CITY OF STAYTON

Stayton, Oregon

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2019

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CITY OF STAYTON
OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2019

MAYOR

Henry Porter

CITY COUNCIL*

Paige Hook (Term Began January 7, 2019)

Jordan Ohrt (Term Began January 7, 2019)

David Patty (Term Began January 7, 2019)

Christopher Molin

Brian Quigley

Priscilla Glidewell (Term Ended December 31, 2018)

Joe Usselman (Term Ended December 31, 2018)

Mark Kronquist (Term Ended December 31, 2018)

*The Mayor and Councilors receive mail at the City address

CITY MANAGER

Keith Campbell

CITY ADDRESS

362 N. Third Avenue
Stayton, Oregon 97383

CITY OF STAYTON

TABLE OF CONTENTS
For the Year Ended June 30, 2019

CITY OF STAYTON
TABLE OF CONTENTS (Continued)

Page

COMBINING FINANCIAL STATEMENTS AND INDIVIDUAL FUND SCHEDULES

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CERTIFIED PUBLIC ACCOUNTANTS
The right people. The right answers.

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
CITY OF STAYTON
Stayton, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF STAYTON, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF STAYTON, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General and Street Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 10 and the schedules on pages 64 – 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 11, 2019, 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.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 11, 2019

By:

Bradley G. Bingenheimer, Member

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

The management of the City of Stayton offers readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019.

Financial Highlights

- The change in net position increased by $270,000 based on the change in Pensions and OPEB balances.
- The City completed a phase one of a capital project for the Lambert Property Regional Detention Facility re direct storm water. The current year project cost was about 1.4 million. The project was funded with Lottery and a current year bond issuance of $725,000.
- The City invested $400,000 in the City's retirement and other postemployment benefit plans in fiscal year 2018-19 to reduce its unfunded actuarial liability (City plans only). The investment was made in October 2018.
- The City established a PERS stabilization fund in the amount of $150,000 in preparations to apply for the State's PERS matching grant to help reduce the unfunded PERS liability. The investment reduced the City's retirement contribution rate slightly (less than 1.0%).

Overview of the Financial Statements

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

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

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

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

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

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 nine (9) governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Street Funds. Information for the remaining (non-major) funds are combined into a single aggregate presentation. Individual fund information for each of the remaining funds is provided in the form of combining schedules in the supplemental information.

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

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.

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.

City of Stayton

Administration • Finance

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Government-wide Financial Analysis

Table 1 - Net Position as of June 30

(amounts in thousands)

	Governmental		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	$ 5,360	$ 5,155	$ 6,748	$ 6,944	$ 12,108	$ 12,099
Capital assets	9,598	9,555	22,115	20,731	31,713	30,286
Total assets	14,958	14,710	28,863	27,675	43,821	42,385
Deferred outflows of resources	1,073	848	441	294	1,514	1,142
Liabilities						
Long-term liabilities	2,201	2,059	16,073	16,153	18,274	18,212
Other liabilities	432	280	464	377	896	657
Total liabilities	2,633	2,339	16,537	16,530	19,170	18,869
Deferred inflows of resources	256	191	107	149	363	340
Net position:						
Net investment in capital asset	9,634	9,555	6,244	4,828	15,878	14,383
Restricted for:						
Highways and streets	1,166	1,095	-	-	1,166	1,095
Swimming pool	213	163	-	-	213	163
Capital projects	769	736	1,140	1,035	1,909	1,771
Other purposes	314	106	-	-	314	106
Unrestricted	1,046	1,373	5,276	5,427	6,322	6,800
Total net position	$ 13,142	$ 13,028	$ 12,660	$ 11,290	$ 25,802	$ 24,318

The net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Stayton, assets exceeded liabilities by $25.8 million as of June 30, 2019, an increase of $1.5 million (6.0%) from June 30, 2018. The increase in net positon is primary related to the investment in capital assets related to the Lambert Property Regional Detention Facility.

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

Table 2 - Changes in Net Position

(amounts in thousands)

	Governmental		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues	$ 1,527	$ 1,411	$ 5,667	$ 5,320	$ 7,194	$ 6,731
General revenue						
Property taxes	2,014	2,343	-	-	2,014	2,343
Other general revenues	1,938	1,565	168	93	2,106	1,658
Total revenue	5,479	5,319	5,835	5,413	11,314	10,732
Expenses						
Governmental activites	5,650	5,435	-	-	5,650	5,435
Business-type activities	-	-	4,180	3,917	4,180	3,917
Total expenses	5,650	5,435	4,180	3,917	9,830	9,352
Change in net position before transfers	(171)	(116)	1,655	1,496	1,484	1,380
Transfers	285	213	(285)	(213)	-	-
Change in net position	114	97	1,370	1,283	1,484	1,380
Net position - beginning	13,028	12,906	11,290	10,007	24,318	22,913
Prior period adjustment	-	25	-	-	-	25
Net position - ending	$ 13,142	$ 13,028	$ 12,660	$ 11,290	$ 25,802	$ 24,318

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 $114,000(0.9%). There was no substantial changes in governmental revenue or expenditures compared to prior year.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Stayton's governmental funds reported combined ending fund balances of $4.4 million an decreased of $0.9 million from the previous year-end balance based on the transfer of system development change for water, wastewater and stormwater fund from governmental to propriety funds.

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, 2019, the unrestricted net position of the propriety funds are as follows (in thousands):

- Water Fund $ 785
- Wastewater Fund $ 3,162
- Stormwater Fund $ 123

The net change in positon increased by $1.3 million higher than the prior year, primarily based on the transfer of system development change for water, wastewater and stormwater fund from governmental to propriety funds. The city also received an additional $530,000 in capital contributions.

General Fund Budgetary Highlights

General Fund actual revenue of $3.6 million was less than budgeted revenue of $3.8 million primarily due to a CDBG Block grant in the amount of $400,000 that was anticipated but not received.

Expenditures for the General Fund were underspent, net of contingency, by $493 thousand when compared to the budget. Departmental spending relative to budget in fiscal year 2019 is consistent with budgeted amounts. Non-departmental spending was under budgeted amount due to not receive the CBDG grant and projects did not get completed. There was not a substantial change in the General Fund fund balance during the year.

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Capital Asset and Debt Administration

Capital assets.

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

The City of Stayton's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to $31.7 million (net of accumulated depreciation). During fiscal year 2019 the City acquired $0.5 million of governmental assets while incurring $0.4 million in depreciation. Acquisitions included a Police patrol vehicle, tennis court resurfacing, and street paving overlays. The City acquired $2.3 million of business-type assets, while incurring $1.0 million in depreciation expense. Business-type asset acquisitions included completion of phase one of stormwater improvements at the Lambert Property Regional Detention Facility, a public works crane vehicle, and other utility improvement and equipment purchases.

The following table summarizes the City of Stayton's capital assets as of June 30, 2019:

Table 3 Capital Assets as of June 30th

(net of depreciation, in thousands)

	Governmental		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 1,759	$ 1,759	$ 1,347	$ 1,347	$ 3,106	$ 3,106
Buildings and improvements	2,907	3,087	4,214	4,343	7,121	7,430
Equipment and vehicles	642	678	740	644	1,382	1,322
Infrastructure	4,291	3,988	15,758	14,340	20,049	18,328
Construction in progress	-	43	56	56	56	99
Capital assets, net of depreciation	$ 9,599	$ 9,555	$ 22,115	$ 20,730	$ 31,714	$ 30,285

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

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Long-term debt.

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

	Governmental		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds payable	$ -	$ -	$ 15,871	$ 16,640	$ 15,871	$ 16,640
Total long-term debt payable	$ -	$ -	$ 15,871	$ 16,640	$ 15,871	$ 16,640

Current year principal payments of $694,000 and $62,000 of premium amortization were offset by issuance of $725,000 Full Faith & Credit borrowing.

Additional information on the City of Stayton's long-term debt can be found in note 7.

Economic Factors and Next Year's Budgets and Rates

In preparing the budget for fiscal year 2019-20 the City made 1.9% CPI adjustments as per our fiscal policy. This includes the city's utility bill which includes wastewater, stormwater and streets. City Council approved a 4.5% increase in the water portion of the utility bill. For customers who consume 5,000 gallons, this would equate to an overall adjustment to the utility bill of 2.71%. For customers that consume 15,000 gallons this, would equate to an overall adjustment of 2.91%.

Although the regional economy has strengthened and inflation remains low, forecast personnel costs outpace projected increases in revenues. Therefore, the City continues to operate with a smaller staff than at its peak in 2008. Going forward, personnel costs are anticipated to be negatively impacted by increased costs for PERS and health insurance. Additionally, with the labor market tightening, there will be continued pressure on salaries.

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The City has a significant long-term risk in the pension obligations for PERS and the City Retirement Plan. In an effort to be proactive toward reducing this risk, the City will be depositing $250,000 in to a PERS side account. With this deposit, the City is applying for a matching grant from the State of Oregon's Employer Incentive Fund Grant.

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

Requests for information

This financial report is designed to provide a general overview of the City of Stayton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 362 N. 3rd Avenue, Stayton, 97383.

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BASIC FINANCIAL STATEMENTS

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CITY OF STAYTON

STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	$ 4,877,878	$ 6,035,161	$ 10,913,039
Internal balances	116,508	(116,508)	-
Receivables, net	329,439	396,149	725,588
Inventory	25,194	433,286	458,480
Prepaid items	10,099	-	10,099
Capital assets:			
Land and construction in progress	1,759,203	1,402,777	3,161,980
Other capital assets, net	7,839,434	20,711,950	28,551,384
TOTAL ASSETS	14,957,755	28,862,815	43,820,570
DEFERRED OUTFLOWS OF RESOURCES			
Refunded debt charges	-	46,190	46,190
Pension related items	1,015,018	334,310	1,349,328
Other postemployment benefit related items	57,802	60,534	118,336
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,072,820	441,034	1,513,854
LIABILITIES			
Accounts payable and accrued liabilities	427,787	221,058	648,845
Accrued interest payable	-	209,879	209,879
Deposits	3,037	33,731	36,768
Long-term liabilities:			
Due within one year	165,471	843,863	1,009,334
Due in more than one year	2,036,224	15,228,505	17,264,729
TOTAL LIABILITIES	2,632,519	16,537,036	19,169,555
DEFERRED INFLOWS OF RESOURCES			
Pension related items	253,931	104,337	358,268
Other postemployment benefit related items	2,374	2,487	4,861
TOTAL DEFERRED INFLOWS OF RESOURCES	256,305	106,824	363,129
NET POSITION			
Net investment in capital assets	9,634,215	6,243,533	15,877,748
Restricted for:			
Highways and streets	1,165,567	-	1,165,567
Swimming pool	213,022	-	213,022
Capital projects	768,519	1,139,624	1,908,143
Parks and recreation programs	208,302	-	208,302
Other purposes	106,334	-	106,334
Unrestricted	1,045,792	5,276,832	6,322,624
TOTAL NET POSITION	$ 13,141,751	$ 12,659,989	$ 25,801,740

See accompanying notes

CITY OF STAYTON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	$ 1,457,600	$ 47,504	$ 77,248	$ -	$ (1,332,848)		$ (1,332,848)
Public safety	2,216,372	169,278	2,676	-	(2,044,418)		(2,044,418)
Highways and streets	818,146	88,744	570,968	210,300	51,866		51,866
Culture and recreation	1,157,856	294,121	18,311	47,670	(797,754)		(797,754)
TOTAL GOVERNMENTAL ACTIVITIES	5,649,974	599,647	669,203	257,970	(4,123,154)		(4,123,154)
Business-type activities:							
Water	1,456,108	1,843,880	-	54,021		$ 441,793	441,793
Wastewater	2,556,788	2,989,967	-	50,699		483,878	483,878
Stormwater	167,495	302,913	-	425,703		561,121	561,121
TOTAL BUSINESS-TYPE ACTIVITIES	4,180,391	5,136,760	-	530,423		1,486,792	1,486,792
TOTALS	$ 9,830,365	$ 5,736,407	$ 669,203	$ 788,393	(4,123,154)	1,486,792	(2,636,362)
General revenues:							
Taxes levied for:							
General purposes					2,014,687	-	2,014,687
Specific purposes					362,924	-	362,924
Franchise fees					822,480	-	822,480
Fuel taxes					204,401	-	204,401
Grants and contributions not restricted to specific programs					242,097	-	242,097
Rent					75,340	-	75,340
Unrestricted investment earnings					120,650	166,664	287,314
Miscellaneous					108,690	1,819	110,509
Transfers					285,000	(285,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS					4,236,269	(116,517)	4,119,752
Change in net position					113,115	1,370,275	1,483,390
Net position - beginning					13,003,442	11,289,714	24,293,156
Prior period adjustment					25,194	-	25,194
Net position - ending					$ 13,141,751	$ 12,659,989	$ 25,801,740

See accompanying notes

CITY OF STAYTON

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	Street	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,552,806	$ 1,355,932	$ 1,441,177	$ 4,349,915
Receivables	203,546	85,843	40,050	329,439
Due from other funds	-	-	161,600	161,600
Prepaid items	10,099	-	-	10,099
Inventories	-	25,194	-	25,194
Deposits	253	-	-	253
TOTAL ASSETS	$ 1,766,704	$ 1,466,969	$ 1,642,827	$ 4,876,500
LIABILITIES				
Accounts payable and accrued liabilities	$ 118,923	$ 301,402	$ 7,462	$ 427,787
Consumer deposits	3,290	-	-	3,290
TOTAL LIABILITIES	122,213	301,402	7,462	431,077
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	70,372	-	10,443	80,815
TOTAL DEFERRED INFLOWS OF RESOURCES	70,372	-	10,443	80,815
FUND BALANCES				
Nonspendable	10,099	25,194	-	35,293
Restricted for:				
Highways and streets	-	1,140,373	-	1,140,373
Parks and recreation programs	-	-	208,302	208,302
Swimming pool	-	-	207,757	207,757
Capital projects	-	-	768,519	768,519
Other purposes	106,334	-	-	106,334
Committed for:				
Capital projects	-	-	204,736	204,736
Library programs	-	-	235,608	235,608
Assigned for pensions	150,000	-	-	150,000
Unassigned	1,307,686	-	-	1,307,686
TOTAL FUND BALANCES	1,574,119	1,165,567	1,624,922	4,364,608
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,766,704	$ 1,466,969	$ 1,642,827	

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

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	9,598,637
The government-wide statements report as a deferred outflow, contributions made to OPERS subsequent to the measurement date of June 30, 2018 and changes in assumptions and investment returns related to its participation in OPERS and the retirement plan for employees of City of Stayton	1,015,018
The government-wide statements report as a deferred outflow, contributions made subsequent to the measurement date of June 30, 2018 and the net difference between projected and actual earnings related to its participation in the Retiree Health Insurance Account for employees of the City of Stayton	57,802
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	(253,931)
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	(2,374)
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	482,871
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds	80,815
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,201,695)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 13,141,751

See accompanying notes

CITY OF STAYTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General	Street	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 2,059,537	$ -	$ 371,029	$ 2,430,566
Franchise fees	822,480	-	-	822,480
Licenses, permits and fees	49,519	-	1,602	51,121
Fines and forfeitures	165,434	-	12,350	177,784
Charges for services	45,705	88,744	272,041	406,490
System development charges	-	-	170,622	170,622
Intergovernmental	230,184	658,316	1,245	889,745
Grants	79,924	-	-	79,924
Fuel taxes	-	204,401	-	204,401
Interest	41,217	35,980	30,179	107,376
Miscellaneous	108,200	490	17,066	125,756
TOTAL REVENUES	3,602,200	987,931	876,134	5,466,265
EXPENDITURES				
Current				
General government	1,550,823	-	-	1,550,823
Public safety	1,983,964	-	-	1,983,964
Highways and streets	112,201	502,433	-	614,634
Culture and recreation	41,803	-	920,174	961,977
Capital outlay	53,367	388,709	45,139	487,215
TOTAL EXPENDITURES	3,742,158	891,142	965,313	5,598,613
Excess (deficiency) of revenues over expenditures	(139,958)	96,789	(89,179)	(132,348)
OTHER FINANCING SOURCES (USES)				
Transfers in	996,600	95,700	1,331,681	2,423,981
Transfers out	(719,600)	(147,500)	(2,401,215)	(3,268,315)
TOTAL OTHER FINANCING SOURCES (USES)	277,000	(51,800)	(1,069,534)	(844,334)
Net change in fund balances	137,042	44,989	(1,158,713)	(976,682)
Fund balances at beginning of year	1,437,077	1,095,384	2,783,635	5,316,096
Prior period adjustment	-	25,194	-	25,194
Fund balance at end of year	$ 1,574,119	$ 1,165,567	$ 1,624,922	$ 4,364,608

See accompanying notes

CITY OF STAYTON

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

For the Year Ended June 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ (976,682)
Amounts reported for governmental activities in the Statement of Activities are different because of the following		
Governmental funds report the acquistion of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:		
Acquisition of capital assets	$ 428,054	
Depreciation	(384,385)	43,669
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		(19,040)
The changes in net other postemployment benefit obligation 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		47,931
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Taxes		(41,042)
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		35,425
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		(11,880)
The change in system development charges held for the business-type activities by the governmental activities is reported as a revenue by the business-type activities		1,034,734
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 113,115

See accompanying notes

CITY OF STAYTON

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget			
	Original	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 1,975,600	$ 1,975,600	$ 2,059,537	$ 83,937
Franchise fees	863,600	863,600	822,480	(41,120)
Licenses, permits and fees	202,400	202,400	209,918	7,518
Charges for services	9,500	9,500	14,992	5,492
Intergovernmental	231,600	231,600	230,184	(1,416)
Grants	400,000	400,000	79,924	(320,076)
Rent	29,400	29,400	35,748	6,348
Interest	24,000	24,000	41,217	17,217
Miscellaneous	110,000	110,000	108,200	(1,800)
TOTAL REVENUES	3,846,100	3,846,100	3,602,200	(243,900)
EXPENDITURES				
Police	2,297,700	2,147,700	2,037,331	110,369
Planning	258,000	258,100	245,872	12,228
Community center	58,300	58,300	41,803	16,497
Municipal court	73,800	75,500	71,249	4,251
City council and administration	1,108,800	1,108,800	1,086,778	22,022
Non-departmental	470,000	470,000	146,924	323,076
Street lights	116,500	116,500	112,201	4,299
Contingency	498,500	496,700	-	496,700
TOTAL EXPENDITURES	4,881,600	4,731,600	3,742,158	989,442
Excess (deficiency) of revenues over expenditures	(1,035,500)	(885,500)	(139,958)	745,542
OTHER FINANCING SOURCES (USES)				
Transfers in	846,600	846,600	846,600	-
Transfers out	(601,600)	(751,600)	(719,600)	32,000
TOTAL OTHER FINANCING SOURCES (USES)	245,000	95,000	127,000	32,000
Net change in fund balance	(790,500)	(790,500)	(12,958)	777,542
Fund balance at beginning of year	1,392,623	1,392,623	1,437,077	44,454
Fund balance at end of year	$ 602,123	$ 602,123	$ 1,424,119	$ 821,996

See accompanying notes

STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Original and Final Budget	Actual	Variance
REVENUES			
Charges for services	$ 87,900	$ 88,744	$ 844
Intergovernmental	644,900	658,316	13,416
Fuel taxes	215,000	204,401	(10,599)
Interest	17,500	35,980	18,480
Miscellaneous	-	490	490
TOTAL REVENUES	965,300	987,931	22,631
EXPENDITURES			
Personnel services	189,600	176,182	13,418
Materials and services	228,000	205,746	22,254
Capital outlay	725,000	509,214	215,786
Contingency	864,583	-	864,583
TOTAL EXPENDITURES	2,007,183	891,142	1,116,041
Excess (deficiency) of revenues over expenditures	(1,041,883)	96,789	1,138,672
OTHER FINANCING SOURCES (USES)			
Transfers in	314,700	95,700	(219,000)
Transfers out	(147,500)	(147,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	167,200	(51,800)	(219,000)
Net change in fund balance	(874,683)	44,989	919,672
Fund balance at beginning of year	874,683	1,095,384	220,701
Prior period adjustment	-	25,194	25,194
Fund balance at end of year	$ -	$ 1,165,567	$ 1,165,567

See accompanying notes

CITY OF STAYTON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-type Activities					
	Water	Wastewater	Stormwater	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current assets						
Cash and cash equivalents	$ 603,864	$ 3,803,679	$ 286,965	$ 1,139,624	$ 5,834,132	$ 728,992
Receivables, net	137,331	231,392	27,426	-	396,149	-
Inventory	72,358	360,928	-	-	433,286	-
Total current assets	813,553	4,395,999	314,391	1,139,624	6,663,567	728,992
Capital assets						
Land	40,182	219,952	1,086,717	-	1,346,851	-
Construction in progress	-	55,926	-	-	55,926	-
Other capital assets, net	7,058,867	12,181,786	1,471,297	-	20,711,950	-
Total capital assets	7,099,049	12,457,664	2,558,014	-	22,114,727	-
TOTAL ASSETS	7,912,602	16,853,663	2,872,405	1,139,624	28,778,294	728,992
DEFERRED OUTFLOWS OF RESOURCES						
Refunded debt charges	46,190	-	-	-	46,190	-
Pension related items	126,531	83,221	7,520	-	217,272	117,038
Other postemployment benefit related items	22,911	15,069	1,362	-	39,342	21,192
TOTAL DEFERRED OUTFLOWS OF RESOURCES	195,632	98,290	8,882	-	302,804	138,230
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	71,068	111,448	15,864	-	198,380	22,678
Accrued interest payable	9,877	182,884	17,118	-	209,879	-
Consumer deposits	19,695	14,036	-	-	33,731	-
Due to other funds	-	-	161,600	-	161,600	-
Compensated absences payable	23,605	13,288	-	-	36,893	6,403
Long-term obligations due within one year	246,414	528,366	25,787	-	800,567	-
Total current liabilities	370,659	850,022	220,369	-	1,441,050	29,081
Long-term obligations due in more than one year	3,610,310	10,860,159	702,765	-	15,173,234	55,271
TOTAL LIABILITIES	3,980,969	11,710,181	923,134	-	16,614,284	84,352
DEFERRED INFLOWS OF RESOURCES						
Pension related items	39,490	25,973	2,347	-	67,810	36,527
Other postemployment benefit related items	941	619	56	-	1,616	871
TOTAL DEFERRED INFLOWS OF RESOURCES	40,431	26,592	2,403	-	69,426	37,398
NET POSITION						
Net investment in capital assets	3,302,079	1,108,440	1,833,014	-	6,243,533	-
Restricted for capital projects						
Capital projects	-	-	-	1,139,624	1,139,624	-
Debt service	-	944,848	-	-	944,848	-
Unrestricted	784,755	3,161,892	122,736	-	4,069,383	745,472
TOTAL NET POSITION	$ 4,086,834	$ 5,215,180	$ 1,955,750	$ 1,139,624	12,397,388	$ 745,472
Adjustment to reflect the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time					262,601	
Net position of the business-type activities					$ 12,659,989	

See accompanying notes

CITY OF STAYTON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended June 30, 2019

	Business-type Activities						
	Water	Wastewater	Stormwater	Stormwater Construction	Nonmajor Enterprise	Totals Enterprise Funds	Internal Service Funds
OPERATING REVENUES							
Charges for services	$ 1,843,880	$ 2,989,967	$ 302,913	$ -	$ -	$ 5,136,760	$ 39,592
					-		
OPERATING EXPENSES					-		
Personnel services	404,424	459,862	30,415	-	-	894,701	306,569
Materials and services	451,893	1,117,518	60,665	-	-	1,630,076	75,580
Depreciation	372,805	570,367	20,317	-	-	963,489	-
Total operating expenses	1,229,122	2,147,747	111,397	-	-	3,488,266	382,149
Operating income (loss)	614,758	842,220	191,516	-	-	1,648,494	(342,557)
NONOPERATING REVENUES (EXPENSES)							
Grants	-	-	-	381,324	-	381,324	-
Interest	34,019	100,732	5,494	200	22,616	163,061	16,877
Miscellaneous	1,380	-	-	-	-	1,380	439
Interest	(91,932)	(311,127)	(18,958)	-	-	(422,017)	-
					-		
Total nonoperating revenue (expenses)	(56,533)	(210,395)	(13,464)	381,524	22,616	123,748	17,316
Income (loss) before transfers	558,225	631,825	178,052	381,524	22,616	1,772,242	(325,241)
Capital contributions	-	-	-	-	149,099	149,099	-
Transfers in	95,300	141,700	1,415,673	939,825	1,034,734	3,627,232	514,600
Transfers out	(491,000)	(431,300)	(800,000)	(1,408,373)	(66,825)	(3,197,498)	(100,000)
Change in net position	162,525	342,225	793,725	(87,024)	1,139,624	2,351,075	89,359
Net position - beginning	3,924,309	4,872,955	1,162,025	87,024	-	10,046,313	656,113
Net position - ending	$ 4,086,834	$ 5,215,180	$ 1,955,750	$ -	$ 1,139,624	$ 12,397,388	$ 745,472

Change in net position	$ 2,351,075
Adjustment for current year activity related to system development charges reported in the governmental funds but for use by the business-type activities	(1,034,734)
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds	53,934
Change in net position of the business-type activities	$ 1,370,275

See accompanying notes

CITY OF STAYTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-type Activities						
	Water	Wastewater	Stormwater	Stormwater Construction	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	$ 1,845,500	$ 3,017,951	$ 304,136	$ -	$ -	$ 5,167,587	$ -
Receipts from other funds	-	-	-	-	-	-	39,592
Payments to suppliers	(388,070)	(1,092,007)	(77,938)	-	-	(1,558,015)	(90,170)
Payments to employees	(487,350)	(534,357)	(36,806)	-	-	(1,058,513)	(385,313)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	970,080	1,391,587	189,392	-	-	2,551,059	(435,891)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments on interfund loan	-	-	(24,840)	-	-	(24,840)	-
Transfers in	95,300	141,700	7,300	214,825	-	459,125	514,600
Transfers out	(491,000)	(431,300)	(75,000)	-	-	(997,300)	(100,000)
NET CASH (USED IN) NONCAPITAL FINANCING ACTIVITIES	(395,700)	(289,600)	(92,540)	214,825	-	(563,015)	414,600
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Transfers in	-	-	-	-	1,034,734	1,034,734	-
Transfers out	-	-	-	-	(66,825)	(66,825)	-
System development charges received	-	-	-	-	149,099	149,099	-
Other	1,380	-	-	-	-	1,380	439
Grants	-	-	-	381,324	-	381,324	-
Rents	-	-	-	-	-	-	-
Acquisition of capital assets	(749,515)	(187,619)	(2,648)	(1,408,373)	-	(2,348,155)	-
Issuance of long-term obligations	-	-		725,000	-	725,000	-
Principal paid on long-term obligations	(205,000)	(488,719)	-	-	-	(693,719)	-
Interest paid on long-term obligations	(124,748)	(336,381)	-	-	-	(461,129)	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(1,077,883)	(1,012,719)	(2,648)	(302,049)	1,117,008	(1,278,291)	439
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on investments	34,019	100,732	5,494	200	22,616	163,061	16,877
Net increase (decrease) in cash and cash equivalents	(469,484)	190,000	99,698	(87,024)	1,139,624	872,814	(3,975)
Cash and cash equivalents - beginning of year	1,073,348	3,613,679	187,267	87,024	-	4,961,318	732,967
Cash and cash equivalents - end of year	$ 603,864	$ 3,803,679	$ 286,965	$ -	$ 1,139,624	$ 5,834,132	$ 728,992
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating income (loss)	$ 614,758	$ 842,220	$ 191,516	$ -	$ -	$ 1,648,494	$ (342,557)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation	372,805	570,367	20,317	-	-	963,489	-
(Increase) decrease in assets and deferred outflows							
Receivables, net	2,260	29,277	1,223	-	-	32,760	-
Inventories	537	(16,103)	-	-	-	(15,566)	-
Prepaid items	-	480	-	-	-	480	-
Pension related items	(43,123)	(6,368)	(417)	-	-	(49,908)	(48,751)
Other postemployment benefit related items	(19,940)	(12,331)	(1,109)	-	-	(33,380)	(18,760)
Increase (decrease) in liabilities and deferred inflows							
Accounts payable and accrued liabilities	63,286	41,134	(17,273)	-	-	87,147	(14,590)
Consumer deposits	(640)	(1,293)	-	-	-	(1,933)	-
Compensated absences payable	7,015	(4,612)	-	-	-	2,403	125
Net pension liability	(15,167)	(22,551)	(2,128)	-	-	(39,846)	(8,962)
Net other post employment benefits obligation	554	(6,671)	(653)	-	-	(6,770)	3,348
Pension related items	(12,250)	(21,701)	(2,059)	-	-	(36,010)	(5,833)
Other postemployment benefit related items	(15)	(261)	(25)	-	-	(301)	89
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 970,080	$ 1,391,587	$ 189,392	$ -	$ -	$ 2,551,059	$ (435,891)

See accompanying notes

CITY OF STAYTON

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2019

		Pension Trusts
ASSETS		
Cash and cash equivalents	$	432,750
Receivables		24,293
Investments, at fair value		
Mutual funds		7,974,500
TOTAL ASSETS		8,431,543
NET POSITION		
Net position held in trust for:		
Pension benefits		8,190,630
Other postemployment benefits		240,913
TOTAL NET POSITION	$	8,431,543

See accompanying notes

CITY OF STAYTON

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2019

	Pension Trusts
ADDITIONS	
Contributions	$ 734,689
Investment earnings	474,882
Total additions	1,209,571
DEDUCTIONS	
Benefits	296,146
Total deductions	296,146
Change in net position	913,425
Net position - beginning of year	7,518,118
Net position - end of year	$ 8,431,543

See accompanying notes

CITY OF STAYTON

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

1. Summary of significant accounting policies

A. Financial reporting entity

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

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

B. Government-wide and fund financial statements

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

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

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

1. Summary of significant accounting policies (continued)

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days 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.

1. Summary of significant accounting policies (continued)

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

The City reports the following major governmental funds:

- *General* – The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

- *Street* – This fund provides for street and bridge repairs and maintenance within the City. The primary sources of revenue include state gas tax turnovers, local fuel tax approved by voters, and maintenance fees collected by the City.

The City reports the following major proprietary funds:

- *Water* – The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water system and billing and collection activities. The primary source of revenue is user fees and charges.

- *Wastewater* – The Wastewater Fund is used to account for the provision of wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the wastewater system and billing and collection activities. The primary source of revenue is user fees and charges.

- *Stormwater* – The Stormwater Fund accounts for the City's stormwater utility activities. Annual maintenance objectives include storm basin and storm line cleaning, repair replacement, and tracking and billing storm charges. Revenues for this fund are received from storm user fees.

- *Stormwater Construction* – The Stormwater Construction Fund accounts for the activity associated with a State funding earmark and related City and other funding to acquire land, design and construct stormwater facilities in the Mill Creek area. Funding is provided by the State of Oregon, stormwater SDCs, developers, and the City's General Fund.

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).

1. Summary of significant accounting policies (continued)

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

D. Budget policies and budgetary control

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

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

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

E. Cash and cash equivalents

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

F. Property taxes

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

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

1. Summary of significant accounting policies (continued)

G. User charges and fines receivable

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

H. Inventories

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

I. Capital assets

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

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

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

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

Asset category	Years
Infrastructure	40
Buildings and improvements	40 - 50
Equipment and vehicles	7

J. Long-term obligations

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

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

1. Summary of significant accounting policies (continued)

K. Compensated absences

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

L. Pensions – Oregon Public Employee Retirement System

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

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

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

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

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

N. Other postemployment benefits

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

O. Deferred outflow / inflows of resources

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

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

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

P. Equity classification

Government-wide and proprietary fund net position

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

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

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

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

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

Governmental fund type fund balance reporting

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

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

1. Summary of significant accounting policies (continued)

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

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

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

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

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

Q. Risk management

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

2. Cash, cash equivalents and investments

The City's cash, cash equivalents and investments at June 30, 2019 are as follows:

Cash and cash equivalents	
Deposits with financial institutions	$ 328,934
State of Oregon Local Government Investment Pool	10,583,405
Money markets	432,750
Cash on hand	700
Total cash and cash equivalents	$ 11,345,789
Investments	
Mutual funds	7,974,500
Total cash, cash equivalents and investments	$ 19,320,289

2. Cash, cash equivalents and investments (continued)

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

Governmental activities	
Cash and cash equivalents	$ 4,877,878
Business-type activities	
Cash and cash equivalents	6,035,161
Total cash and cash equivalents - government-wide statement of net position	10,913,039
Fiduciary funds	
Cash and cash equivalents	432,750
Investments	7,974,500
	$ 19,320,289

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

A. Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to $250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2019, none of the City's bank balances were exposed to custodial credit risk as defined by GASB.

B. State of Oregon Local Government Investment Pool

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

2. Cash, cash equivalents and investments (continued)

C. Investments

As of June 30, 2019 the City had the following investments:

Investment Type	Rating	Fair Value	Risk Concentration	Weighted Average Maturity (in months)
Mutual funds	Not Rated	$ 7,974,500	100%	N/A

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

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

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The City's receivables at June 30, 2019 are shown below:

	Governmental Activities / Funds				Business-type Activities / Proprietary Funds			
	General	Street	Total Nonmajor	Totals	Water	Wastewater	Stormwater	Totals
User charges	$ -	$ -	$ -	$ -	$ 137,331	$ 231,392	$ 27,426	$ 396,149
Property taxes	78,937	-	14,209	93,146	-	-	-	-
Accounts	124,609	85,843	25,841	236,293	-	-	-	-
	$ 203,546	$ 85,843	$ 40,050	$ 329,439	$ 137,331	$ 231,392	$ 27,426	$ 396,149

4. Capital assets

A. Capital asset activity for governmental activities for the year ended June 30, 2019 was as follows:

	Balances July 1, 2018	Additions	Deletions	Balances June 30, 2019
Capital assets not being depreciated				
Land	$ 1,759,203	$ -	$ -	$ 1,759,203
Construction in progress	43,120	-	(43,120)	-
Total capital assets not being depreciated	1,802,323	-	(43,120)	1,759,203
Capital assets being depreciated				
Infrastructure	11,532,931	417,807	-	11,950,738
Buildings and improvements	7,600,696	-	-	7,600,696
Equipment and vehicles	1,560,243	53,367	-	1,613,610
Total capital assets being depreciated	20,693,870	471,174	-	21,165,044
Less accumulated depreciation for:				
Infrastructure	7,544,817	115,338	-	7,660,155
Buildings and improvements	4,514,412	179,481	-	4,693,893
Equipment and vehicles	881,996	89,566	-	971,562
Total accumulated depreciation	12,941,225	384,385	-	13,325,610
Total capital assets being depreciated, net	7,752,645	86,789	-	7,839,434
Governmental activities capital assets, net	$ 9,554,968	$ 86,789	$ (43,120)	$ 9,598,637

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

B. Capital asset activity for business-type activities for the year ended June 30, 2019 was as follows:

	Balances July 1, 2018	Additions	Deletions	Balances June 30, 2019
Capital assets not being depreciated				
Land	$ 1,346,851	$ -	$ -	$ 1,346,851
Construction in progress	55,926	-	-	55,926
Total capital assets not being depreciated	1,402,777	-	-	1,402,777
Capital assets being depreciated				
Infrastructure	32,872,056	2,136,339	-	35,008,395
Buildings and improvements	6,465,746	-	-	6,465,746
Equipment and vehicles	1,955,717	211,816	-	2,167,533
Total capital assets being depreciated	41,293,519	2,348,155	-	43,641,674
Less accumulated depreciation for:				
Infrastructure	18,532,466	716,727	-	19,249,193
Buildings and improvements	2,122,611	129,492	-	2,252,103
Equipment and vehicles	1,311,158	117,270	-	1,428,428
Total accumulated depreciation	21,966,235	963,489	-	22,929,724
Total capital assets being depreciated, net	19,327,284	1,384,666	-	20,711,950
Business-type activities capital assets, net	$ 20,730,061	$ 1,384,666	$ -	$ 22,114,727

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

Governmental activities	
General government	$ 35,190
Public safety	51,259
Highways and streets	128,028
Culture and recreation	169,908
Total depreciation expense - governmental activities	$ 384,385
Business-type activities	
Water	$ 372,805
Sewer	570,367
Stormwater	20,317
Total depreciation expense - business-type activities	$ 963,489

5. Unavailable revenue

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

	Governmental Funds		
	General	Total Nonmajor	Totals
Property taxes	$ 58,459	$ 10,443	$ 68,902
Accounts	11,913	-	11,913
	$ 70,372	$ 10,443	$ 80,815

6. Interfund transactions and balances

The interfund transfers during the year ended June 30, 2019 were as follows:

	In	Out
Governmental		
General	$ 996,600	$ 719,600
Street	95,700	147,500
Nonmajor governmental	1,331,681	2,401,215
Proprietary		
Enterprise		
Water	95,300	491,000
Wastewater	141,700	431,300
Stormwater	7,300	800,000
Stormwater - non-cash	1,408,373	-
Stormwater construction	939,825	-
Stormwater construction - non-cash	-	1,408,373
Nonmajor enterprise	1,034,734	66,825
Internal service	514,600	100,000
Totals	$ 6,565,813	$ 6,565,813

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

The Vehicle Replacement Fund loaned $230,000 to the Stormwater Fund in 2015-16. The loan is being repaid in annual installments of $23,000 plus interest of 1 percent. At June 30, 2019, the loan balance is $161,600.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations

A. Changes in long-term obligations for the year ended June 30, 2019 were as follows:

	Outstanding July 1, 2018	Additions	Reductions	Outstanding June 30, 2019	Balances Due Within One Year
Governmental activities					
Other long-term obligations					
Compensated absences	$ 153,591	$ 165,471	$ 153,591	$ 165,471	$ 165,471
Net pension liability	1,839,154	128,360	-	1,967,514	-
Net other postemployment benefit obligation	66,213	2,497	-	68,710	-
Total long-term obligations	$ 2,523,745	$ 296,328	$ 153,591	$ 2,201,695	$ 165,471
Business-type activities					
Long-term debt					
General obligation bonds:					
2013 Full Faith and Credit Refunding	$ 3,905,000	$ -	$ 355,000	$ 3,550,000	$ 365,000
2016 Full Faith and Credit Refunding	3,565,000	-	205,000	3,360,000	210,000
2019 Full Faith and Credit	-	725,000	-	725,000	25,787
Revenue bond:					
USDA Sewer Revenue Bonds	7,699,211	-	133,719	7,565,492	137,396
Premium	733,086	-	62,384	670,702	62,384
Total long-term debt	16,639,821	725,000	756,103	15,871,194	800,567
Other long-term obligations					
Compensated absences	40,768	43,296	40,768	43,296	43,296
Net pension liability	134,727	-	48,808	85,919	-
Net other postemployment benefit obligation	75,381	-	3,422	71,959	-
Total long-term obligations	$ 17,198,315	$ 768,296	$ 849,101	$ 16,072,368	$ 843,863

B. Business-type activities long-term debt obligations

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

7. Long-term obligations (continued)

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

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

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

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

Fiscal	2013 Full Faith and Credit Refunding		2016 Full Faith and Credit Refunding		2019 Full Faith and Credit Financing		USDA Sewer Revenue Bonds		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 365,000	$ 114,100	$ 210,000	$ 118,523	$ 25,787	$ 20,541	$ 137,396	$ 208,051	$ 738,183	$ 461,215
2021	375,000	103,150	215,000	114,136	26,738	19,768	141,174	204,273	757,912	441,327
2022	385,000	88,150	220,000	109,600	27,652	18,967	145,057	200,390	777,709	417,107
2023	400,000	72,750	230,000	102,850	28,597	18,139	149,046	196,401	807,643	390,140
2024	410,000	60,750	235,000	94,700	29,575	17,282	153,144	192,303	827,719	365,035
2025-29	1,615,000	116,100	1,325,000	321,500	163,750	72,502	831,258	895,977	3,935,008	1,406,079
2030-34	-	-	925,000	56,100	193,722	46,244	952,019	775,216	2,070,741	877,560
2035-39	-	-	-	-	229,179	16,928	1,090,321	636,914	1,319,500	653,842
2040-44	-	-	-	-	-	-	1,248,715	478,520	1,248,715	478,520
2045-49	-	-	-	-	-	-	1,430,122	297,113	1,430,122	297,113
2050-54	-	-	-	-	-	-	1,287,240	94,548	1,287,240	94,548
	$ 3,550,000	$ 555,000	$ 3,360,000	$ 917,409	$ 725,000	$ 230,371	$ 7,565,492	$ 4,179,706	$ 15,200,492	$ 5,882,486

D. Refunded debt charges

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

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

A. Plan description

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

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

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf.

B. Description of benefit terms

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

<u>Tier One/Tier Two retirement benefit (Chapter 238)</u>

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

Pension benefits

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

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

8. Defined benefit pension plan - OPERS (continued)

Death benefits

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

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

Disability benefits

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

Benefit changes after retirement

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

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

Pension benefits

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

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

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

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.

8. Defined benefit pension plan - OPERS (continued)

Death benefits

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

Disability benefits

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

Benefit changes after retirement

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

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation.

Tier One/Tier Two employer contribution rates are 24.07 percent and the OPSRP employer contribution rates are 13.07 percent for general service employees and 17.84 percent for police and fire employees. Employer contributions for the year ended June 30, 2019 were $159,585.

D. Actuarial valuations – Tier One/Tier Two

The December 31, 2015 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

Actuarial cost method

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

8. Defined benefit pension plan - OPERS (continued)

Unfunded actuarial accrued liability amortization

The Tier One/Tier Two UAL amortization period is 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 combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

Retiree healthcare unfunded actuarial accrued liability amortization

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

Asset valuation method

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS. Real estate and private equity investments are reported on a three-month lag basis.

Contribution rate stabilization method

Contribution rates are confined to a collared range based on the prior contribution rates. The new contribution rates will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60 percent or increases above 140 percent the size of the collar doubles. If the funded percentage excluding side accounts is between 60 percent and 70 percent or between 130 percent and 140 percent, the size of the rate collar is increased on a graded scale.

Allocation of liability for service segments

For active Tier One/Tier Two members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 25 percent based on account balance with each employer and 75 percent based on service with each employer. The entire normal cost is allocated to the current employer.

Allocation of benefits-in-force reserve

The reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

8. Defined benefit pension plan - OPERS (continued)

Economic assumptions

Investment return	7.50% compounded annually
Interest crediting	7.50% compounded annually on regular and variable account balances
Inflation	2.50% compounded annually
Payroll growth	3.50% compounded annually
Healthcare cost trends	Ranges from 6.3% in 2016 to 4.4% in 2094

Demographic assumptions

Mortality tables	
Healthy retirees	RP 2000, Generational (Scale BB) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Generational (Scale BB), Combined Disabled, No Collar, Sex Distinct. Male 70% and Female 95% of disabled table but not less than the corresponding healthy annuity rates
Non-annuitants	Ranges from 55% to 75% of healthy retired mortality tables depending upon sex and employment type

Retirement assumptions

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5 percent of the time and a total lump sum elected 2.5 percent for 2016 and declining by 0.5 percent per year until reaching zero.

Salary increase assumptions

Salary increase assumptions, in addition to general payroll growth, include merit increase, unused sick leave and vacation pay adjustments.

E. Actuarial valuations – OPSRP

The December 31, 2015 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows:

OPSRP unfunded actuarial accrued liability amortization

The UAL as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier One/ Tier Two 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.

8. Defined benefit pension plan - OPERS (continued)

Economic assumptions

An additional amount for administrative expenses is added to the normal cost.

Retirement assumptions

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5 percent of the time and a total lump sum elected 2.5 percent for 2016 and declining by 0.5 percent per year until reaching zero.

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

Net pension liability

At June 30, 2019, the City reported a liability of $1,885,473 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier One/Tier Two payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

8. Defined benefit pension plan - OPERS (continued)

UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. 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 present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

The UAL has Tier One/Tier Two and OPSRP pieces. The Tier One/Tier Two piece is based on the employer's Tier One/Tier Two pooling arrangement. If an employer participates in one of the two large Tier One/Tier Two rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier One/Tier Two UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier One/Tier Two pooling arrangement, who are referred to as "Independent Employers", have their Tier One/Tier Two UAL tracked separately in the actuarial valuation.

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2018, the City's proportion was 0.01244645 percent, which was a decrease of 0.00031922 percent from its proportion measured as of June 30, 2017.

Pension expense

For the year ended June 30, 2019, the City recognized pension expense of $355,920.

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, 2018, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

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

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

8. Defined benefit pension plan - OPERS (continued)

At June 30, 2019, 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	$ 64,138	$ -
Change of assumptions	438,369	-
Net difference between projected and actual earnings on pension plan investments	-	83,726
Changes in proportionate share	1,022	68,146
Difference between contributions and proportionate share of system contributions	32,689	2,432
Contributions subsequent to the measurement date	159,585	-
Total	$ 695,803	$ 154,304

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of $159,585 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2020	$ 225,644
2021	156,514
2022	(27,858)
2023	17,446
2024	10,168
Total	$ 381,914

8. Defined benefit pension plan - OPERS (continued)

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

The total pension liability measured as of June 30, 2018 was based on an actuarial valuation as of December 31, 2016 using the following methods and assumptions:

Experience study report	2016, published July 26, 2017
Inflation rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount rate	7.2 percent
Projected salary increases	3.5 percent
	Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with *Moro* decision; blend based on service
Mortality	***Healthy retirees and beneficiaries:*** RP-2014 Heathy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. ***Active members:*** RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. ***Disabled retirees:*** RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount rate

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

8. Defined benefit pension plan - OPERS (continued)

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

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

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

8. Defined benefit pension plan - OPERS (continued)

Depletion date projection

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

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

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

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

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	$ 3,150,982	$ 1,885,473	$ 840,899

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

A. Plan description

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

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

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

B. Plan membership

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

As of July 1, 2017, plan membership consisted of 23 retirees and beneficiaries, 5 vested terminated participants, 4 nonvested terminated participants, and 22 active participants.

C. Description of benefit terms

Normal retirement

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

i. 1.43 percent for the period commencing July 1, 1973 and thereafter (effective for employees whose severance of employment occurs after June 30, 1992).

ii. The larger of (a) or (b)

   a) The average of basic monthly earnings for each month in a 36 consecutive month period during the last 120 months of employment which produce the highest average rate of compensation.

   b) The average of basic monthly earnings in effect on the July 1st of the three consecutive years during the last ten years of employment which produces the highest average rate.

iii. The number of years and completed months of employment commencing on or after July 1, 1973.

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

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

Early retirement

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

Late retirement

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

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

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

Disability

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

Severance benefit

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

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

Death benefits

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

D. Contributions

The City is required by the Plan's provisions to pay the employees' contribution to the Plan of six percent of covered salaries. In addition the City will contribute additional amounts necessary to fund the Plan sufficient to pay benefits when due based on annul actuarial valuations. City contributions to the plan for the year ended June 30, 2019 were $539,079.

E. 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, 2019, the City reported a net pension liability of $167,960. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total pension liability	$ 7,576,069
Plan fiduciary net position	7,408,109
Net pension liability	$ 167,960
Fiduciary net position as a percentage of total pension liability	97.78%

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

Changes in the net pension liability is as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning balances	$ 7,135,977	$ 6,882,911	$ 253,066
Changes for the year:			
Service cost	236,639	-	236,639
Interest on total pension liability	470,246	-	470,246
Benefit payments	(266,793)	(266,793)	-
Member contributions	-	77,795	(77,795)
Net investment income	-	483,519	(483,519)
Employer contributions	-	230,677	(230,677)
Ending balances	$ 7,576,069	$ 7,408,109	$ 167,960

For the year ended June 30, 2019, the City recognized pension expense of $172,473. At June 30, 2019, 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	$ --	$ 189,437
Changes of assumptions or inputs	114,446	--
Net difference between projected and actual earnings on pension plan investments	--	14,527
City's contributions subsequent to the measurement date	539,079	--
	$ 653,525	$ 203,964

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

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date in the amount of $539,079 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2020	$ 55,413
2021	(25,422)
2022	(107,337)
2023	(12,172)
2024	--

F. Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. Under this method, a normal cost is determined for each active member. The normal cost is the annual contribution determined as a level percentage of base salary with would be paid from year of entry to year of retirement to fund the projected retirement benefit. The normal cost for the Plan is the sum of the individuals' normal costs. The actuarial accrued liability for active plan members is an accumulated of the normal costs from entry to the valuation date. The actuarial accrued liability for inactive members is the actuarial present value of the accrued benefits. The actuarial accrued liability for the Plan is the sum of the individual actuarial accrued liabilities. The unfunded actuarial liability is the difference between the actuarial accrued liability and the actuarial value of assets, which is amortized over 20 years on a closed level dollar basis.

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

Valuation Date	June 30, 2017.
Actuarial Cost Method	Individual Entry Age Normal, Level Percentage of Pay
Amortization Method	Amortized as a level percent of payroll over a period of 20 years.
Asset Valuation Method	Market value gains and losses smoothed over five years, with result not less than 80% or greater than 120% of market value
Actuarial Assumptions:	
Inflation Rate	2 percent
Investment rate of return	6.5 percent
Projected Salary Increases	Salaries for individuals are assumed to grow at 3.5 percent per annum
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and 12 month set-backs for males

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

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

Discount rate

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

Depletion date projection

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

Long-term expected rate of return

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

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Net pension liability	$ 1,143,992	$ 167,960	$ (639,034)

10. Defined contribution plan – OPERS Individual account program

A. Plan description

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

B. Pension benefits

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

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

C. Death benefits

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

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

D. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2019 were $46,196.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

11. Other postemployment benefits – Group health insurance

A. Plan description

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

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

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

B. Plan membership

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

As of July 1, 2017, plan membership consisted of 2 retirees, 1 spouse of ineligible retiree, and 38 active participants.

C. Description of benefit terms

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

D. Contributions

The RHIA is funded with contributions by the Employer. The recommended contribution rate is determined by the actuary and is calculated as the sum of the annual normal cost plus a provision for administrative expenses plus the amortization payment of the unfunded actuarial accrued liability, as a percentage of payroll. Temporarily, the recommended contribution ate 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, 2019, the actuarial determined contribution rate was 1.1 percent of covered payroll. City contributions to the plan for the year ended June 30, 2018 were $118,335.

E. Net other postemployment benefit obligation, changes in net other postemployment benefit obligation, other postemployment benefit expense, deferred outflows of resources and deferred inflows of resources related to other postemployment benefit obligations

At June 30, 2019, the City reported a net other postemployment benefit obligation of $140,669. The net pension other postemployment benefit liability was measured as of June 30, 2018, and the total other postemployment benefit liability used to calculate the net other postemployment benefit liability was determined by an actuarial valuation as of that date as follows:

Total other postemployment benefit obligation	$	250,678
Plan fiduciary net position		110,009
Net other postemployment benefit obligation	$	140,669

Fiduciary net position as a percentage of total other postemployment benefit obligation 43.88%

Changes in the net other postemployment benefit obligation is as follows:

	Total other postemployment benefit obligation	Plan Fiduciary Net Position	Net other postemployment benefit obligation
Beginning balances	$ 237,854	$ 96,262	$ 141,592
Changes for the year			
Service cost	6,250	-	6,250
Interest on total OPEB obligation	15,574	-	15,574
Effect of assumptions, changes or inputs	-		-
Benefit payments	(9,000)	(9,000)	-
Net investment income	-	6,980	(6,980)
Employer contributions	-	15,767	(15,767)
Ending balances	$ 250,678	$ 110,009	$ 140,669

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

For the year ended June 30, 2019, the City recognized other postemployment benefit expense of $99,072. At June 30, 2019, 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	$ -	$ 3,953
Net difference between projected and actual earnings	-	908
Contributions made subsequent to measurement date	118,336	-
	$ 118,336	$ 4,861

$118,335 reported as deferred outflows of resources related to other postemployment benefits resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net other postemployment benefit obligation in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in postemployment benefit expense as follows:

Year ends June 30,	
2020	$ (713)
2021	(711)
2022	(1,428)
2023	(780)
2024	(681)
Thereafter	(548)

F. Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. Under this method, a normal cost is determined for each active member. The normal cost is the annual contribution determined as a level percentage of base salary with would be paid from year of entry to year of retirement to fund the projected retirement benefit. The normal cost for the Plan is the sum of the individuals' normal costs. The actuarial accrued liability for active plan members is an accumulated of the normal costs from entry to the valuation date. The actuarial accrued liability for inactive members is the actuarial present value of the accrued benefits. The actuarial accrued liability for the Plan is the sum of the individual actuarial accrued liabilities. The unfunded actuarial liability is the difference between the actuarial accrued liability and the actuarial value of assets. The unfunded actuarial liability is amortized over a 20-year period and assumes the annual payment will increase by the salary scale assumption each year.

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

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

Valuation Date	June 30, 2017.
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	2.5 percent
Investment rate of return	6.5 percent
Projected Salary Increases	Salaries for individuals are assumed to grow at 3.5 percent per annum
Mortality	
Healthy retirees and beneficiaries:	RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs

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

Discount rate

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

Healthcare cost trend rate

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

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

Depletion date projection

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

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

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

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

Long-term expected rate of return

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

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

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Net other postemployment benefit obligations	$ 170,113	$ 140,669	$ 115,956

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

	1 Percentage Point Lower	Current Trend	1 Percentage Point Higher
Net other postemployment benefit obligations	$ 140,669	$ 140,669	$ 140,669

12. 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, 2019. The agreement is automatically extended from year to year on the same terms and conditions unless it is modified or terminated by mutual written agreement of the cities of Stayton and Sublimity.

The City of Sublimity pays the City of Stayton for wholesale sewer service (operations, capital replacement and administrative services) in addition to a variable percent of debt service payments on the USDA Sewer Revenue Bonds (16.42% for 2018-19) and 27.88 percent of the debt service payments on the Full Faith and Credit Refunding Bonds.

13. Net position restricted through enabling legislation

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

Governmental activities	
Capital projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	$ 768,519
Business-type activities	
Capital projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	1,139,624

14. Segment information for enterprise funds

The City has issued Full Faith and Credit Refunding Bonds to finance water, sewer, and stormwater systems.

Summary financial information for the water, sewer, and stormwater systems as of and for the year ended June 30, 2019 is as follows:

Condensed statement of net position	Water	Wastewater	Stormwater
Assets			
Current	$ 1,254,187	$ 5,028,963	$ 380,417
Capital	7,099,049	12,457,664	2,558,014
Total assets	8,353,236	17,486,627	2,938,431
Deferred outflows of resources	195,632	98,290	8,882
Liabilities			
Current	370,659	850,022	220,369
Noncurrent	3,610,310	10,860,159	702,765
Total liabilities	3,980,969	11,710,181	923,134
Deferred inflows of resources	40,431	26,592	2,403
Net position			
Net investment in capital assets	3,302,079	1,108,440	1,833,014
Restricted	440,634	1,577,812	66,026
Unrestricted	784,755	3,161,892	122,736
Total net position	$ 4,527,468	$ 5,848,144	$ 2,021,776
Condensed statement of revenues, expenses and changes in fund net position			
Operating revenue	$ 1,843,880	$ 2,989,967	$ 302,913
Depreciation expense	372,805	570,367	20,317
Other operating expenses	856,317	1,577,380	91,080
Operating income	614,758	842,220	191,516
Nonoperating revenues (expenses)	(47,968)	(196,466)	368,182
Income before transfers	566,790	645,754	559,698
Transfers in	473,348	710,036	2,443,848
Transfers out	(491,000)	(431,300)	(2,275,198)
Change in net position	603,159	975,189	859,751
Net position – beginning	3,924,309	4,872,955	1,249,049
Net position – ending	$ 4,527,468	$ 5,848,144	$ 2,021,776

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. Segment information for enterprise funds (continued)

Condensed statement of cash flows	Water	Wastewater	Stormwater
Net cash provided by (used in):			
Operating activities	$ 970,080	$ 1,391,587	$ 189,392
Non-capital financing activities	(395,700)	(289,600)	122,285
Capital and related financing activities	(645,814)	(393,684)	(238,793)
Investing activities	42,584	114,661	5,816
Net increase (decrease) in cash and cash equivalents	(28,850)	822,964	78,700
Cash and cash equivalents - beginning	1,073,348	3,613,679	274,291
Cash and cash equivalents - ending	$ 1,044,498	$ 4,436,643	$ 352,991

15. Budgetary perspective differences

Other financing sources (uses)	
Total General Fund other financing sources (uses) - budgetary basis	$ 127,000
Other financing sources (uses) of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	150,000
Total other financing sources (uses) reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	$ 277,000

Ending fund balance	
Total General Fund ending fund balance - budgetary basis	$ 1,424,119
Ending fund balance of separately budgeted funds which are included in the General Fund on the governmental fund financial statements	
Pension Stabilization	150,000
Total ending fund balance reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	$ 1,574,119

16. Tax abatements

Marion County has designated historic property under ORS 358.475-.545 that abates property taxes on historic properties and property under ORS 285C for partial abatement on enterprise zones. As a result, the property taxes that the City will receive for the 2018-19 levy year has been reduced by $103 and $18,608, respectively.

17. Prior period adjustment

The beginning fund balance in the Street Fund and the beginning net position of the governmental activities has been increased $25,194 to recognize inventory on hand at June 30, 2018.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Year Ended June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
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
2019	$ 159,585	$ 159,585	$ -	$ 941,041	16.96%
2018	182,834	182,834	-	1,023,561	17.86%
2017	212,099	212,099	-	954,756	22.21%
2016	190,064	190,064	-	949,451	20.02%
2015	185,123	185,123	-	967,205	19.14%

* Information will be accumulated annually until 10 years is presented

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

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015	For the Year Ended June 30, 2014
Beginning of year					
Total pension liability	$ 7,135,977	$ 7,014,532	$ 6,582,356	$ 5,814,484	$ 5,460,247
Fiduciary net position	6,882,911	6,267,517	6,149,862	5,909,978	5,089,313
Net pension liability (asset)	$ 253,066	$ 747,015	$ 432,494	$ (95,494)	$ 370,934
Changes in total pension liability					
Service cost	$ 236,639	$ 234,298	$ 226,375	$ 196,034	$ 205,098
Interest on total pension liability	470,246	461,171	434,734	384,088	362,649
Effect of economic/demographic losses	-	(266,243)	-	(59,144)	(48,357)
Effect of assumption changes or inputs	-	-	-	441,438	-
Benefit payments	(266,793)	(307,781)	(228,933)	(194,544)	(165,153)
Net change in total pension liability	$ 440,092	$ 121,445	$ 432,176	$ 767,872	$ 354,237
Changes in fiduciary net position					
Employer contributions	$ 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	483,519	647,240	106,824	183,402	729,046
Benefit payments	(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	$ 525,198	$ 615,394	$ 117,655	$ 239,884	$ 820,665
End of year					
Total pension liability	$ 7,576,069	$ 7,135,977	$ 7,014,532	$ 6,582,356	$ 5,814,484
Fiduciary net position	7,408,109	6,882,911	6,267,517	6,149,862	5,909,978
Net pension liability	$ 167,960	$ 253,066	$ 747,015	$ 432,494	$ (95,494)
Fiduciary net position as a percent of total pension liability	97.8%	96.5%	89.4%	93.4%	101.6%
Covered payroll	$ 1,393,167	$ 1,346,055	$ 1,188,545	$ 1,148,353	$ 1,051,497
Net pension liability as a percent of covered payroll	12.1%	18.8%	62.9%	37.7%	-9.1%

*Information will be accumulated until 10 years are presented

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

	June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarilly determined contribution	$ 315	$ 322	$ 288	$ 270	$ 277	$ 255	$ 305	$ 313	$ 319	$ 297
Actual employer contribution	605	308	300	290	267	274	306	315	314	299
Contribution deficiency (excess)	(290)	14	(12)	(20)	10	(19)	(1)	(2)	5	(2)
Covered payroll	1,399	1,393	1,346	1,189	1,148	1,051	1,108	1,178	1,230	1,212
Contribution as a percent of covered payroll	43.25%	22.11%	22.29%	24.39%	23.26%	26.07%	27.62%	26.74%	25.53%	24.67%
Valuation date	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008
Assumed investment rate of return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

Notes to schedule

Methods and assumptions used to determine contribution rates:

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

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

Year Ended June 30,	Rate of Return
2019	5.95%
2018	7.03%
2017	10.40%
2016	1.75%
2015	3.10%
2014	14.24%

*Information will be accumulated until 10 years are presented

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

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016
Beginning of year			
Total other postemployment benefit obligation	$ 237,854	$ 231,855	$ 221,388
Fiduciary net position	96,262	80,288	71,341
Net other postemployment benefit obligation (asset)	$ 141,592	$ 151,567	$ 150,047
Changes in total other postemployment benefit obligation			
Service cost	$ 6,250	$ 4,616	$ 4,460
Interest on total other postemployment benefit obligation	15,574	15,098	14,408
Effect of assumption changes or inputs	-	(5,315)	-
Benefit payments	(9,000)	(8,400)	(8,400)
Net change in total other postemployment benefit obligation	$ 12,824	$ 5,999	$ 10,468
Changes in fiduciary net position			
Employer contributions	$ 15,767	$ 15,999	$ 16,627
Investment income net of expenses	6,980	8,689	1,304
Benefit payments	(9,000)	(8,400)	(8,400)
Administrative expenses	-	(314)	(584)
Net change in fiduciary net position	$ 13,747	$ 15,974	$ 8,947
End of year			
Total other post employee benefit obligation	$ 250,678	$ 237,854	$ 231,856
Fiduciary net position	110,009	96,262	80,288
Net other postemployment benefit obligation (asset)	$ 140,669	$ 141,592	$ 151,568
Fiduciary net position as a percent of total other postemployment benefit obligation	4388.00%	40.47%	34.63%
Covered payroll	$ 1,393,167	$ 1,346,055	$ 1,188,545
Net other postemployment benefit obligation as a percent of covered payroll	10.10%	10.52%	12.75%

*Information will be accumulated until 10 years are presented

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

	June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarilly determined contribution	$ 11	$ 17	$ 15	$ 15	$ 10	$ 8	$ 10	$ 10	$ 7	$ 8
Actual employer contribution	130	16	16	17	9	8	9	7	5	6
Contribution deficiency (excess)	(119)	1	(1)	(2)	1	-	1	3	2	2
Covered payroll	1,399	1,393	1,346	1,189	1,148	1,051	1,108	1,178	1,230	1,212
Contribution as a percent of covered payroll	9.29%	1.15%	1.19%	1.43%	0.78%	0.76%	0.81%	0.59%	0.41%	0.50%
Valuation date	7/1/2017	7/1/2015	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008
Assumed investment rate of return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

Notes to schedule

Methods and assumptions used to determine contribution rates:

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

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

Year Ended June 30,	Rate of Return
2019	5.95%
2018	7.09%
2017	10.53%
2016	1.77%

*Information will be accumulated until 10 years are presented

COMBINING FINANCIAL STATEMENTS AND INDIVIDUAL FUND SCHEDULES

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CITY OF STAYTON

COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2019

	General	Pension Stabilization	Total
ASSETS			
Cash and cash equivalents	$ 1,402,806	$ 150,000	$ 1,552,806
Receivables	203,546	-	203,546
Prepaid items	10,099	-	10,099
Deposits	253	-	253
TOTAL ASSETS	$ 1,616,704	$ 150,000	$ 1,766,704
LIABILITIES			
Accounts payable and accrued liabilities	$ 118,923	$ -	$ 118,923
Consumer deposits	3,290	-	3,290
TOTAL LIABILITIES	122,213	-	122,213
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	70,372	-	70,372
TOTAL DEFERRED INFLOWS OF RESOURCES	70,372	-	70,372
FUND BALANCES			
Nonspendable	10,099	-	10,099
Restricted for other purposes	106,334	-	106,334
Assigned for pensions	-	150,000	150,000
Unassigned	1,307,686	-	1,307,686
TOTAL FUND BALANCES	1,424,119	150,000	1,574,119
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,616,704	$ 150,000	$ 1,766,704

CITY OF STAYTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUNDS
For the Year Ended June 30, 2019

	General	Pension Stabilization	Total
REVENUES			
Property taxes	$ 2,059,537	$ -	$ 2,059,537
Franchise fees	822,480	-	822,480
Licenses, permits and fees	49,519	-	49,519
Fines and forfeitures	165,434	-	165,434
Charges for services	45,705	-	45,705
Intergovernmental	230,184	-	230,184
Grants	79,924	-	79,924
Interest	41,217	-	41,217
Miscellaneous	108,200	-	108,200
TOTAL REVENUES	3,602,200	-	3,602,200
EXPENDITURES			
Current			
General government	1,550,823	-	1,550,823
Public safety	1,983,964	-	1,983,964
Highways and streets	112,201	-	112,201
Culture and recreation	41,803	-	41,803
Capital outlay	53,367	-	53,367
TOTAL EXPENDITURES	3,742,158	-	3,742,158
Excess (deficiency) of revenues over expenditures	(139,958)	-	(139,958)
OTHER FINANCING SOURCES (USES)			
Transfers in	846,600	150,000	996,600
Transfers out	(719,600)	-	(719,600)
TOTAL OTHER FINANCING SOURCES (USES)	127,000	150,000	277,000
Net change in fund balances	(12,958)	150,000	137,042
Fund balances at beginning of year	1,437,077	-	1,437,077
Fund balance at end of year	$ 1,424,119	$ 150,000	$ 1,574,119

CITY OF STAYTON

PENSION STABILIZATION - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
OTHER FINANCING SOURCES (USES)			
Transfers in	$ -	$ 150,000	$ 150,000
TOTAL OTHER FINANCING SOURCES (USES)	-	150,000	150,000
Net change in fund balance	-	150,000	150,000
Fund balance at beginning of year	-	-	-
Fund balance at end of year	$ -	$ 150,000	$ 150,000

CITY OF STAYTON

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2019

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and cash equivalents	$ 629,522	$ 811,655	$ 1,441,177
Receivables	40,050	-	40,050
Due from other funds	-	161,600	161,600
TOTAL ASSETS	$ 669,572	$ 973,255	$ 1,642,827
LIABILITIES			
Accounts payable and accrued liabilities	$ 7,462	$ -	$ 7,462
TOTAL LIABILITIES	7,462	-	7,462
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	10,443	-	10,443
TOTAL DEFERRED INFLOWS OF RESOURCES	10,443	-	10,443
FUND BALANCES			
Restricted for:			
Parks and recreation programs	208,302		208,302
Swimming pool	207,757	-	207,757
Capital projects	-	768,519	768,519
Committed for:			
Capital projects	-	204,736	204,736
Library programs	235,608	-	235,608
TOTAL FUND BALANCES	651,667	973,255	1,624,922
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 669,572	$ 973,255	$ 1,642,827

CITY OF STAYTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2019

	Special Revenue	Capital Projects	Totals
REVENUES			
Property taxes	$ 371,029	$ -	$ 371,029
Licenses, permits and fees	1,602	-	1,602
Fines and forfeitures	12,350	-	12,350
Charges for services	272,041	-	272,041
System development charges	-	170,622	170,622
Intergovernmental	1,245	-	1,245
Interest	11,733	18,446	30,179
Miscellaneous	17,066	-	17,066
TOTAL REVENUES	687,066	189,068	876,134
EXPENDITURES			
Current			
Culture and recreation	920,174	-	920,174
Capital outlay	45,139	-	45,139
TOTAL EXPENDITURES	965,313	-	965,313
Excess (deficiency) of revenues over expenditures	(278,247)	189,068	(89,179)
OTHER FINANCING SOURCES (USES)			
Transfers in	595,800	735,881	1,331,681
Transfers out	(65,600)	(2,335,615)	(2,401,215)
TOTAL OTHER FINANCING SOURCES (USES)	530,200	(1,599,734)	(1,069,534)
Net change in fund balances	251,953	(1,410,666)	(1,158,713)
Fund balances at beginning of year	399,714	2,383,921	2,783,635
Fund balances at end of year	$ 651,667	$ 973,255	$ 1,624,922

CITY OF STAYTON

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019

	Library	Parks	Swimming Pool	Totals
ASSETS				
Cash and cash equivalents	$ 208,680	$ 210,778	$ 210,064	$ 629,522
Receivables	32,887	-	7,163	40,050
TOTAL ASSETS	$ 241,567	$ 210,778	$ 217,227	$ 669,572
LIABILITIES				
Accounts payable	$ 781	$ 2,476	$ 4,205	$ 7,462
TOTAL LIABILITIES	781	2,476	4,205	7,462
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	5,178	-	5,265	10,443
TOTAL DEFERRED INFLOWS OF RESOURCES	5,178	-	5,265	10,443
FUND BALANCES				
Restricted for:				
Parks and recreation programs	-	208,302	-	208,302
Swimming pool operations	-	-	207,757	207,757
Committed for library programs	235,608	-	-	235,608
TOTAL FUND BALANCES	235,608	208,302	207,757	651,667
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 241,567	$ 210,778	$ 217,227	$ 669,572

CITY OF STAYTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2019

	Library	Parks	Swimming Pool	Totals
REVENUES				
Property taxes	$ 179,098	$ 10,163	$ 181,768	$ 371,029
Licenses, permits and fees	1,602	-	-	1,602
Fines and forfeitures	12,350	-	-	12,350
Charges for services	90,838	-	181,203	272,041
Intergovernmental	1,245	-	-	1,245
Interest	3,938	1,369	6,426	11,733
Miscellaneous	17,066	-	-	17,066
TOTAL REVENUES	306,137	11,532	369,397	687,066
EXPENDITURES				
Current:				
Culture and recreation	418,628	145,784	355,762	920,174
Capital outlay	-	45,139	-	45,139
TOTAL EXPENDITURES	418,628	190,923	355,762	965,313
Excess (deficiency) of revenues over expenditures	(112,491)	(179,391)	13,635	(278,247)
OTHER FINANCING SOURCES (USES)				
Transfers in	190,800	355,000	50,000	595,800
Transfers out	(25,000)	(30,900)	(9,700)	(65,600)
TOTAL OTHER FINANCING SOURCES (USES)	165,800	324,100	40,300	530,200
Net change in fund balances	53,309	144,709	53,935	251,953
Fund balances at beginning of year	182,299	63,593	153,822	399,714
Fund balances at end of year	$ 235,608	$ 208,302	$ 207,757	$ 651,667

CITY OF STAYTON

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2019

	Vehicle Replacement	Street System Development Charges	Parks System Development Charges	Totals
ASSETS				
Cash and cash equivalents	$ 43,136	$ 718,555	$ 49,964	$ 811,655
Due from other funds	161,600	-	-	161,600
TOTAL ASSETS	$ 204,736	$ 718,555	$ 49,964	$ 973,255
FUND BALANCES				
Restricted for capital projects	$ -	$ 718,555	$ 49,964	$ 768,519
Committed for capital projects	204,736	-	-	204,736
TOTAL FUND BALANCES	204,736	718,555	49,964	973,255
TOTAL LIABILITIES AND FUND BALANCES	$ 204,736	$ 718,555	$ 49,964	$ 973,255

CITY OF STAYTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS For the Year Ended June 30, 2019

	Vehicle Replacement	Street System Development Charges	Parks System Development Charges	System Development Charges	Totals
REVENUES					
System development charges	$ -	$ 122,952	$ 47,670	$ -	$ 170,622
Interest	1,430	14,558	2,458	-	18,446
TOTAL REVENUES	1,430	137,510	50,128	-	189,068
Excess (deficiency) of revenues over expenditures	1,430	137,510	50,128	-	189,068
OTHER FINANCING SOURCES (USES)					
Transfers in	-	581,045	154,836	-	735,881
Transfers out	(410,000)	-	(155,000)	(1,770,615)	(2,335,615)
TOTAL OTHER FINANCING SOURCES (USES)	(410,000)	581,045	(164)	(1,770,615)	(1,599,734)
Net change in fund balances	(408,570)	718,555	49,964	(1,770,615)	(1,410,666)
Fund balances at beginning of year	613,306	-	-	1,770,615	2,383,921
Fund balances at end of year	$ 204,736	$ 718,555	$ 49,964	$ -	$ 973,255

CITY OF STAYTON

LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Property taxes	$ 170,700	$ 179,098	$ 8,398
Licenses, permits and fees	1,500	1,602	102
Fines and forfeitures	10,000	12,350	2,350
Charges for services	88,300	90,838	2,538
Intergovernmental	1,300	1,245	(55)
Interest	2,100	3,938	1,838
Miscellaneous	6,500	17,066	10,566
TOTAL REVENUES	280,400	306,137	25,737
EXPENDITURES			
Personnel services	343,700	295,104	48,596
Materials and services	130,400	123,524	6,876
Contingency	144,773	-	144,773
TOTAL EXPENDITURES	618,873	418,628	200,245
Excess (deficiency) of revenues over expenditures	(338,473)	(112,491)	225,982
OTHER FINANCING SOURCES (USES)			
Transfers in	190,800	190,800	-
Transfers out	(27,300)	(25,000)	2,300
TOTAL OTHER FINANCING SOURCES (USES)	163,500	165,800	2,300
Net change in fund balance	(174,973)	53,309	228,282
Fund balance at beginning of year	212,473	182,299	(30,174)
Fund balance at end of year	$ 37,500	$ 235,608	$ 198,108

CITY OF STAYTON

PARKS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Property taxes	$ 10,000	$ 10,163	$ 163
Interest	-	1,369	1,369
TOTAL REVENUES	10,000	11,532	1,532
EXPENDITURES			
Personnel services	96,700	83,913	12,787
Materials and services	84,200	61,871	22,329
Capital outlay	162,000	45,139	116,861
Contingency	35,311	-	35,311
TOTAL EXPENDITURES	378,211	190,923	187,288
Excess (deficiency) of revenues over expenditures	(368,211)	(179,391)	188,820
OTHER FINANCING SOURCES (USES)			
Transfers in	355,000	355,000	-
Transfers out	(30,900)	(30,900)	-
TOTAL OTHER FINANCING SOURCES (USES)	324,100	324,100	-
Net change in fund balance	(44,111)	144,709	188,820
Fund balance at beginning of year	44,111	63,593	19,482
Fund balance at end of year	$ -	$ 208,302	$ 208,302

CITY OF STAYTON

SWIMMING POOL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Property taxes	$ 170,900	$ 181,768	$ 10,868
Charges for services	150,700	181,203	30,503
Interest	3,000	6,426	3,426
TOTAL REVENUES	324,600	369,397	44,797
EXPENDITURES			
Personnel services	264,200	230,824	33,376
Materials and services	125,700	124,938	762
Capital outlay	10,000	-	10,000
Contingency	113,760	-	113,760
TOTAL EXPENDITURES	513,660	355,762	157,898
Excess (deficiency) of revenues over expenditures	(189,060)	13,635	202,695
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	50,000	-
Transfers out	(9,700)	(9,700)	-
TOTAL OTHER FINANCING SOURCES (USES)	40,300	40,300	-
Net change in fund balance	(148,760)	53,935	202,695
Fund balance at beginning of year	148,760	153,822	5,062
Fund balance at end of year	$ -	$ 207,757	$ 207,757

CITY OF STAYTON

VEHICLE REPLACEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Interest	$ -	$ 1,430	$ 1,430
Miscellaneous	23,000	23,000	-
TOTAL REVENUES	23,000	24,430	1,430
EXPENDITURES			
Contingency	36,695	-	36,695
TOTAL EXPENDITURES	36,695	-	36,695
Excess (deficiency) of revenues over expenditures	(13,695)	24,430	38,125
OTHER FINANCING SOURCES (USES)			
Transfers out	(410,000)	(410,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(410,000)	(410,000)	-
Net change in fund balance	(423,695)	(385,570)	38,125
Fund balance at beginning of year	423,695	428,706	5,011
Fund balance at end of year	$ -	43,136	$ 43,136
Reconciliation to generally accepted accounting principles			
Due from other funds		161,600	
Fund balances at end of year		$ 204,736	

CITY OF STAYTON

STREET SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
System development charges	$ 80,300	$ 122,952	$ 42,652
Interest	6,300	14,558	8,258
TOTAL REVENUES	86,600	137,510	50,910
EXPENDITURES			
Materials and services	50,000	-	50,000
Contingency	451,969	-	451,969
TOTAL EXPENDITURES	501,969	-	501,969
Excess (deficiency) of revenues over expenditures	(415,369)	137,510	552,879
OTHER FINANCING SOURCES (USES)			
Transfers in	-	581,045	581,045
Transfers out	(219,000)	-	219,000
TOTAL OTHER FINANCING SOURCES (USES)	(219,000)	581,045	800,045
Net change in fund balance	(634,369)	718,555	1,352,924
Fund balance at beginning of year	634,369	-	(634,369)
Fund balance at end of year	$ -	$ 718,555	$ 718,555

CITY OF STAYTON

PARKS SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
System development charges	$ 95,400	$ 47,670	$ (47,730)
Interest	1,400	2,458	1,058
TOTAL REVENUES	96,800	50,128	(46,672)
EXPENDITURES			
Contingency	80,826	-	80,826
TOTAL EXPENDITURES	80,826	-	80,826
Excess (deficiency) of revenues over expenditures	15,974	50,128	34,154
OTHER FINANCING SOURCES (USES)			
Transfers in	-	154,836	154,836
Transfers out	(155,000)	(155,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(155,000)	(164)	154,836
Net change in fund balance	(139,026)	49,964	188,990
Fund balance at beginning of year	139,026	-	(139,026)
Fund balance at end of year	$ -	$ 49,964	$ 49,964

CITY OF STAYTON

SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
OTHER FINANCING SOURCES (USES)			
Transfers out	$ -	$ (1,770,615)	$ (1,770,615)
TOTAL OTHER FINANCING SOURCES (USES)	-	(1,770,615)	(1,770,615)
Net change in fund balance	-	(1,770,615)	(1,770,615)
Fund balance at beginning of year	-	1,770,615	1,770,615
Fund balance at end of year	$ -	$ -	$ -

CITY OF STAYTON

WATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Charges for services	$ 1,823,900	$ 1,843,880	$ 19,980
Interest	21,300	34,019	12,719
Miscellaneous	1,000	1,380	380
TOTAL REVENUES	1,846,200	1,879,279	33,079
EXPENDITURES			
Personnel services	479,500	487,350	(7,850)
Materials and services	530,100	451,355	78,745
Capital outlay	880,000	749,516	130,484
Debt service	329,800	329,748	52
TOTAL EXPENDITURES	2,219,400	2,017,969	201,431
Excess (deficiency) of revenues over expenditures	(373,200)	(138,690)	234,510
OTHER FINANCING SOURCES (USES)			
Transfers in	310,300	95,300	(215,000)
Transfers out	(491,000)	(491,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(180,700)	(395,700)	(215,000)
Net change in fund balance	(553,900)	(534,390)	19,510
Fund balance at beginning of year	1,065,824	1,184,822	118,998
Fund balance at end of year	$ 511,924	650,432	$ 138,508
Reconciliation to generally accepted accounting principles			
Inventory		72,358	
Capital assets, net		7,099,049	
Deferred ouflows of resources		195,632	
Accrued interest payable		(9,877)	
Compensated absences payable		(23,605)	
Net other postemployment benefits obligation		(27,235)	
Net pension liability		(32,519)	
Long-term obligations		(3,796,970)	
Deferred inflows of resources		(40,431)	
Net position - ending		$ 4,086,834	

CITY OF STAYTON

WASTEWATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Charges for services	$ 3,318,100	$ 2,989,967	$ (328,133)
Interest	77,100	100,732	23,632
TOTAL REVENUES	3,395,200	3,090,699	(304,501)
EXPENDITURES			
Personnel services	683,200	534,357	148,843
Materials and services	1,241,450	1,133,621	107,829
Capital outlay	1,065,000	187,619	877,381
Debt service	825,300	825,100	200
Contingency	596,000	-	596,000
TOTAL EXPENDITURES	4,410,950	2,680,697	1,730,253
Excess (deficiency) of revenues over expenditures	(1,015,750)	410,002	1,425,752
OTHER FINANCING SOURCES (USES)			
Transfers in	669,700	141,700	(528,000)
Transfers out	(431,300)	(431,300)	-
TOTAL OTHER FINANCING SOURCES (USES)	238,400	(289,600)	(528,000)
Net change in fund balance	(777,350)	120,402	897,752
Fund balance at beginning of year	3,543,860	3,789,185	245,325
Fund balance at end of year	$ 2,766,510	3,909,587	$ 1,143,077
Reconciliation to generally accepted accounting principles			
Inventory		360,928	
Capital assets, net		12,457,664	
Deferred ouflows of resources		98,290	
Accrued interest payable		(182,884)	
Compensated absences payable		(13,288)	
Net other post-employment benefits		(17,913)	
Net pension liability		(21,388)	
Long-term obligations		(11,349,224)	
Deferred inflows of resources		(26,592)	
Net position - ending		$ 5,215,180	

CITY OF STAYTON

STORMWATER - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Charges for services	$ 278,300	$ 302,913	$ 24,613
Interest	2,900	5,494	2,594
TOTAL REVENUES	281,200	308,407	27,207
EXPENDITURES			
Personnel services	50,100	36,806	13,294
Materials and services	82,400	29,133	53,267
Capital outlay	45,000	34,180	10,820
Debt service	25,000	24,840	160
Contingency	153,646	-	153,646
TOTAL EXPENDITURES	356,146	124,959	231,187
Excess (deficiency) of revenues over expenditures	(74,946)	183,448	258,394
OTHER FINANCING SOURCES (USES)			
Transfers in	7,300	7,300	-
Transfers out	(75,000)	(75,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(67,700)	(67,700)	-
Net change in fund balance	(142,646)	115,748	258,394
Fund balance at beginning of year	142,646	182,779	40,133
Fund balance at end of year	$ -	298,527	$ 298,527
Reconciliation to generally accepted accounting principles			
Capital assets, net		2,558,014	
Deferred ouflows of resources		8,882	
Accrued interest payable		(17,118)	
Due to other funds		(161,600)	
Net other postemployment benefit liability		(1,619)	
Net pension liability		(1,933)	
Long-term obligations		(725,000)	
Deferred inflows of resources		(2,403)	
Net position - ending		$ 1,955,750	

CITY OF STAYTON

STORMWATER CONSTRUCTION - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 381,000	$ 381,324	$ 324
Interest	-	200	200
Miscellaneous	50,000	-	(50,000)
TOTAL REVENUES	431,000	381,524	(49,476)
EXPENDITURES			
Materials and services	39,500	31,532	7,968
Capital outlay	1,450,000	1,376,841	73,159
Contingency	16,629	-	16,629
TOTAL EXPENDITURES	1,506,129	1,408,373	97,756
Excess (deficiency) of revenues over expenditures	(1,075,129)	(1,026,849)	48,280
OTHER FINANCING SOURCES (USES)			
Issuance of long-term obligations	725,000	725,000	-
Transfers in	280,000	214,825	(65,175)
TOTAL OTHER FINANCING SOURCES (USES)	1,005,000	939,825	(65,175)
Net change in fund balance	(70,129)	(87,024)	(16,895)
Fund balance at beginning of year	70,129	87,024	16,895
Fund balance at end of year	$ -	$ -	$ -

CITY OF STAYTON

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2019

	Water System Development Charges	Wastewater System Development Charges	Stormwater System Development Charges	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 440,634	$ 632,964	$ 66,026	$ 1,139,624
TOTAL ASSETS	440,634	632,964	66,026	1,139,624
NET POSITION				
Restricted for capital projects	440,634	632,964	66,026	1,139,624
TOTAL NET POSITION	$ 440,634	$ 632,964	$ 66,026	$ 1,139,624

CITY OF STAYTON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended June 30, 2019

	Water System Development Charges	Wastewater System Development Charges	Stormwater System Development Charges	Totals
NONOPERATING REVENUES (EXPENSES)				
Interest	$ 8,565	$ 13,929	$ 122	$ 22,616
Total nonoperating revenue (expenses)	8,565	13,929	122	22,616
Income (loss) before capital contributions and transfers	8,565	13,929	122	22,616
Capital contributions	54,021	50,699	44,379	149,099
Transfers in	378,048	568,336	88,350	1,034,734
Transfers out	-	-	(66,825)	(66,825)
Total capital contributions and transfers	432,069	619,035	65,904	1,117,008
Change in net position	440,634	632,964	66,026	1,139,624
Net position - beginning	-	-	-	-
Net position - ending	$ 440,634	$ 632,964	$ 66,026	$ 1,139,624

CITY OF STAYTON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2019

	Water System Development Charges	Wastewater System Development Charges	Stormwater System Development Charges	Totals
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in	$ 378,048	$ 568,336	$ 88,350	$ 1,034,734
Transfers out	-	-	(66,825)	(66,825)
System development charges received	54,021	50,699	44,379	149,099
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	432,069	619,035	65,904	1,117,008
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	8,565	13,929	122	22,616
Net increase (decrease) in cash and cash equivalents	440,634	632,964	66,026	1,139,624
Cash and cash equivalents - beginning of year	-	-	-	-
Cash and cash equivalents - end of year	$ 440,634	$ 632,964	$ 66,026	$ 1,139,624

CITY OF STAYTON

WATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
System development charges	$ 99,200	$ 54,021	$ (45,179)
Interest	3,600	8,565	4,965
TOTAL REVENUES	102,800	62,586	(40,214)
EXPENDITURES			
Materials and services	55,000	-	55,000
Contingency	195,305	-	195,305
TOTAL EXPENDITURES	250,305	-	250,305
Excess (deficiency) of revenues over expenditures	(147,505)	62,586	210,091
OTHER FINANCING SOURCES (USES)			
Transfers in	-	378,048	378,048
Transfers out	(215,000)	-	215,000
TOTAL OTHER FINANCING SOURCES (USES)	(215,000)	378,048	593,048
Net change in fund balance	(362,505)	440,634	803,139
Fund balance at beginning of year	362,505	-	(362,505)
Fund balance at end of year	$ -	$ 440,634	$ 440,634

CITY OF STAYTON

WASTEWATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
System development charges	$ 74,000	$ 50,699	$ (23,301)
Interest	5,500	13,929	8,429
TOTAL REVENUES	79,500	64,628	(14,872)
EXPENDITURES			
Materials and services	65,000	-	65,000
Contingency	38,239	-	38,239
TOTAL EXPENDITURES	103,239	-	103,239
Excess (deficiency) of revenues over expenditures	(23,739)	64,628	88,367
OTHER FINANCING SOURCES (USES)			
Transfers in	-	568,336	568,336
Transfers out	(528,000)	-	528,000
TOTAL OTHER FINANCING SOURCES (USES)	(528,000)	568,336	1,096,336
Net change in fund balance	(551,739)	632,964	1,184,703
Fund balance at beginning of year	551,739	-	(551,739)
Fund balance at end of year	$ -	$ 632,964	$ 632,964

CITY OF STAYTON

STORMWATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
System development charges	$ 88,200	$ 44,379	$ (43,821)
Interest	700	122	(578)
TOTAL REVENUES	88,900	44,501	(44,399)
EXPENDITURES			
Contingency	62,223	-	62,223
TOTAL EXPENDITURES	62,223	-	62,223
Excess (deficiency) of revenues over expenditures	26,677	44,501	17,824
OTHER FINANCING SOURCES (USES)			
Transfers in	-	88,350	88,350
Transfers out	(100,000)	(66,825)	33,175
TOTAL OTHER FINANCING SOURCES (USES)	(100,000)	21,525	121,525
Net change in fund balance	(73,323)	66,026	139,349
Fund balance at beginning of year	73,323	-	(73,323)
Fund balance at end of year	$ -	$ 66,026	$ 66,026

CITY OF STAYTON

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019

	Public Works Administration	Facilities	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 201,029	$ 527,963	$ 728,992
TOTAL ASSETS	201,029	527,963	728,992
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	117,038	-	117,038
Other postemployment benefit related items	21,192	-	21,192
TOTAL DEFERRED OUTFLOWS OF RESOURCES	138,230	-	138,230
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	22,678	-	22,678
Compensated absences payable	6,403	-	6,403
Total current liabilities	29,081	-	29,081
Long-term obligations due in more than one year	55,271	-	55,271
TOTAL LIABILITIES	84,352	-	84,352
DEFERRED INFLOWS OF RESOURCES			
Pension related items	36,527	-	36,527
Other postemployment benefit related items	871	-	871
TOTAL DEFERRED INFLOWS OF RESOURCES	37,398	-	37,398
NET POSITION			
Unrestricted	217,509	527,963	745,472
TOTAL NET POSITION	$ 217,509	$ 527,963	$ 745,472

CITY OF STAYTON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended June 30, 2019

	Public Works Administration	Facilities	Totals
OPERATING REVENUES			
Rents	$ -	$ 39,592	$ 39,592
OPERATING EXPENSES			
Personnel services	296,409	10,160	306,569
Materials and services	75,580	-	75,580
Total operating expenses	371,989	10,160	382,149
Operating (loss)	(371,989)	29,432	(342,557)
NONOPERATING REVENUES (EXPENSES)			
Interest	3,603	13,274	16,877
Miscellaneous	439	-	439
Total nonoperating revenues (expenses)	4,042	13,274	17,316
Income (loss) before transfers	(367,947)	42,706	(325,241)
Transfers in	440,700	73,900	514,600
Transfers out	-	(100,000)	(100,000)
Change in net position	72,753	16,606	89,359
Total net position at beginning of year	144,756	511,357	656,113
Total net position at end of year	$ 217,509	$ 527,963	$ 745,472

CITY OF STAYTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2019

	Public Works Administration	Facilities	Totals
CASH FLOWS FROM OPERATING ACTIVITES			
Receipts from other funds	$ -	$ 39,592	$ 39,592
Payments to suppliers	(90,170)	-	(90,170)
Payments to employees	(375,153)	(10,160)	(385,313)
NET CASH (USED IN) OPERATING ACTIVITIES	(465,323)	29,432	(435,891)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	440,700	73,900	514,600
Transfers out	-	(100,000)	(100,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	440,700	(26,100)	414,600
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Other	439	-	439
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	3,603	13,274	16,877
Net increase in cash and cash equivalents	(20,581)	16,606	(3,975)
Cash and cash equivalents- beginning of year	221,610	511,357	732,967
Cash and cash equivalents - end of year	$ 201,029	$ 527,963	$ 728,992
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES			
Operating (loss)	$ (371,989)	$ 29,432	$ (342,557)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities			
(Increase) in assets and deferred outflows			
Pension related items	(48,751)	-	(48,751)
Other postemployment benefit related items	(18,760)	-	(18,760)
Increase (decrease) in liabilities and deferred inflows			
Accounts payable and accrued liabilities	(14,590)	-	(14,590)
Compensated absences payable	125	-	125
Net pension liability	(8,962)	-	(8,962)
Other postemployment benefit obligation	3,348	-	3,348
Pension related items	(5,833)	-	(5,833)
Other postemployment benefit related items	89	-	89
NET CASH (USED IN) OPERATING ACTIVITIES	$ (465,323)	$ 29,432	$ (435,891)

CITY OF STAYTON

PUBLIC WORKS ADMINISTRATION - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Interest	$ 2,900	$ 3,603	$ 703
Miscellaneous	-	439	439
TOTAL REVENUES	2,900	4,042	1,142
EXPENDITURES			
Personnel services	410,700	375,153	35,547
Materials and services	74,800	75,580	(780)
Contingency	105,191	-	105,191
TOTAL EXPENDITURES	590,691	450,733	139,958
Excess (deficiency) of revenues over expenditures	(587,791)	(446,691)	141,100
OTHER FINANCING SOURCES (USES)			
Transfers in	440,700	440,700	-
TOTAL OTHER FINANCING SOURCES (USES)	440,700	440,700	-
Net change in fund balance	(147,091)	(5,991)	141,100
Fund balance at beginning of year	147,091	184,342	37,251
Fund balance at end of year	$ -	178,351	$ 178,351
Reconciliation to generally accepted accounting principles			
Deferred ouflows of resources		138,230	
Compensated absences payable		(6,403)	
Net other postemployment benefit obligation		(25,192)	
Net pension liability		(30,079)	
Deferred inflows of resources		(37,398)	
Net position - ending		$ 217,509	

CITY OF STAYTON

FACILITIES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance
REVENUES			
Rent	$ 46,400	$ 39,592	$ (6,808)
Interest	6,100	13,274	7,174
TOTAL REVENUES	52,500	52,866	366
EXPENDITURES			
Personnel services	12,700	10,160	2,540
Materials and services	25,000	-	25,000
Contingency	596,035	-	596,035
TOTAL EXPENDITURES	633,735	10,160	623,575
Excess (deficiency) of revenues over expenditures	(581,235)	42,706	623,941
OTHER FINANCING SOURCES (USES)			
Transfers in	73,900	73,900	-
Transfers out	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(26,100)	(26,100)	-
Net change in fund balance	(607,335)	16,606	623,941
Fund balance at beginning of year	607,335	511,357	(95,978)
Fund balance at end of year	$ -	$ 527,963	$ 527,963

CITY OF STAYTON

COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
June 30, 2019

	Retirement Plan for Employees of the City of Stayton	Retirement Health Insurance Account	Totals
ASSETS			
Cash and cash equivalents	$ 420,393	$ 12,357	$ 432,750
Receivables	23,445	848	24,293
Investments, at fair value			
Mutual funds	7,746,792	227,708	7,974,500
TOTAL ASSETS	8,190,630	240,913	8,431,543
NET POSITION			
Net position held in trust for:			
Pension benefits	8,190,630	-	8,190,630
Other postemployment benefits	-	240,913	240,913
TOTAL NET POSITION	$ 8,190,630	$ 240,913	$ 8,431,543

CITY OF STAYTON

COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
For the Year Ended June 30, 2019

	Retirement Plan for Employees of the City of Stayton	Retirement Health Insurance Account	Totals
ADDITIONS			
Contributions	$ 604,633	$ 130,056	$ 734,689
Investment earnings	464,434	10,448	474,882
Total additions	1,069,067	140,504	1,209,571
DEDUCTIONS			
Benefits	286,546	9,600	296,146
Total deductions	286,546	9,600	296,146
Change in net position	782,521	130,904	913,425
Net position - beginning of year	7,408,109	110,009	7,518,118
Net position - end of year	$ 8,190,630	$ 240,913	$ 8,431,543

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Members of the City Council
CITY OF STAYTON
Stayton, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the **CITY OF STAYTON** as of and for the year ended June 30, 2019, and have issued our report thereon dated December 11, 2019.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS (Continued)

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

Budgets legally required (ORS Chapter 294)

1. Expenditures in excess of appropriations occurred as follows:

Fund - Appropriation Category	Appropriations	Actual	Variance
Water			
Personal services	$ 479,500	$ 487,350	$ (7,850)
Public Works Administration			
Materials and services	74,800	75,580	(780)

2. Use of operating contingency in nonoperating funds:

   OAR 150-294-0430(1) states: "An estimate for general operating contingency may be included in any operating fund." OAR 150-294-0430(1)(a) defines an operating fund as: An operating fund is one which contains estimates for personnel services, materials and services, or capital outlay. The 2018-19 budgets for the Parks System Development Charge, Stormwater System Development Charge and Vehicle Replacement Funds, and the 2019-20 budgets for the Parks System Development Charge, Street System Development Charge, and Stormwater System Development Charge included appropriations for contingency but did not include personnel services, materials and services, or capital outlay.

3. Budget committee meeting notification:

   If the notice of meeting of the budget committee is published once in a newspaper and once on the municipal corporation's website, the publication in the newspaper must occur 5 to 30 days before the meeting and the publication on the municipal corporation's website must be displayed in a prominent manner on the website for at least 10 days before the meeting date. The City published the notification on their website 6 days before the meeting.

OAR 162-10-0230 Internal Control

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS (Continued)

Restriction on Use

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

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 11, 2019

By:

Bradley G. Bingenheimer, Member

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

To the Mayor and City Council
CITY OF STAYTON
Stayton, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF STAYTON as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2019.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.

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* (Continued)

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 11, 2019

CITY OF STAYTON

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

2019-001

Criteria:	Oversight of day-to-day accounting and year-end closing is needed to ensure transactions posted to the general ledger are accurate and accounts at year-end have been reconciled or adjusted to actual.
Condition:	During the year the Associate Accountant left their employment with the City. Subsequent to their departure, oversight of day-to-day accounting was limited. In addition, year-end adjustments necessary to adjust account balances to actual did not occur until mid-August. As a result, multiple errors requiring were identified during the audit in the following accounts: • Cash • Receivables • Accounts payable
Cause:	Internal controls were not modified after the Associate Accountant's departure to ensure that transactions were recorded correctly in the accounting records, and year-end reconciliations were performed and adjustments made as necessary.
Effect:	A material misstatement could occur, due to error or fraud, and not be prevented or detected.
Response:	The City agrees with the finding and has taken corrective actions as follows: • Employed a full-time Finance Director to oversee accounting • Modified internal controls to provide supervisory review and approval of accounting transactions, adjustments and reports