUND
Year Ended June 30, 2022

	Water	Water System Development Charges	Eliminations	Total Water Fund
Operating revenues				
Charges for services	\$ 1,711,658	\$ -	\$ -	\$ 1,711,658
Operating expenses				
Personnel services	199,715	-	-	199,715
Materials and services	376,118	-	-	376,118
Depreciation	317,549	-	-	317,549
Total operating expenses	893,382	-	-	893,382
Operating income (loss)	818,276	-	-	818,276
Nonoperating revenues (expenses)				
Grants	703,237	153,162	-	856,399
Interest income	6,432	3,380	-	9,812
Miscellaneous	10,783	-	-	10,783
Loss on disposal of capital assets	(67,417)	-	-	(67,417)
Interest expense	(76,473)	-	-	(76,473)
Total nonoperating revenue (expenses)	576,562	156,542	-	733,104
Income (loss) before capital contributions and transfers	1,394,838	156,542	-	1,551,380
Capital contributions	-	50,830	-	50,830
Transfers in	267,950	-	(267,950)	-
Transfers out	(469,700)	(267,950)	267,950	(469,700)
Change in net position	1,193,088	(60,578)	-	1,132,510
Net position - beginning	4,019,363	518,831	-	4,538,194
Prior period adjustment	5,662,768	-	-	5,662,768
Net position - beginning, restated	9,682,131	518,831	-	10,200,962
Net position - ending	\$ 10,875,219	\$ 458,253	\$ -	\$ 11,333,472

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
WATER FUND
Year Ended June 30, 2022

	Water	Water System Development Charges	Eliminations	Total Water Fund
Cash flows from operating activities				
Receipts from customers	\$ 1,731,297	\$ -	\$ -	\$ 1,731,297
Payments to suppliers	(418,457)	-	-	(418,457)
Payments to employees	(244,218)	-	-	(244,218)
Net cash provided by (used in) operating activities	<u>1,068,622</u>	<u>-</u>	<u>-</u>	<u>1,068,622</u>
Cash flows from noncapital financing activities				
Transfers out	(469,700)	-	-	(469,700)
Net cash provided by (used in) noncapital financing activities	<u>(469,700)</u>	<u>-</u>	<u>-</u>	<u>(469,700)</u>
Cash flows from capital and related financing activities				
Transfers in	267,950	-	(267,950)	-
Transfers out	-	(267,950)	267,950	-
System development charges received	-	36,268	-	36,268
Other	10,783	-	-	10,783
Grants	812,165	153,162	-	965,327
Acquisition of capital assets	(1,208,993)	-	-	(1,208,993)
Principal paid on long-term obligations	(220,000)	-	-	(220,000)
Interest paid on long-term obligations	(109,600)	-	-	(109,600)
Net cash provided by (used in) capital and related financing activities	<u>(447,695)</u>	<u>(78,520)</u>	<u>-</u>	<u>(526,215)</u>
Cash flows from investing activities				
Interest on investments	6,432	3,380	-	9,812
Net cash provided by (used in) investing activities	<u>6,432</u>	<u>3,380</u>	<u>-</u>	<u>9,812</u>
Net increase (decrease) in cash and cash equivalents	157,659	(75,140)	-	82,519
Cash and cash equivalents - beginning of year	804,495	518,831	-	1,323,326
Cash and cash equivalents - end of year	<u>\$ 962,154</u>	<u>\$ 443,691</u>	<u>\$ -</u>	<u>\$ 1,405,845</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 818,276	\$ -	\$ -	\$ 818,276
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	317,549	-	-	317,549
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	14,554	-	-	14,554
Inventories	(48,294)	-	-	(48,294)
Net pension asset	(158,182)	-	-	(158,182)
Net other postemployment benefits asset	(6,189)	-	-	(6,189)
Deferred outflows - pension related items	19,742	-	-	19,742
Deferred outflows - other postemployment benefit related items	1,419	-	-	1,419
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	5,955	-	-	5,955
Consumer deposits	5,085	-	-	5,085
Compensated absences payable	(4,296)	-	-	(4,296)
Net pension liability	(924)	-	-	(924)
Net other postemployment benefits liability	1,003	-	-	1,003
Deferred inflows - pension related items	99,356	-	-	99,356
Deferred inflows - other postemployment benefit related items	3,568	-	-	3,568
Net cash provided by (used in) operating activities	<u>\$ 1,068,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,068,622</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, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 1,695,300	\$ 1,695,300	\$ 1,712,258	\$ 16,958
Intergovernmental	-	900,000	703,237	(196,763)
Interest	8,200	8,200	6,432	(1,768)
Miscellaneous	-	-	10,783	10,783
Total revenues	1,703,500	2,603,500	2,432,710	(170,790)
Expenditures				
Water	1,153,300	2,109,300	1,877,623	231,677
Debt service	329,600	329,600	329,600	-
Contingency	867,400	876,400	-	876,400
Total expenditures	2,350,300	3,315,300	2,207,223	1,108,077
Excess (deficiency) of revenues over expenditures	(646,800)	(711,800)	225,487	937,287
Other financing sources (uses)				
Transfers in	305,000	361,000	267,950	(93,050)
Transfers out	(478,700)	(469,700)	(469,700)	-
Total other financing sources (uses)	(173,700)	(108,700)	(201,750)	(93,050)
Net change in fund balance	(820,500)	(820,500)	23,737	844,237
Fund balance at beginning of year	820,500	820,500	832,826	12,326
Fund balance at end of year	\$ -	\$ -	856,563	\$ 856,563
Reconciliation to generally accepted accounting principles				
Inventory			120,652	
Net pension asset			158,182	
Net other postemployment benefit asset			8,495	
Capital assets, net			12,855,854	
Deferred outflows of resources			80,713	
Unavailable revenues			7,476	
Accrued interest payable			(8,571)	
Compensated absences payable			(14,891)	
Net other postemployment benefit liability			(22,785)	
Bonds payable			(3,042,728)	
Deferred inflows of resources			(123,741)	
Net position - ending			\$ 10,875,219	

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, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
System development charges	\$ 121,600	\$ 121,600	\$ 50,830	\$ (70,770)
Intergovernmental	-	154,000	153,162	(838)
Interest	4,200	4,200	3,380	(820)
Total revenues	<u>125,800</u>	<u>279,800</u>	<u>207,372</u>	<u>(72,428)</u>
Expenditures				
Water system development charges	<u>350,800</u>	<u>45,800</u>	-	<u>45,800</u>
Total expenditures	<u>350,800</u>	<u>45,800</u>	-	<u>45,800</u>
Excess (deficiency) of revenues over expenditures	<u>(225,000)</u>	<u>234,000</u>	<u>207,372</u>	<u>(26,628)</u>
Other financing sources (uses)				
Transfers out	<u>(305,000)</u>	<u>(361,000)</u>	<u>(267,950)</u>	<u>93,050</u>
Total other financing sources (uses)	<u>(305,000)</u>	<u>(361,000)</u>	<u>(267,950)</u>	<u>93,050</u>
Net change in fund balance	(530,000)	(127,000)	(60,578)	66,422
Fund balance at beginning of year	<u>543,300</u>	<u>543,300</u>	<u>518,831</u>	<u>(24,469)</u>
Fund balance at end of year	<u>\$ 13,300</u>	<u>\$ 416,300</u>	<u>\$ 458,253</u>	<u>\$ 41,953</u>
Net position - ending			<u>\$ 458,253</u>	

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
WASTEWATER FUND
June 30, 2022

	<u>Wastewater</u>	<u>Wastewater System Development Charges</u>	<u>Total Wastewater Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 5,249,969	\$ 324,685	\$ 5,574,654
Receivables, net	291,258	-	291,258
Inventory	458,225	-	458,225
Total current assets	<u>5,999,452</u>	<u>324,685</u>	<u>6,324,137</u>
Net pension asset	257,640	-	257,640
Net other postemployment benefits asset	13,487	-	13,487
Capital assets			
Capital assets, nondepreciable	410,747	-	410,747
Capital assets, net of accumulated depreciation	<u>20,658,622</u>	<u>-</u>	<u>20,658,622</u>
Total capital assets	<u>21,069,369</u>	<u>-</u>	<u>21,069,369</u>
Total assets	<u>27,339,948</u>	<u>324,685</u>	<u>27,664,633</u>
Deferred outflows of resources			
Pension related items	44,433	-	44,433
Other postemployment benefit related items	<u>8,040</u>	<u>-</u>	<u>8,040</u>
Total deferred outflows of resources	<u>52,473</u>	<u>-</u>	<u>52,473</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	54,999	-	54,999
Accrued interest payable	169,731	-	169,731
Consumer deposits	56,076	-	56,076
Compensated absences	22,107	-	22,107
Bonds payable	<u>575,016</u>	<u>-</u>	<u>575,016</u>
Total current liabilities	<u>877,929</u>	<u>-</u>	<u>877,929</u>
Noncurrent liabilities			
Bonds payable	9,147,672	-	9,147,672
Net other postemployment benefits liability	<u>33,630</u>	<u>-</u>	<u>33,630</u>
Total noncurrent liabilities	<u>9,181,302</u>	<u>-</u>	<u>9,181,302</u>
Total liabilities	<u>10,059,231</u>	<u>-</u>	<u>10,059,231</u>
Deferred inflows of resources			
Pension related items	180,074	-	180,074
Other postemployment benefit related items	<u>11,107</u>	<u>-</u>	<u>11,107</u>
Total deferred inflows of resources	<u>191,181</u>	<u>-</u>	<u>191,181</u>
Net position			
Net investment in capital assets	11,346,681	-	11,346,681
Restricted for:			
Capital projects		324,685	324,685
Debt service	944,848	-	944,848
Unrestricted	<u>4,850,480</u>	<u>-</u>	<u>4,850,480</u>
Total net position	<u>\$ 17,142,009</u>	<u>\$ 324,685</u>	<u>\$ 17,466,694</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WASTEWATER FUND
Year Ended June 30, 2022

	<u>Wastewater</u>	<u>Wastewater System Development Charges</u>	<u>Eliminations</u>	<u>Total Wastewater Fund</u>
Operating revenues				
Charges for services	\$ 3,366,935	\$ -	\$ -	\$ 3,366,935
Operating expenses				
Personnel services	338,555	-	-	338,555
Materials and services	939,356	-	-	939,356
Depreciation	576,481	-	-	576,481
Total operating expenses	1,854,392	-	-	1,854,392
Operating income (loss)	1,512,543	-	-	1,512,543
Nonoperating revenues (expenses)				
Interest income	27,380	2,370	-	29,750
Miscellaneous	7,073	-	-	7,073
Loss on disposal of capital assets	(20,250)	-	-	(20,250)
Interest expense	(257,385)	-	-	(257,385)
Total nonoperating revenue (expenses)	(243,182)	2,370	-	(240,812)
Income (loss) before capital contributions and transfers	1,269,361	2,370	-	1,271,731
Capital contributions	-	45,362	-	45,362
Transfers in	135,000	-	(135,000)	-
Transfers out	(593,400)	(135,000)	135,000	(593,400)
Change in net position	810,961	(87,268)	-	723,693
Net position - beginning	6,330,584	411,953	-	6,742,537
Prior period adjustment	10,000,464	-	-	10,000,464
Net position - beginning, restated	16,331,048	411,953	-	16,743,001
Net position - ending	\$ 17,142,009	\$ 324,685	\$ -	\$ 17,466,694

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
WASTEWATER FUND
Year Ended June 30, 2022

	Wastewater	Wastewater System Development Charges	Eliminations	Total Wastewater Fund
Cash flows from operating activities				
Receipts from customers	\$ 3,348,544	\$ -	\$ -	\$ 3,348,544
Payments to suppliers	(894,656)	-	-	(894,656)
Payments to employees	(397,769)	-	-	(397,769)
Net cash provided by (used in) operating activities	<u>2,056,119</u>	<u>-</u>	<u>-</u>	<u>2,056,119</u>
Cash flows from noncapital financing activities				
Transfers out	(593,400)	-	-	(593,400)
Net cash provided by (used in) noncapital financing activities	<u>(593,400)</u>	<u>-</u>	<u>-</u>	<u>(593,400)</u>
Cash flows from capital and related financing activities				
Transfers in	135,000	-	(135,000)	-
Transfers out	-	(135,000)	135,000	-
System development charges received	-	45,362	-	45,362
Other	7,073	-	-	7,073
Acquisition of capital assets	(160,080)	-	-	(160,080)
Principal paid on long-term obligations	(530,633)	-	-	(530,633)
Interest paid on long-term obligations	(287,962)	-	-	(287,962)
Net cash provided by (used in) capital and related financing activities	<u>(836,602)</u>	<u>(89,638)</u>	<u>-</u>	<u>(926,240)</u>
Cash flows from investing activities				
Interest on investments	27,380	2,370	-	29,750
Net cash provided by (used in) investing activities	<u>27,380</u>	<u>2,370</u>	<u>-</u>	<u>29,750</u>
Net increase (decrease) in cash and cash equivalents	653,497	(87,268)	-	566,229
Cash and cash equivalents - beginning of year	4,596,472	411,953	-	5,008,425
Cash and cash equivalents - end of year	<u>\$ 5,249,969</u>	<u>\$ 324,685</u>	<u>\$ -</u>	<u>\$ 5,574,654</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 1,512,543	\$ -	\$ -	\$ 1,512,543
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	576,481	-	-	576,481
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(23,423)	-	-	(23,423)
Inventories	37,553	-	-	37,553
Net pension asset	(257,640)	-	-	(257,640)
Net other postemployment benefits asset	(10,081)	-	-	(10,081)
Deferred outflows - pension related items	32,155	-	-	32,155
Deferred outflows - other postemployment benefit related items	2,310	-	-	2,310
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	7,147	-	-	7,147
Consumer deposits	5,032	-	-	5,032
Compensated absences payable	6,091	-	-	6,091
Net pension liability	(1,320)	-	-	(1,320)
Net other postemployment benefits liability	1,634	-	-	1,634
Deferred inflows - pension related items	161,827	-	-	161,827
Deferred inflows - other postemployment benefit related items	5,810	-	-	5,810
Net cash provided by (used in) operating activities	<u>\$ 2,056,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,056,119</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, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 3,255,200	\$ 3,255,200	\$ 3,367,286	\$ 112,086
Interest	35,900	35,900	27,380	(8,520)
Miscellaneous	-	-	7,073	7,073
Total revenues	3,291,100	3,291,100	3,401,739	110,639
Expenditures				
Wastewater	2,448,500	2,448,500	1,459,652	988,848
Debt service	823,900	823,900	818,595	5,305
Contingency	753,400	748,900	-	748,900
Total expenditures	4,025,800	4,021,300	2,278,247	1,743,053
Excess (deficiency) of revenues over expenditures	(734,700)	(730,200)	1,123,492	1,853,692
Other financing sources (uses)				
Transfers in	135,000	135,000	135,000	-
Transfers out	(588,900)	(593,400)	(593,400)	-
Total other financing sources (uses)	(453,900)	(458,400)	(458,400)	-
Net change in fund balance	(1,188,600)	(1,188,600)	665,092	1,853,692
Fund balance at beginning of year	4,702,600	4,702,600	4,747,876	45,276
Fund balance at end of year	\$ 3,514,000	\$ 3,514,000	5,412,968	\$ 1,898,968
Reconciliation to generally accepted accounting principles				
Inventory			458,225	
Net pension asset			257,640	
Net other postemployment benefit asset			13,487	
Capital assets, net			21,069,369	
Deferred outflows of resources			52,473	
Unavailable revenues			17,184	
Accrued interest payable			(169,731)	
Compensated absences payable			(22,107)	
Net other postemployment benefit liability			(33,630)	
Bonds payable			(9,722,688)	
Deferred inflows of resources			(191,181)	
Net position - ending			\$ 17,142,009	

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, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
System development charges	\$ 90,500	\$ 90,500	\$ 45,362	\$ (45,138)
Interest	6,900	6,900	2,370	(4,530)
Total revenues	<u>97,400</u>	<u>97,400</u>	<u>47,732</u>	<u>(49,668)</u>
Expenditures				
Wastewater system development charges	41,500	41,500	-	41,500
Contingency	282,000	-	-	-
Total expenditures	<u>323,500</u>	<u>41,500</u>	<u>-</u>	<u>41,500</u>
Excess (deficiency) of revenues over expenditures	<u>(226,100)</u>	<u>55,900</u>	<u>47,732</u>	<u>(8,168)</u>
Other financing sources (uses)				
Transfers out	<u>(135,000)</u>	<u>(135,000)</u>	<u>(135,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(135,000)</u>	<u>(135,000)</u>	<u>(135,000)</u>	<u>-</u>
Net change in fund balance	(361,100)	(79,100)	(87,268)	(8,168)
Fund balance at beginning of year	<u>361,100</u>	<u>361,100</u>	<u>411,953</u>	<u>50,853</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 282,000</u>	<u>\$ 324,685</u>	<u>\$ 42,685</u>
Net position - ending			<u>\$ 324,685</u>	

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
STORMWATER FUND
Year Ended June 30, 2022

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Stormwater Fund</u>
Operating revenues			
Charges for services	\$ 325,019	\$ -	\$ 325,019
Operating expenses			
Personnel services	32,941	-	32,941
Materials and services	67,589	-	67,589
Depreciation	<u>119,182</u>	<u>-</u>	<u>119,182</u>
Total operating expenses	<u>219,712</u>	<u>-</u>	<u>219,712</u>
Operating income (loss)	<u>105,307</u>	<u>-</u>	<u>105,307</u>
Nonoperating revenues (expenses)			
Interest income	2,263	1,517	3,780
Interest expense	<u>(19,698)</u>	<u>-</u>	<u>(19,698)</u>
Total nonoperating revenue (expenses)	<u>(17,435)</u>	<u>1,517</u>	<u>(15,918)</u>
Income (loss) before capital contributions and transfers	87,872	1,517	89,389
Capital contributions	-	66,357	66,357
Transfers out	<u>(96,000)</u>	<u>-</u>	<u>(96,000)</u>
Change in net position	<u>(8,128)</u>	<u>67,874</u>	<u>59,746</u>
Net position - beginning	2,150,926	230,017	2,380,943
Prior period adjustment	<u>4,326,674</u>	<u>-</u>	<u>4,326,674</u>
Net position - beginning, restated	<u>6,477,600</u>	<u>230,017</u>	<u>6,707,617</u>
Net position - ending	<u>\$ 6,469,472</u>	<u>\$ 297,891</u>	<u>\$ 6,767,363</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
STORMWATER FUND
Year Ended June 30, 2022

	<u>Stormwater</u>	<u>Stormwater System Development Charges</u>	<u>Total Stormwater Fund</u>
Cash flows from operating activities			
Receipts from customers	\$ 324,009	\$ -	\$ 324,009
Payments to suppliers	(15,868)	-	(15,868)
Payments to employees	(40,726)	-	(40,726)
Net cash provided by (used in) operating activities	<u>267,415</u>	<u>-</u>	<u>267,415</u>
Cash flows from noncapital financing activities			
Payments on interfund loan	(23,000)	-	(23,000)
Transfers out	(96,000)	-	(96,000)
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	-	66,357	66,357
Acquisition of capital assets	(49,752)	-	(49,752)
Principal paid on long-term obligations	(27,653)	-	(27,653)
Interest paid on long-term obligations	(20,210)	-	(20,210)
Net cash provided by (used in) capital and related financing activities	<u>(97,615)</u>	<u>66,357</u>	<u>(31,258)</u>
Cash flows from investing activities			
Interest on investments	<u>2,263</u>	<u>1,517</u>	<u>3,780</u>
Net cash provided by (used in) investing activities	<u>2,263</u>	<u>1,517</u>	<u>3,780</u>
Net increase (decrease) in cash and cash equivalents	53,063	67,874	120,937
Cash and cash equivalents - beginning of year	<u>369,857</u>	<u>230,017</u>	<u>599,874</u>
Cash and cash equivalents - end of year	<u>\$ 422,920</u>	<u>\$ 297,891</u>	<u>\$ 720,811</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 105,307	\$ -	\$ 105,307
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	(1,010)	-	(1,010)
Net pension asset	(26,379)	-	(26,379)
Net other postemployment benefits asset	(1,032)	-	(1,032)
Deferred outflows - pension related items	3,292	-	3,292
Deferred outflows - other postemployment benefit related items	236	-	236
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	51,721	-	51,721
Compensated absences payable	(1,086)	-	(1,086)
Net pension liability	(147)	-	(147)
Net other postemployment benefits liability	167	-	167
Deferred inflows - pension related items	16,569	-	16,569
Deferred inflows - other postemployment benefit related items	595	-	595
Net cash provided by (used in) operating activities	<u>\$ 267,415</u>	<u>\$ -</u>	<u>\$ 267,415</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, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 316,700	\$ 316,700	\$ 325,172	\$ 8,472
Interest	2,700	2,700	2,263	(437)
Total revenues	<u>319,400</u>	<u>319,400</u>	<u>327,435</u>	<u>8,035</u>
Expenditures				
Stormwater	257,900	257,900	158,067	99,833
Debt service	71,100	71,100	70,863	237
Contingency	230,200	230,200	-	230,200
Total expenditures	<u>559,200</u>	<u>559,200</u>	<u>228,930</u>	<u>330,270</u>
Excess (deficiency) of revenues over expenditures	<u>(239,800)</u>	<u>(239,800)</u>	<u>98,505</u>	<u>338,305</u>
Other financing sources (uses)				
Transfers out	(96,000)	(96,000)	(96,000)	-
Total other financing sources (uses)	<u>(96,000)</u>	<u>(96,000)</u>	<u>(96,000)</u>	<u>-</u>
Net change in fund balance	(335,800)	(335,800)	2,505	338,305
Fund balance at beginning of year	<u>335,800</u>	<u>335,800</u>	<u>395,752</u>	<u>59,952</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	398,257	<u>\$ 398,257</u>
Reconciliation to generally accepted accounting principles				
Net pension asset			26,379	
Net other postemployment benefit asset			1,235	
Capital assets, net			6,807,777	
Deferred outflows of resources			3,914	
Unavailable revenues			1,698	
Accrued interest payable			(7,642)	
Compensated absences payable			(4,470)	
Due to other funds			(92,600)	
Net other postemployment benefit liability			(2,348)	
Bonds payable			(644,503)	
Deferred inflows of resources			<u>(18,225)</u>	
Net position - ending			<u>\$ 6,469,472</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, 2022

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
System development charges	\$ 110,000	\$ 110,000	\$ 66,357	\$ (43,643)
Interest	1,500	1,500	1,517	17
Total revenues	<u>111,500</u>	<u>111,500</u>	<u>67,874</u>	<u>(43,626)</u>
Expenditures				
Stormwater system development charges	<u>65,000</u>	<u>65,000</u>	-	<u>65,000</u>
Total expenditures	<u>65,000</u>	<u>65,000</u>	-	<u>65,000</u>
Net change in fund balance	46,500	46,500	67,874	21,374
Fund balance at beginning of year	<u>182,200</u>	<u>182,200</u>	<u>230,017</u>	<u>47,817</u>
Fund balance at end of year	<u>\$ 228,700</u>	<u>\$ 228,700</u>	<u>\$ 297,891</u>	<u>\$ 69,191</u>
Net position - ending			<u>\$ 297,891</u>	

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2022

	Public Works Administration	Facilities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 523,952	\$ 731,975	\$ 1,255,927
Total current assets	<u>523,952</u>	<u>731,975</u>	<u>1,255,927</u>
Noncurrent assets			
Lease receivable	-	600,958	600,958
Net pension asset	263,688	-	263,688
Net other postemployment benefits asset	13,140	-	13,140
Total noncurrent assets	<u>276,828</u>	<u>600,958</u>	<u>877,786</u>
Total assets	<u>800,780</u>	<u>1,332,933</u>	<u>2,133,713</u>
Deferred outflows of resources			
Pension related items	43,763	-	43,763
Other postemployment benefit related items	6,538	-	6,538
Total deferred outflows of resources	<u>50,301</u>	<u>-</u>	<u>50,301</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	34,587	-	34,587
Compensated absences	14,866	-	14,866
Total current liabilities	<u>49,453</u>	<u>-</u>	<u>49,453</u>
Noncurrent liabilities			
Net other postemployment benefits liability	28,865	-	28,865
Total noncurrent liabilities	<u>28,865</u>	<u>-</u>	<u>28,865</u>
Total liabilities	<u>78,318</u>	<u>-</u>	<u>78,318</u>
Deferred inflows of resources			
Leases	-	600,958	600,958
Pension related items	185,452	-	185,452
Other postemployment benefit related items	10,252	-	10,252
Total deferred inflows of resources	<u>195,704</u>	<u>600,958</u>	<u>796,662</u>
Net position			
Unrestricted	<u>577,059</u>	<u>731,975</u>	<u>1,309,034</u>
Total net position	<u>\$ 577,059</u>	<u>\$ 731,975</u>	<u>\$ 1,309,034</u>

CITY OF STAYTON
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	Public Works		
	Administration	Facilities	Totals
Operating revenues			
Charges for services	\$ 14,925	\$ -	\$ 14,925
Rents	<u>-</u>	<u>47,472</u>	<u>47,472</u>
Total operating revenues	<u>14,925</u>	<u>47,472</u>	<u>62,397</u>
Operating expenses			
Personnel services	335,054	14,735	349,789
Materials and services	<u>150,701</u>	<u>75,655</u>	<u>226,356</u>
Total operating expenses	<u>485,755</u>	<u>90,390</u>	<u>576,145</u>
Operating income (loss)	<u>(470,830)</u>	<u>(42,918)</u>	<u>(513,748)</u>
Nonoperating revenues (expenses)			
Interest income	1,502	8,763	10,265
Miscellaneous	<u>5,700</u>	<u>-</u>	<u>5,700</u>
Total nonoperating revenue (expenses)	<u>7,202</u>	<u>8,763</u>	<u>15,965</u>
Income (loss) before capital contributions and transfers	(463,628)	(34,155)	(497,783)
Capital contributions	2,335	-	2,335
Transfers in	<u>721,000</u>	<u>85,700</u>	<u>806,700</u>
Change in net position	259,707	51,545	311,252
Net position - beginning	<u>317,352</u>	<u>680,430</u>	<u>997,782</u>
Net position - ending	<u>\$ 577,059</u>	<u>\$ 731,975</u>	<u>\$ 1,309,034</u>

CITY OF STAYTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	Public Works		
	Administration	Facilities	Totals
Cash flows from operating activities			
Receipts from customers	\$ 14,925	\$ -	\$ 14,925
Receipts from other funds	-	47,472	47,472
Payments to suppliers	(255,402)	(75,655)	(331,057)
Payments to employees	(407,107)	(14,735)	(421,842)
Net cash provided by (used in) operating activities	<u>(647,584)</u>	<u>(42,918)</u>	<u>(690,502)</u>
Cash flows from noncapital financing activities			
Transfers in	721,000	85,700	806,700
Net cash provided by (used in) noncapital financing activities	<u>721,000</u>	<u>85,700</u>	<u>806,700</u>
Cash flows from capital and related financing activities			
System development charges received	2,335	-	2,335
Other receipts	5,700	-	5,700
Net cash provided by (used in) capital and related financing activities	<u>8,035</u>	<u>-</u>	<u>8,035</u>
Cash flows from investing activities			
Interest on investments	1,502	8,763	10,265
Net cash provided by (used in) investing activities	<u>1,502</u>	<u>8,763</u>	<u>10,265</u>
Net increase (decrease) in cash and cash equivalents	82,953	51,545	134,498
Cash and cash equivalents - beginning of year	440,999	680,430	1,121,429
Cash and cash equivalents - end of year	<u>\$ 523,952</u>	<u>\$ 731,975</u>	<u>\$ 1,255,927</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (470,830)	\$ (42,918)	\$ (513,748)
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	(10,317)	-	(10,317)
Deferred outflows - pension related items	32,910	-	32,910
Deferred outflows - other postemployment benefit related items	2,365	-	2,365
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(104,701)	-	(104,701)
Compensated absences payable	(5,308)	-	(5,308)
Net pension liability	(1,261)	-	(1,261)
Net other postemployment benefits liability	1,673	-	1,673
Deferred inflows - pension related items	165,626	-	165,626
Deferred inflows - other postemployment benefit related items	5,947	-	5,947
Net cash provided by (used in) operating activities	<u>\$ (647,584)</u>	<u>\$ (42,918)</u>	<u>\$ (690,502)</u>

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, 2022

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 5,200	\$ 14,925	\$ 9,725
System development charges	20,000	2,335	(17,665)
Interest	5,200	1,502	(3,698)
Miscellaneous	-	5,700	5,700
	30,400	24,462	(5,938)
Expenditures			
Public works administration	768,400	557,808	210,592
Contingency	211,200	-	211,200
	979,600	557,808	421,792
Excess (deficiency) of revenues over expenditures	(949,200)	(533,346)	415,854
Other financing sources (uses)			
Transfers in	723,400	721,000	(2,400)
	723,400	721,000	(2,400)
Net change in fund balance	(225,800)	187,654	413,454
Fund balance at beginning of year	225,800	301,711	75,911
Fund balance at end of year	\$ -	489,365	\$ 489,365
Reconciliation to generally accepted accounting principles			
Net pension asset		263,688	
Net other postemployment benefit asset		13,140	
Deferred outflows of resources		50,301	
Compensated absences payable		(14,866)	
Net other postemployment benefit liability		(28,865)	
Deferred inflows of resources		(195,704)	
Net position - ending		\$ 577,059	

CITY OF STAYTON
FACILITIES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Rents	\$ 16,200	\$ 52,572	\$ 36,372
Interest	4,900	3,663	(1,237)
Total revenues	<u>21,100</u>	<u>56,235</u>	<u>35,135</u>
Expenditures			
Facilities	175,200	90,390	84,810
Contingency	595,200	-	595,200
Total expenditures	<u>770,400</u>	<u>90,390</u>	<u>680,010</u>
Excess (deficiency) of revenues over expenditures	<u>(749,300)</u>	<u>(34,155)</u>	<u>715,145</u>
Other financing sources (uses)			
Transfers in	85,700	85,700	-
Total other financing sources (uses)	<u>85,700</u>	<u>85,700</u>	<u>-</u>
Net change in fund balance	(663,600)	51,545	715,145
Fund balance at beginning of year	<u>663,600</u>	<u>680,430</u>	<u>16,830</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 731,975</u>	<u>\$ 731,975</u>

CITY OF STAYTON
COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
June 30, 2022

	Retirement Plan for Employees of the City of Stayton	Retirement Health Insurance Account	Totals
Assets			
Cash and cash equivalents	\$ 271,734	\$ 8,217	\$ 279,951
Receivables	27,927	750	28,677
Investments, at fair value			
Mutual funds	8,859,756	267,914	9,127,670
 Total assets	9,159,417	276,881	9,436,298
 Net position			
Net position held in trust for:			
Pension benefits	9,159,417	-	9,159,417
Other postemployment benefits	-	276,881	276,881
 Total net position	\$ 9,159,417	\$ 276,881	\$ 9,436,298

CITY OF STAYTON
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
Year Ended June 30, 2022

	Retirement Plan for Employees of the City of Stayton	Retirement Health Insurance Account	Totals
Additions			
Contributions	\$ 333,274	\$ 9,019	\$ 342,293
Total additions	<u>333,274</u>	<u>9,019</u>	<u>342,293</u>
Deductions			
Investment losses	1,381,115	41,560	1,422,675
Benefits	<u>389,418</u>	<u>8,100</u>	<u>397,518</u>
Total deductions	<u>1,770,533</u>	<u>49,660</u>	<u>1,820,193</u>
Change in net position	(1,437,259)	(40,641)	(1,477,900)
Net position - beginning of year	<u>10,596,676</u>	<u>317,522</u>	<u>10,914,198</u>
Net position - end of year	<u>\$ 9,159,417</u>	<u>\$ 276,881</u>	<u>\$ 9,436,298</u>

COMPLIANCE SECTION

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

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

We have audited the basic financial statements of the City of Stayton, Oregon (the "City") as of and for the year ended June 30, 2022, and have issued our report thereon dated April 25, 2023. 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)

The City's financial summary, LB-1, for the 2022-23 adopted budget should agree with amounts on the detail budget sheets per ORS 294.438. Actual numbers for 2020-21 requirements and 2021-22 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>
2020-21 Requirements	\$ 13,528,175	\$ 11,505,918	\$ 2,022,257
2021-22 Resources	26,191,500	28,197,100	(2,005,600)
2021-22 Requirements	26,191,500	28,197,100	(2,005,600)

Expenditures in excess of appropriations 2021-22 occurred as follows:

<u>Fund/Appropriation Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General Community Center	\$ 36,000	\$ 36,097	\$ 97

The City's expenditure and resource estimate sheets should present actual amounts for the 2 preceding budget periods. Actual numbers per the prior audited financial statements for 2020-21 did not agree to the budget detail as follows:

2020-21

<u>Fund/Type</u>	<u>Budget Detail</u>	<u>Actuals</u>	<u>Variance</u>
General Fund - Resources	\$ 6,198,569	\$ 6,191,983	\$ 6,586
General Fund - Requirements	\$ 4,556,315	\$ 4,176,314	\$ 380,001

Insurance and fidelity bonds in force or required by law

The City is required to comply with legal requirements and government policies related to insurance and fidelity bond coverage. Per review of the City's Rural Development Loan and Grant Conditions, fidelity bond insurance requirements are \$345,447 and during 2021-22 the City only had \$50,000 in fidelity bond insurance.

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.

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

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

April 25, 2023

By:

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Bradley G. Bingenheimer, Partner

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**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 25, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-01 that we consider to be a material weakness.

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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

SingerLewak LLP

A handwritten signature in cursive script that reads "SingerLewak LLP".

April 25, 2023

2022-01 Capital Assets

Criteria: The City should maintain and reconcile a complete capital asset and related depreciation schedule throughout the year and at the fiscal yearend.

Condition: Management was unable to produce a complete capital asset and related depreciation schedule that agreed to the prior year financial statements.

Cause: The City has had reduced staffing and staff turnover in recent years.

Effect or potential effect: A deficiency in the design of the controls to reconcile capital asset account balances to detail records and the monitoring to ensure the control is working as intended.

Management response: City Management agrees with this observation. Subsequent to year-end, the City put substantial effort into compiling a comprehensive capital assets listing as of June 30, 2021 (the prior fiscal year), including a valuation of historical cost and related depreciation. Based on the results of that effort, substantial prior period adjustments were made to prior financial statement balances. The comprehensive capital assets listing was updated for the current fiscal year and will be maintained, reconciled, and reviewed/approved annually at each year end.

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