

# **CITY OF SISTERS, OREGON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2020**



Prepared by:  
The City of Sisters  
Finance Department  
Joseph O'Neill  
Finance Officer

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**CITY OF SISTERS, OREGON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2020**

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# **INTRODUCTORY SECTION**

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# City of Sisters

520 E Cascade Avenue, Sisters, Oregon 97759



December 16, 2020

Honorable Mayor Chuck Ryan,  
Members of the Council,  
and Citizens of the City of Sisters:

The Comprehensive Annual Financial Report (CAFR) of the City of Sisters, Oregon (the City) for the fiscal year ended June 30, 2020 is hereby submitted.

This report presents the financial position of the City as of June 30, 2020 and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of State. We believe the data, as presented, are accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

The accuracy of the City's financial statements and the completeness and fairness of their presentation is the responsibility of City management. The City maintains a system of internal accounting controls designed to provide a reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the report of the independent auditors, beginning on page a.

### ***City Profile***

The City of Sisters, incorporated in 1946, is located at the foot of the eastern slope of the Cascades in Central Oregon, 136 miles southeast of Portland and 20 miles west of Bend and Redmond. It currently occupies 1.87 square miles and serves a population of 2,985. Rural subdivisions and outlying ranches contribute to a population of “Sisters Country” in the range of 11,000 to 13,000 people.

The City of Sisters operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council (City Council) consisting of the mayor and four other members, all elected on a non-partisan basis to terms of two to four years. The City Council appoints a city manager, who in turn appoints the heads of the various departments. The City Manager implements policy set by the City Council and oversees city operations. The City provides municipal services including water and sewer utilities, planning and community development, construction and maintenance of streets and sidewalks, parks and other public facilities.

The City Council is required to adopt an annual budget before July 1 of each year. The budget serves as the foundation for the City’s financial planning and control. The City also manages the Sisters Urban Renewal District which is overseen by the City Council acting as the governing body for the Urban Renewal Agency.

### ***Local Economy and Outlook***

The popularity of Central Oregon has continued to bode well for Sisters, we saw slight increases in the population, number of new business licenses issued, and transient room tax revenue.

### ***Long-term Financial Planning***

Effective financial management means the City focuses on financial sustainability and maintaining high service levels. Continuing a process of conservative strategic spending, the City is in a good position financially for the next fiscal year.

The City’s on-going financial planning includes annual goals, a five-year financial forecast and a five and ten-year capital improvement plan based on various strategic plans and reports including a transportation system plan, water and sewer master plans, water rights master plan, water conservation and management plan, and system development charge updates. Developing and utilizing these plans, enhances the City’s ability to address future needs in a proactive and measured approach.

***Financial Information***

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles.

Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

***Other Information***

Independent Audit – The State of Oregon requires an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. The firm, Dickey and Tremper, LLP was selected. The auditor’s report on the financial statements and required supplementary information is included in the Financial Section of this report.

***Acknowledgements***

The preparation of the annual Financial Report was a combined effort of dedicated City staff. We wish to thank everyone who made a contribution to this report for their support and expertise.

We would also like to express our appreciation to the Sisters City Council for their continued support and leadership in managing the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

*Joseph O'Neill*

Joseph O'Neill  
Finance Director



**City of Sisters  
Oregon  
Fiscal Year Ending June 30, 2020**

**ELECTED OFFICIALS OF THE CITY**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Terms</u></b>
Charles Ryan	Mayor	December, 2020
Nancy Connolly	Council President	December, 2022
Michael Preedin	Council Member	December, 2022
Andrea Blum	Council Member	December, 2020
Richard Esterman	Council Member	December, 2022

**CITY STAFF**

<b><u>Name</u></b>	<b><u>Position</u></b>
Cory Misley.....	City Manager
Joseph O'Neill .....	Finance Officer
Paul Bertagna .....	Public Works Director
Patrick Davenport .....	Community Development Director
Erik Huffman .....	City Engineer
Kerry Prosser .....	City Recorder
Bryant, Lovlien & Jarvis, PC .....	City Attorney

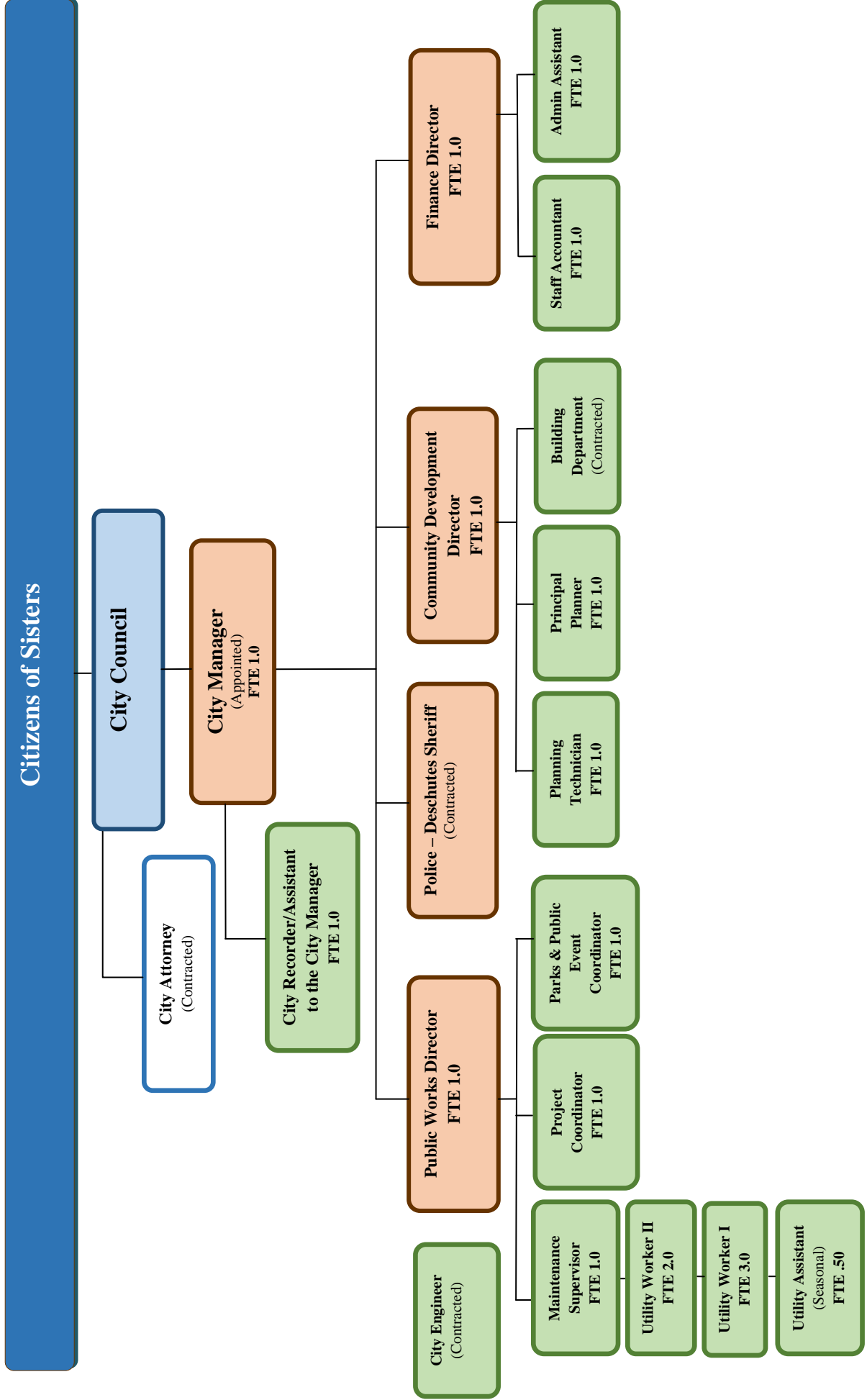
**MAIL ADDRESS**

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Sisters, Oregon 97759

[www.ci.sisters.or.us](http://www.ci.sisters.or.us)



# Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Sisters  
Oregon**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# FINANCIAL SECTION

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**Dickey and Tremper, LLP**  
Certified Public Accountants and Business Advisors

110 SE First Street  
P.O. Box 1533  
Pendleton, OR 97801  
Phone: (541) 276-6862  
Toll Free: 1-800-332-6862  
Fax: (541) 276-9040  
Web: [www.dickeyandtremper.com](http://www.dickeyandtremper.com)

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Sisters, Oregon

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 the City of Sisters, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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. 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.

A

## **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 the City of Sisters, Oregon, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Street Fund and Urban Renewal Project Fund 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, schedules of the City's Proportional Share of the Net Pension Liability (Asset) and the City's Contribution to the Oregon Public Employees Retirement System, Schedule of Proportionate Share of Net OPEB Liability (Asset), Schedule of Contributions OPERS Retirement Health Insurance Account, and the Schedule of changes in the City's OPEB Liability and Related Ratios, and Notes to Required Supplementary Information, as listed in the table of contents 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 of Sisters, Oregon's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 16, 2020, on our consideration of the City of Sisters' internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.

*Dickey and Tremper, LLP*

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**Dickey and Tremper, LLP**  
**Certified Public Accountants**

December 16, 2020

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**CITY OF SISTERS, OREGON**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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The Management's Discussion and Analysis (MD&A) section of the City of Sisters' (City) financial statements presents a narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2020. Information in the MD&A is based on currently known facts, decisions and conditions. The information presented here should be reviewed in conjunction with additional information furnished in the letter of transmittal, basic financial statements, and accompanying notes.

## **FINANCIAL HIGHLIGHTS**

### **Government-wide**

- The City's assets totaled \$48.4 million at the end of the fiscal year.
- The City's liabilities totaled \$8.5 million at the end of the fiscal year.
- The net position balance (assets and deferred outflows over liabilities and deferred inflows) of \$40.3 million increased by \$3.6 million over last year largely due to SDC income related to an increase in development. The balance is composed of investments in capital assets such as buildings, infrastructure, and roads (\$28.2 million), restricted amounts for future capital projects; and debt service (\$482,539) and an unrestricted balance (\$5.0 million). The unrestricted balance is available for use to meet the City's on-going obligations to citizens and creditors.
- Revenues for the City totaled \$9.1 million this fiscal year, an increase of \$.8 million from last year, primarily due to an increase in taxes, charges for services and miscellaneous revenue.
- Expenses for the City totaled \$5.5 million, an increase of \$.2 million over last year largely due to personnel services and improvements.

### **Fund Level**

- The City's governmental funds have a combined fund balance of \$5.4 million, an increase of \$1.2 million from last year primarily due SDC income, taxes and a reduction in overall expenditures.
- Total property taxes of \$1.5 million increased 7% over last fiscal year. Fuel and lodging taxes decreased 5% to \$.80 million. The decrease in imposed taxes is largely due to impacts from the COVID-19 pandemic.
- The City's proprietary funds have a combined net position of \$24.3 million at the end of the fiscal year, an increase of \$1.9 million from last year.

## **OVERVIEW OF FINANCIAL STATEMENTS**

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements which include three components:

1. Government-wide financial statements;
2. Fund financial statements; and
3. Notes to the financial statements.

**CITY OF SISTERS, OREGON**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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This report also contains other supplementary information in addition to the basic financial statements.

***Government-wide Financial Statements.*** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner that is similar to a private-sector business. These statements are reported on the full accrual basis of accounting. Under the full accrual basis, revenues and expenses are reported in the year earned or obligated.

The *statement of net position* includes all of the City's assets and liabilities, with the difference between the two reported as net position. Evaluating increases or decreases in net position over time can serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information on how the government's net position has changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in the statement for some items that will result in cash flows in a future period. Examples of this include earned, but uncollected property taxes, and earned but unused compensated absences.

Both of the government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, referred to as governmental activities, from business functions intended to recover their costs through user fees and charges. Governmental activities of the City include the following:

- General Government
- Public Safety
- Culture and Recreation
- Community Development
- Highways and Streets

Business-type activities of the City include the following:

- Water Utility
- Wastewater Utility

***Fund Financial Statements.*** A *fund* is a grouping of accounts used to maintain control over resources that have been segregated for specific activities or functions. The City, like other state and local governments, uses fund accounting to demonstrate compliance with legal requirements. The City's funds are divided into two categories:

- Governmental Funds
- Proprietary Funds



**CITY OF SISTERS, OREGON**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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*Governmental Funds* are used to account for City functions that are supported primarily by taxes and intergovernmental revenues. Governmental fund financial statements focus on the inflows and outflows of spendable resources, as well as available resources at the end of the fiscal year. Such information is useful in evaluating a government's near-term requirements.

Governmental fund financial statements exclude long term assets such as investments in land and buildings, and debt and obligations not expected to be paid within the current year. The following reconciliations are provided to facilitate a comparison between governmental funds as reported in the fund financial statements and governmental activities as reported in the government-wide financial statements:

- A reconciliation of the fund balance reported in the governmental funds Balance Sheet to the net position reported on the government-wide Statement of Net Position, and
- A reconciliation of the change in fund balances reported in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances to the change in net position reported in the government-wide Statement of Activities.

The City maintains eight individual governmental funds. Information is presented separately for the General Fund, the Street Fund, and Urban Renewal Project Fund which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of combining statements.

*Proprietary Funds* are used to account for activities supported by user charges where the emphasis is on the sufficiency of revenues to cover expenses. The City maintains four enterprise funds which are proprietary funds. These enterprise funds account for the City's water and sewer utilities, and water and sewer system development funds. These funds are combined into two reporting units for the financial statements.

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

***Other Information.*** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information including budgetary to actual comparisons for the major and non-major funds.

**CITY OF SISTERS, OREGON**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position:**

The following table reflects a summary of Net Position compared to prior fiscal year.

**Table 1**  
**City of Sisters' Net Position**  
**as of June 30**  
**(in millions)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>		<b>Total Change + (-)</b>
	<b>Activities</b>		<b>Activities</b>		<b>Primary Government</b>		
	2020	2019	2020	2019	2020	2019	
Current and other assets	\$ 5.94	\$ 4.80	\$ 8.04	\$ 7.20	\$ 13.98	\$ 12.00	\$ 1.97
Capital assets	12.19	11.64	22.20	21.41	34.40	33.05	1.34
Total assets	<u>18.14</u>	<u>16.44</u>	<u>30.24</u>	<u>28.61</u>	<u>48.38</u>	<u>45.05</u>	<u>3.32</u>
Deferred Outflows	0.42	0.27	0.22	0.14	0.64	0.41	0.23
Current liabilities	0.59	0.58	0.39	0.49	0.98	1.08	-0.10
Noncurrent liabilities	1.80	1.69	5.70	5.80	7.50	7.49	0.01
Total liabilities	<u>2.39</u>	<u>2.28</u>	<u>6.09</u>	<u>6.29</u>	<u>8.48</u>	<u>8.57</u>	<u>-0.09</u>
Deferred Inflows	0.13	0.13	0.07	0.07	0.20	0.20	0.00
Net position:							
Net investment in							
Capital Assets	11.34	10.09	16.85	15.80	28.18	25.89	2.30
Restricted	2.54	1.88	4.66	4.08	7.20	5.96	1.24
Unrestricted	2.15	2.35	2.80	2.50	4.95	4.85	0.11
Total net position	<u>\$ 16.04</u>	<u>\$ 14.32</u>	<u>\$ 24.31</u>	<u>\$ 22.38</u>	<u>\$ 40.34</u>	<u>\$ 36.70</u>	<u>\$ 3.64</u>

Net position serves as a useful indicator of a government's financial position. For the City of Sisters, assets exceeded liabilities by \$40.34 million at the close of fiscal year 2019/20. The largest portion of the City's net position is invested in capital assets (e.g., land, building, infrastructure, and equipment), and is reported net of related outstanding debt. The City uses these capital assets to provide services to citizens; thus, they do not represent resources available for future spending.

The City's capital assets increased by \$1.3 million primarily due to contributed assets from development and street infrastructure expenditures offset by annual depreciation expense.

Restricted net position totals \$7.20 million and represents cash and investments that are legally restricted for capital expansion or debt service. The remaining balance of unrestricted net position (\$5.0 million) may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF SISTERS, OREGON**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Statement of Activities:**

Net position of the City increased by \$3.6 million in the current fiscal year largely due to an increase in development. Governmental activities' net position increased by \$1.7million and business-type activities increased by \$1.9 million due to increase in incurred taxes and utility charges.

**Table 2**  
**City of Sisters' Changes in Net Position**

	Governmental Activities		Business-type Activities		Total		Total Change
	2020	2019	2020	2019	2020	2019	+ (-)
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 639,601	\$ 690,162	\$ 2,019,911	\$ 1,800,084	\$ 2,659,512	\$ 2,490,246	\$ 169,266
Operating grants and contributions	501,283	454,607	-	-	501,283	454,607	46,676
Capital grants and contributions	1,265,623	1,394,131	1,688,425	1,133,583	2,954,048	2,527,714	426,334
General revenues:							
Taxes	1,468,596	1,374,741	-	-	1,468,596	1,374,741	93,855
Other	1,379,637	1,285,495	147,159	162,320	1,526,796	1,447,815	78,981
<b>Total revenues</b>	<b>5,254,740</b>	<b>5,199,136</b>	<b>3,855,495</b>	<b>3,095,987</b>	<b>9,110,235</b>	<b>8,295,123</b>	<b>815,112</b>
<b>Expenses:</b>							
General government	1,635,719	1,430,886	-	-	1,635,719	1,430,886	204,833
Public safety	611,849	588,316	-	-	611,849	588,316	23,533
Highways and streets	948,441	1,265,580	-	-	948,441	1,265,580	(317,139)
Culture and recreation	313,695	294,612	-	-	313,695	294,612	19,083
Community development	15,626	3,891	-	-	15,626	3,891	11,735
Interest on long-term debt	28,056	30,453	-	-	28,056	30,453	(2,397)
Water	-	-	845,252	735,902	845,252	735,902	109,350
Sewer	-	-	1,078,313	985,360	1,078,313	985,360	92,953
<b>Total expenses</b>	<b>3,553,386</b>	<b>3,613,738</b>	<b>1,923,565</b>	<b>1,721,262</b>	<b>5,476,951</b>	<b>5,335,000</b>	<b>141,951</b>
Increase in net position before transfers	1,701,354	1,585,398	1,931,930	1,374,725	3,633,284	2,960,123	673,161
Transfers	21,320	11,200	(21,320)	(11,200)	-	-	-
Change in net position	1,722,674	1,596,598	1,910,610	1,363,525	3,633,284	2,960,123	673,161
Net position, July 1, as restated	14,312,717	12,716,119	22,394,585	21,031,067	36,707,302	33,747,186	2,960,116
<b>Net position, June 30</b>	<b>\$ 16,035,391</b>	<b>\$ 14,312,717</b>	<b>\$ 24,305,195</b>	<b>\$ 22,394,592</b>	<b>\$ 40,340,586</b>	<b>\$ 36,707,309</b>	<b>\$ 3,633,277</b>

**Governmental Funds**

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$5.4 million. Approximately \$1.5 million or 28% of the balance is unassigned for spending at the City's discretion. The remainder of fund balance is assigned or restricted for debt service (\$.5 million) and capital projects from System Development Charges.

The *General Fund* is the chief operating fund of the City. At the end of the fiscal year, the unassigned fund balance in the General Fund was \$1.5 million. This represents a \$.2 million increase compared to FY 19/20. This increase is mainly due to Transient Room Tax and Property taxes.

The *Street Fund* provides for the maintenance and construction of City streets. The revenues received include state highway gas tax, local gas tax, franchise and inspection fees and intergovernmental revenues. The assigned fund balance at June 30, 2020 is \$1.1 million, an increase of \$.5 million from prior year. The increase is mainly due to a reduction in capital projects.

The *Urban Renewal Project Fund* accounts for the resources and payments for project construction related to the Sisters Urban Renewal Plan.

**CITY OF SISTERS, OREGON**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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**Proprietary Funds**

Unrestricted net assets of each proprietary fund and its percent to total unrestricted net assets of all proprietary funds are as follows:

All Water (including SDC)	\$1,279,296	(46%)
All Sewer (including SDC)	\$1,521,239	(54%)

The total proprietary fund unrestricted net assets increased by \$294,388 from the prior year primarily due to increased utility revenues and SDC income.

**BUDGETARY HIGHLIGHTS**

The budgetary statements show the original budget, final budget, actual revenues, expenditures and transfers in and out for the fiscal year ended June 30, 2020.

**General Fund.** The General Fund's change in fund balance increased by \$222,761 compared to a budgeted decrease of \$395,989. This increase is mainly due to Transient Room Tax and Property taxes. There were supplemental budgets for FY 2019/20 for additions to resources for community grants. Other variances of revenues and expenses between final budget and actual revenues and expenses is related to collections of park fees, community grants and transient room tax over budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$34.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure (e.g. streets, water and sewer systems). Of all capital assets, 35% is associated with governmental activities and 65% with business-type activities. See Table 3.

In total, the City's capital assets increased by \$1.3 million from the prior year. Governmental activities account for \$.5 million of the increase and business-type activities account for \$.8 million increase. Capital asset projects during the fiscal year included the following:

- Village Green Park play structure replacement
- Public Improvements
- Public Works Equipment

**CITY OF SISTERS, OREGON**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Table 3**  
**City of Sisters' Capital Assets, Net of Accumulated Depreciation**  
**as of June 30**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Change + (-)</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	
Land	\$ 527,720	\$ 522,720	\$ 4,289,705	\$ 4,289,705	\$ 4,817,425	\$ 4,812,425	\$ 5,000
Water Rights	-	-	268,688	268,688	268,688	268,688	-
Art and sculptures	330,872	330,872	14,000	14,000	344,872	344,872	-
Construction in progress	136,967	498,049	690,231	598,271	827,198	1,096,320	(269,122)
Buildings	2,799,758	2,886,382	473,508	490,307	3,273,266	3,376,689	(103,423)
Improvements, others than buildings	8,055,902	7,256,081	16,339,589	15,684,538	24,395,491	22,940,619	1,454,873
Equipment	342,000	149,829	128,034	64,791	470,034	214,620	255,414
<b>Total</b>	<b>\$ 12,193,219</b>	<b>\$ 11,643,933</b>	<b>\$ 22,203,755</b>	<b>\$ 21,410,300</b>	<b>\$ 34,396,974</b>	<b>\$ 33,054,233</b>	<b>\$ 1,342,742</b>

Additional information on the City's capital assets can be found in the notes to the basic financial statements. (Note III. C)

**Long-term debt.**

On January 28, 2016 the City issued full faith and credit refunding bonds in the amount of \$6,180,000. Proceeds from the issuance were used to payoff the City's loans payable for the City Hall Facility, sewer system, Lazy Z property, and USDA revenue bonds. Interest is 2.95% with a maturity date of December 1, 2038.

**Table 4**  
**City of Sisters' Outstanding Debt, General Obligation and Revenue Bonds**  
**as of June 30**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Change + (-)</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	
Revenue bonds	0.4	0.4	4.9	5.1	5.3	5.5	(0.3)
Notes Payable	0.4	0.6	0.0	0.0	0.4	0.6	(0.1)
<b>Total</b>	<b>\$ 0.8</b>	<b>\$ 1.0</b>	<b>\$ 4.9</b>	<b>\$ 5.1</b>	<b>\$ 5.7</b>	<b>\$ 6.1</b>	<b>\$ (0.4)</b>

Additional information on the City's debt can be found in the notes to the basic financial statements. (Note III. E)

**CITY OF SISTERS, OREGON**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

In preparing the budget for FY 2019/20 the City considered various economic factors and used the following assumptions:

**Property taxes.** The City has forecasted a 5% increase in assessed value for properties within the city limits, with a collection rate of 92%.

The City's current population is 2,985. It is assumed that during the upcoming fiscal year the City's population will continue to increase by approximately 5%. This assumption affects the estimates for state shared revenues, such as gasoline tax, which are distributed on a per capita basis. It is also used in determining the requirement for city services and any associated fees (i.e. estimating water delivery requirements and fees).

The **personnel services** budget includes a 3.0% merit adjustment for all employees which is tied to performance. Cost of living adjustments were budgeted at 2.2%.

It was assumed that **medical benefit** premiums will increase approximately 5.5%. The City budgets 90% of the health care premium cost for employees. Employees contribute 10% of the premium cost.

The City's employer contribution rate to the **Public Employee Retirement System (PERS)** is 18.8% and 14.5% of employee salaries for Tier 1/Tier 2 and Oregon Public Service Retirement Plan (OPSRP) General Service respectively. The City picks up the employee's share of 6% PERS contribution.

The assumed **risk management** changes are as follows:

- Property insurance will increase by 15%
- Automobile insurance will increase by 1%
- Liability insurance will increase by 5%
- Unemployment insurance will not change
- Workers compensation insurance rates will increase 1%

Budgeted operating contingency is \$.8 million which represents 2 months of operating expenses. Reserves for capital replacement and improvements are \$2.7 million, and reserves for future expenditures, which includes expenditures for capital projects and new development, are \$6.7 million.

## **REQUESTS FOR INFORMATION**

This City's financial statements are designed to provide readers with a general overview of the City's finances. The Sisters Urban Renewal Agency has issued a separate report. For questions or additional information, please contact the City's Finance Officer at City of Sisters, P.O. Box 39, Sisters, Oregon 97759, or visit the City's website at [www.ci.sisters.or.us](http://www.ci.sisters.or.us).

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF SISTERS, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

**Primary Government**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,994,880	\$ 3,154,679	\$ 6,149,559
Receivables:			
Accounts, net	124,451	177,659	302,110
Intergovernmental	163,473	-	163,473
Property taxes	38,373	-	38,373
Assessments	70,350	7,503	77,853
Inventories	-	36,614	36,614
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	2,542,083	4,659,183	7,201,266
Net OPEB asset	10,432	5,369	15,801
Capital assets:			
Land and water rights	527,720	4,558,393	5,086,113
Art and sculptures	330,872	14,000	344,872
Construction in progress	136,967	690,231	827,198
Depreciable assets, net of depreciation	<u>11,197,660</u>	<u>16,941,132</u>	<u>28,138,792</u>
Total assets	<u>18,137,261</u>	<u>30,244,763</u>	<u>48,382,024</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	413,051	212,559	625,610
Deferred outflows related to OPEB	<u>7,467</u>	<u>4,607</u>	<u>12,074</u>
Total deferred outflow of resources	<u>420,518</u>	<u>217,166</u>	<u>637,684</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	203,790	43,267	247,057
Deposits	75,602	85,304	160,906
Accrued interest payable	1,451	15,902	17,353
Unearned revenue	144,798	2,994	147,792
Long-term obligations:			
Due within one year:			
Long-term liabilities	161,838	243,252	405,090
Due in more than one year:			
Net pension liability	1,030,658	530,385	1,561,043
Net OPEB liability	43,104	26,854	69,958
Long-term liabilities	<u>731,200</u>	<u>5,141,395</u>	<u>5,872,595</u>
Total liabilities	<u>2,392,441</u>	<u>6,089,353</u>	<u>8,481,794</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	123,132	63,365	186,497
Deferred inflows related to OPEB	<u>6,815</u>	<u>4,016</u>	<u>10,831</u>
Total deferred inflow of resources	<u>129,947</u>	<u>67,381</u>	<u>197,328</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,339,223	16,845,477	28,184,700
Restricted for:			
Debt service	482,539	-	482,539
System development	2,046,122	4,659,183	6,705,305
Other	13,422	-	13,422
Unrestricted	<u>2,154,085</u>	<u>2,800,535</u>	<u>4,954,620</u>
Total net position	<u>\$ 16,035,391</u>	<u>\$ 24,305,195</u>	<u>\$ 40,340,586</u>

The notes to the basic financial statements are an integral part of this statement.



**CITY OF SISTERS, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 1,635,719	\$ 302,584	\$ 119,402	\$ 5,000	\$(1,208,733)	\$ -	\$ (1,208,733)
Public safety	611,849	-	-	-	(611,849)	-	(611,849)
Culture and recreation	313,695	312,474	3,800	263,886	266,465	-	266,465
Community development	15,626	-	-	-	(15,626)	-	(15,626)
Highways and streets	948,441	24,543	378,081	996,737	450,920	-	450,920
Interest on long-term obligation	28,056	-	-	-	(28,056)	-	(28,056)
<b>Total governmental activities</b>	<b>3,553,386</b>	<b>639,601</b>	<b>501,283</b>	<b>1,265,623</b>	<b>(1,146,879)</b>	<b>-</b>	<b>(1,146,879)</b>
<b>Business-type activities:</b>							
Water	845,252	892,893	-	811,447	-	859,088	859,088
Sewer	1,078,313	1,127,018	-	876,978	-	925,683	925,683
<b>Total business-type activities</b>	<b>1,923,565</b>	<b>2,019,911</b>	<b>-</b>	<b>1,688,425</b>	<b>-</b>	<b>1,784,771</b>	<b>1,784,771</b>
<b>Total primary government</b>	<b>\$ 5,476,951</b>	<b>\$ 2,659,512</b>	<b>\$ 501,283</b>	<b>\$ 2,954,048</b>	<b>(1,146,879)</b>	<b>1,784,771</b>	<b>637,892</b>
<b>General revenues:</b>							
Property taxes levied for:							
General purposes					1,172,991	-	1,172,991
Debt service					295,605	-	295,605
Franchise and public services taxes					1,221,477	-	1,221,477
Interest and investment earnings					111,059	147,159	258,218
Miscellaneous					47,101	-	47,101
Transfers					21,320	(21,320)	-
<b>Total general revenues, special items, and transfers</b>					<b>2,869,553</b>	<b>125,839</b>	<b>2,995,392</b>
Change in net position					1,722,674	1,910,610	3,633,284
Net position, beginning					14,312,717	22,394,585	36,707,302
Net position, ending					<b>\$16,035,391</b>	<b>\$ 24,305,195</b>	<b>\$ 40,340,586</b>

The notes to the basic financial statements are an integral part of this statement.

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## **FUND FINANCIAL STATEMENTS**

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### **Major Governmental Funds**

#### **General Fund**

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for general government operations, public safety (police), and culture and recreation.

#### **Street Fund**

The Street Fund accounts for the cost of maintaining City streets and storm water drainage systems. Principal sources of revenues are state gasoline taxes apportioned from the State of Oregon, local gas taxes, licenses and fees, intergovernmental revenue, and franchise fees.

#### **Urban Renewal Project Fund**

The Urban Renewal Project Fund is the general fund of the blended component unit and accounts for general operations and construction projects related to the downtown core area of the Urban Renewal District. Principal sources of revenues are property taxes, grants, and interest on investments.

**CITY OF SISTERS, OREGON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020**

	General Fund	Street Fund	Urban Renewal Project Fund	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,805,847	\$ 1,221,061	\$ 102,593	\$ 2,407,462	\$ 5,536,963
Receivables:					
Property taxes	30,757	-	-	7,616	38,373
Accounts, net	76,324	48,127	-	-	124,451
Intergovernmental	114,089	12,571	-	36,813	163,473
Assessments, net	-	3,062	-	67,288	70,350
Total assets	<u>\$ 2,027,017</u>	<u>\$ 1,284,821</u>	<u>\$ 102,593</u>	<u>\$ 2,519,179</u>	<u>\$ 5,933,610</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 86,182	\$ 98,100	\$ 2,416	\$ 17,092	\$ 203,790
Deposits	5,730	69,872	-	-	75,602
Unearned revenue	76,510	1,000	-	67,288	144,798
Total liabilities	<u>168,422</u>	<u>168,972</u>	<u>2,416</u>	<u>84,380</u>	<u>424,190</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	83,180	3,062	-	6,315	92,557
Total deferred inflows of resources	<u>83,180</u>	<u>3,062</u>	<u>-</u>	<u>6,315</u>	<u>92,557</u>
<b>FUND BALANCES</b>					
Restricted	13,422	-	100,177	2,428,484	2,542,083
Assigned	245,477	1,112,787	-	-	1,358,264
Unassigned	1,516,516	-	-	-	1,516,516
Total fund balances	<u>1,775,415</u>	<u>1,112,787</u>	<u>100,177</u>	<u>2,428,484</u>	<u>5,416,863</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,027,017</u>	<u>\$ 1,284,821</u>	<u>\$ 102,593</u>	<u>\$ 2,519,179</u>	<u>\$ 5,933,610</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF SISTERS, OREGON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

<b>Fund balances - total governmental funds</b>	<b>\$ 5,416,863</b>
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	12,193,219
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	92,557
Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(39,042)
Net pension liability and the related deferred outflows and deferred inflows are not due and payable in the current period, and, therefore, are not reported in the funds.	(740,739)
Net other post employment benefits (OPEB) liability/asset, and the related deferred outflows and inflows, are not current financial resources or requirements, and therefore, are not reported in the funds	(32,020)
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.	(1,451)
Long-term liabilities, including bonds and notes payable and the related premium, are not due and payable in the current period, and, therefore, are not reported in the fund statements.	<u>(853,996)</u>
<b>Net Position of governmental activities</b>	<b><u><u>\$16,035,391</u></u></b>

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

	General Fund	Street Fund	Urban Renewal Project Fund	Other Governmental Funds	Totals
<b>REVENUES</b>					
Property taxes	\$ 1,172,697	\$ -	\$ -	\$ 295,330	\$ 1,468,027
Other taxes	616,987	181,766	-	-	798,753
Franchise fees	-	508,783	-	-	508,783
Licenses and fees	553,783	9,169	-	14,556	577,508
Charges for services	36,161	-	-	-	36,161
Intergovernmental	216,904	310,808	-	36,813	564,525
Fines and forfeitures	1,560	-	-	-	1,560
System development charges	-	-	-	590,898	590,898
Rental income	9,000	-	-	-	9,000
Interest on investments	46,679	20,268	2,230	41,882	111,059
Miscellaneous	45,592	15,375	-	1,509	62,476
<b>TOTAL REVENUES</b>	<u>2,699,363</u>	<u>1,046,169</u>	<u>2,230</u>	<u>980,988</u>	<u>4,728,750</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,387,716	-	-	-	1,387,716
Public safety	611,849	-	-	-	611,849
Culture and recreation	291,899	-	-	-	291,899
Community development	-	-	15,626	-	15,626
Highways and streets	-	578,999	-	-	578,999
Capital outlay	161,738	186,810	2,100	110,023	460,671
Debt service	-	1,059	-	212,632	213,691
<b>TOTAL EXPENDITURES</b>	<u>2,453,202</u>	<u>766,868</u>	<u>17,726</u>	<u>322,655</u>	<u>3,560,451</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>246,161</u>	<u>279,301</u>	<u>(15,496)</u>	<u>658,333</u>	<u>1,168,299</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	52,000	52,000
Transfers out	(23,400)	(7,280)	-	-	(30,680)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(23,400)</u>	<u>(7,280)</u>	<u>-</u>	<u>52,000</u>	<u>21,320</u>
<b>NET CHANGE IN FUND BALANCE</b>	222,761	272,021	(15,496)	710,333	1,189,619
<b>FUND BALANCE, Beginning</b>	<u>1,552,654</u>	<u>840,766</u>	<u>115,673</u>	<u>1,718,151</u>	<u>4,227,244</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,775,415</u>	<u>\$ 1,112,787</u>	<u>\$ 100,177</u>	<u>\$ 2,428,484</u>	<u>\$ 5,416,863</u>

The notes to the basic financial statements are an integral part of this statement.

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

**Net change in fund balance - governmental funds** \$ 1,189,619

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

    Unavailable revenues (52,901)

Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.

180,670

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.

    Amortization of bond premium 4,820

    Change in compensated absences 684

    Change in accrued interest payable 145

    Change in pension liability and related deferred outflows and inflows (152,730)

    Change in OPEB liability and related deferred outflows and inflows 3,086

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense.

    Capital asset purchases \$ 445,877

    Donated capital assets 578,896

    Depreciation expense (475,492)

549,281

**Change in net position - governmental activities** **\$ 1,722,674**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,115,000	\$ 1,115,000	\$ 1,172,697	\$ 57,697
Other taxes	665,000	665,000	616,987	(48,013)
Licenses and fees	548,500	548,500	553,783	5,283
Charges for services	37,062	37,062	36,161	(901)
Intergovernmental	255,145	255,145	216,904	(38,241)
Fines and forfeitures	1,300	1,300	1,560	260
Rental income	9,000	9,000	9,000	-
Interest on investments	56,427	56,427	46,679	(9,748)
Miscellaneous	9,500	9,500	45,592	36,092
<b>TOTAL REVENUES</b>	<u>2,696,934</u>	<u>2,696,934</u>	<u>2,699,363</u>	<u>2,429</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,532,271	1,533,719	1,387,716	146,003
Public safety	611,849	611,849	611,849	-
Culture and recreation	319,293	319,293	291,899	27,394
Capital outlay	183,875	183,875	161,738	22,137
Contingency	422,235	420,787	-	420,787
<b>TOTAL EXPENDITURES</b>	<u>3,069,523</u>	<u>3,069,523</u>	<u>2,453,202</u>	<u>616,321</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(372,589)</u>	<u>(372,589)</u>	<u>246,161</u>	<u>618,750</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(23,400)	(23,400)	(23,400)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(23,400)</u>	<u>(23,400)</u>	<u>(23,400)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(395,989)	(395,989)	222,761	618,750
<b>FUND BALANCE, Beginning</b>	<u>1,531,374</u>	<u>1,531,374</u>	<u>1,552,654</u>	<u>21,280</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,135,385</u>	<u>\$ 1,135,385</u>	<u>\$ 1,775,415</u>	<u>\$ 640,030</u>

The notes to the basic financial statements are an integral part of this statement.



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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Other taxes	\$ 170,000	\$ 170,000	\$ 181,766	\$ 11,766
Franchise fees	428,900	428,900	508,783	79,883
Licenses and fees	5,000	5,000	9,169	4,169
Intergovernmental	221,900	221,900	310,808	88,908
Interest on investments	14,000	14,000	20,268	6,268
Miscellaneous	927	927	15,375	14,448
<b>TOTAL REVENUES</b>	<u>840,727</u>	<u>840,727</u>	<u>1,046,169</u>	<u>205,442</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Personal services	304,030	304,030	288,008	16,022
Materials and services	346,410	346,410	290,991	55,419
Capital outlay	181,200	181,200	186,810	(5,610)
Debt service	927	927	1,059	(132)
Contingency	108,407	108,407	-	108,407
<b>TOTAL EXPENDITURES</b>	<u>940,974</u>	<u>940,974</u>	<u>766,868</u>	<u>174,106</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(100,247)</u>	<u>(100,247)</u>	<u>279,301</u>	<u>379,548</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	2,000	2,000	-	(2,000)
Transfers out	(7,280)	(7,280)	(7,280)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(5,280)</u>	<u>(5,280)</u>	<u>(7,280)</u>	<u>(2,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(105,527)	(105,527)	272,021	377,548
<b>FUND BALANCE, Beginning</b>	<u>754,315</u>	<u>754,315</u>	<u>840,766</u>	<u>86,451</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 648,788</u>	<u>\$ 648,788</u>	<u>\$ 1,112,787</u>	<u>\$ 463,999</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF SISTERS, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**URBAN RENEWAL PROJECT FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 2,000	\$ 2,000	\$ 2,230	\$ 230
<b>TOTAL REVENUES</b>	<u>2,000</u>	<u>2,000</u>	<u>2,230</u>	<u>230</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Materials and services	60,627	60,627	15,626	45,001
Capital outlay	-	-	2,100	(2,100)
Contingency	<u>43,592</u>	<u>43,592</u>	<u>-</u>	<u>43,592</u>
<b>TOTAL EXPENDITURES</b>	<u>104,219</u>	<u>104,219</u>	<u>17,726</u>	<u>86,493</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(102,219)</u>	<u>(102,219)</u>	<u>(15,496)</u>	<u>86,723</u>
<b>NET CHANGE IN FUND BALANCE</b>	(102,219)	(102,219)	(15,496)	86,723
<b>FUND BALANCE, Beginning</b>	<u>102,219</u>	<u>102,219</u>	<u>115,673</u>	<u>13,454</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,177</u>	<u>\$ 100,177</u>

The notes to the basic financial statements are an intergal part of this statement.

## **FUND FINANCIAL STATEMENTS**

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### **Proprietary Funds**

The City of Sisters uses two Proprietary Funds comprised entirely of Enterprise Funds.

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of the water and sewer activities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included are:

- **Water**
- **Sewer**

For budgetary purposes (see budget schedules in Supplemental Information), the above funds are accounted for in the following separate funds:

- **All Water Funds**
  - Water
  - Water SDC
- **All Sewer Funds**
  - Sewer
  - Sewer SDC

**CITY OF SISTERS, OREGON**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

	<b>Business - type Activities - Enterprise Funds</b>		
	Major Funds		
	All Water Funds	All Sewer Funds	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,493,350	\$ 1,661,329	\$ 3,154,679
Receivables:			
Accounts, net	80,411	97,248	177,659
Assessments	1,899	5,604	7,503
Inventories	36,614	-	36,614
Total current assets	<u>1,612,274</u>	<u>1,764,181</u>	<u>3,376,455</u>
Noncurrent assets:			
Restricted cash and cash equivalents	2,761,849	1,897,334	4,659,183
Net OPEB asset	2,755	2,614	5,369
Capital assets:			
Land and water rights	278,710	4,279,683	4,558,393
Art and sculptures	-	14,000	14,000
Construction in progress	114,284	575,947	690,231
Depreciable assets, net of depreciation	6,837,160	10,103,972	16,941,132
Total noncurrent assets	<u>9,994,758</u>	<u>16,873,550</u>	<u>26,868,308</u>
Total assets	<u>11,607,032</u>	<u>18,637,731</u>	<u>30,244,763</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	109,064	103,495	212,559
Deferred outflows related to OPEB	2,289	2,318	4,607
Total deferred outflows of resources	<u>111,353</u>	<u>105,813</u>	<u>217,166</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	31,518	11,749	43,267
Accrued interest payable	-	15,902	15,902
Deposits	82,304	3,000	85,304
Unearned revenue	-	2,994	2,994
Compensated absences payable	9,959	9,818	19,777
Current portion of long-term debt	621	222,854	223,475
Total current liabilities	<u>124,402</u>	<u>266,317</u>	<u>390,719</u>
Long-term obligations, net of current portion:			
Compensated absences payable	3,319	3,272	6,591
Notes and contracts payable	1,278	1,756	3,034
Net pension liability	272,140	258,245	530,385
Net OPEB liability	13,323	13,531	26,854
Bonds payable	-	5,131,770	5,131,770
Total long-term obligations, net of current portion	<u>290,060</u>	<u>5,408,574</u>	<u>5,698,634</u>
Total liabilities	<u>414,462</u>	<u>5,674,891</u>	<u>6,089,353</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	32,513	30,852	63,365
Deferred inflows related to OPEB	2,010	2,006	4,016
Total deferred inflows of resources	<u>34,523</u>	<u>32,858</u>	<u>67,381</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,228,255	9,617,222	16,845,477
Restricted for system development	2,761,849	1,897,334	4,659,183
Unrestricted	1,279,296	1,521,239	2,800,535
Total net position	<u>\$ 11,269,400</u>	<u>\$ 13,035,795</u>	<u>\$ 24,305,195</u>

The notes to the basic financial statements are an integral part of this statement.

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

	<b>Business - type Activities - Enterprise Funds</b>		
	Major Funds		
	All Water Funds	All Sewer Funds	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 882,099	\$ 1,098,641	\$ 1,980,740
Licenses and fees	10,558	10,578	21,136
Rental income	-	16,000	16,000
Miscellaneous	236	1,799	2,035
<b>TOTAL OPERATING REVENUES</b>	<u>892,893</u>	<u>1,127,018</u>	<u>2,019,911</u>
<b>OPERATING EXPENSES</b>			
Personal services	343,431	328,188	671,619
Materials and services	286,085	290,522	576,607
Depreciation	215,690	296,400	512,090
<b>TOTAL OPERATING EXPENSES</b>	<u>845,206</u>	<u>915,110</u>	<u>1,760,316</u>
<b>OPERATING INCOME (LOSS)</b>	<u>47,687</u>	<u>211,908</u>	<u>259,595</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Interest on investments	82,375	64,784	147,159
Interest expense	(46)	(163,203)	(163,249)
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>82,329</u>	<u>(98,419)</u>	<u>(16,090)</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	130,016	113,489	243,505
<b>CAPITAL CONTRIBUTIONS</b>			
Intergovernmental	109	-	109
System development charges	417,249	506,493	923,742
Capital asset contributions	394,089	370,485	764,574
<b>TRANSFERS</b>			
Transfers out	(8,840)	(12,480)	(21,320)
<b>CHANGE IN NET POSITION</b>	932,623	977,987	1,910,610
<b>NET POSITION, Beginning</b>	<u>10,336,777</u>	<u>12,057,808</u>	<u>22,394,585</u>
<b>NET POSITION, Ending</b>	<u>\$ 11,269,400</u>	<u>\$ 13,035,795</u>	<u>\$ 24,305,195</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF SISTERS, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds		
	Major Funds		
	All Water Funds	All Sewer Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 881,412	\$ 1,109,139	\$ 1,990,551
Payments to suppliers	(330,306)	(420,862)	(751,168)
Payments to employees	(186,148)	(176,629)	(362,777)
Payments for interfund services used	(63,628)	(85,355)	(148,983)
Net cash provided from (used by) operating activities	<u>301,330</u>	<u>426,293</u>	<u>727,623</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	(8,840)	(12,480)	(21,320)
Net cash provided from (used by) non-capital financing activities	<u>(8,840)</u>	<u>(12,480)</u>	<u>(21,320)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from intergovernmental revenue	109	-	109
System development charges	417,249	506,493	923,742
Assessments principal collections	610	839	1,449
Acquisition of capital assets	(441,627)	(118,349)	(559,976)
Principal paid on long-term obligations	(610)	(216,839)	(217,449)
Interest paid on long-term obligations	(46)	(194,124)	(194,170)
Net cash provided from (used by) capital and related financing activities	<u>(24,315)</u>	<u>(21,980)</u>	<u>(46,295)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	82,375	64,784	147,159
Net cash provided (used) by investing activities	<u>82,375</u>	<u>64,784</u>	<u>147,159</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	350,550	456,617	807,167
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>3,904,649</u>	<u>3,102,046</u>	<u>7,006,695</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 4,255,199</u>	<u>\$ 3,558,663</u>	<u>\$ 7,813,862</u>
<b>COMPRISED AS FOLLOWS</b>			
Cash and cash equivalents	\$ 1,493,350	\$ 1,661,329	\$ 3,154,679
Restricted cash and cash equivalents	<u>2,761,849</u>	<u>1,897,334</u>	<u>4,659,183</u>
	<u>\$ 4,255,199</u>	<u>\$ 3,558,663</u>	<u>\$ 7,813,862</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF SISTERS, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds		
	Major Funds		
	All Water Funds	All Sewer Funds	Total
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>			
Operating income (loss)	\$ 47,687	\$ 211,908	\$ 259,595
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	215,690	296,400	512,090
(Increase) decrease in assets and deferred outflows:			
Receivables	(12,821)	(17,879)	(30,700)
Inventories	(1,632)	-	(1,632)
Net OPEB asset	(1,037)	(1,008)	(2,045)
Deferred outflows - pensions	(40,371)	(39,283)	(79,654)
Deferred outflows - OPEB	2,029	2,025	4,054
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	9,973	(105,710)	(95,737)
Deposits	1,340	-	1,340
Compensated absences payable	2,527	2,828	5,355
Net pension liability	79,050	77,755	156,805
Net OPEB liability	(1,079)	(1,154)	(2,233)
Deferred inflows - pensions	263	707	970
Deferred inflows - OPEB	(289)	(296)	(585)
Net cash provided from (used by) operating activities	<u>\$ 301,330</u>	<u>\$ 426,293</u>	<u>\$ 727,623</u>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Capital asset contributions	<u>\$ 394,089</u>	<u>\$ 370,485</u>	<u>\$ 764,574</u>
Total noncash investing, capital, and financing activities	<u>\$ 394,089</u>	<u>\$ 370,485</u>	<u>\$ 764,574</u>

The notes to the basic financial statements are an integral part of this statement.

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## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CITY OF SISTERS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The City of Sisters, Oregon (the City) is organized under the general laws of the State of Oregon. The City Council, composed of the Mayor and four Council members, comprises the legislative branch of the City. Individual departments are under the direction of the City Manager, who is appointed by the City Council.

The accompanying financial statements present all activities, funds and component units for which the City is considered 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. Based upon the evaluation of this criterion the City is a primary government with the following includable component unit.

**Sisters Urban Renewal Agency**

The Agency was formed to undertake urban renewal projects and activities pursuant to the City's redevelopment plan. The Board of Directors of the Agency consists of the Mayor and the four elected City Council members. The City is required to certify to the County Assessor any incremental taxes to be levied for the benefit of the Agency. Since the City Council acts as its governing board, it has been included as a blended component unit in the financial statements. The City has the ability to significantly influence the operations of the Agency and provides financial benefit. Complete financial statements for the Agency may be obtained at the City's administrative offices at 520 E. Cascade Avenue, Sisters, Oregon 97759.

**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 activities of the City (the primary government) and its component units. 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-types activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

### **C. Measurement Focus, Basis of Accounting and Basis of 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.

Generally, 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 included 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.

For Governmental Funds, funds are funded by a variety of resources, which include Restricted, Committed, Assigned, and Unassigned sources. Unless specifically tracked, expenditures are assumed to begin with Restricted, Committed, Assigned, and lastly, Unassigned.

For Proprietary Funds, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

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 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 available if they are collected within 30 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 measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for general government operations, public safety (police), and culture and recreation.

The *Street Fund* accounts for the cost of maintaining City streets and storm water drainage systems. Principal sources of revenues are state gasoline taxes apportioned from the State of Oregon, local gas taxes, licenses and fees, intergovernmental revenue, and franchise fees.

*Urban Renewal Project Fund* is a special revenue fund and accounts for general operations and construction projects related to the downtown core area of the Urban Renewal District. Principal sources of revenues are property taxes, grants, and interest on investments.

The City reports the following major proprietary funds:

The *Water Funds* account for revenues and expenses related to the City's water utility operations.

The *Sewer Funds* account for revenues and expenses related to the City's wastewater utility operations.

The City also includes the following fund types as other governmental funds:

*Special revenue funds* account for revenue derived from specific taxes or other revenue sources, which are legally restricted or committed to finance particular functions or activities.

*Capital projects funds* account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other capital assets. Capital Project Funds exclude those types of capital related outflows financed by proprietary funds.

*Debt service funds* account for the financial resources that are restricted, committed, or assigned to expenditure for payment made for principal and interest on long-term debt for governmental funds.

## **D. Assets, Liabilities and Equity**

### **1. Cash, Cash Equivalents, and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities of three months or less from the date of acquisition.

The City maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the City is to invest in the Local Government Investment Pool, U.S. Government and Agency Obligations, Corporate indebtedness rated A-1 or AA or better, and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments

authorized for municipal corporations. The City allocates earnings on investments to selected funds based on the average monthly balances throughout the year.

Investments in the Local Government Investment Pool are stated at amortized cost, which approximates fair value. All other investments are reported at fair value.

## **2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources.

Other receivables including accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph C above. An allowance for uncollectible accounts has been established for the Water, Sewer, Parking District, and General Funds and represents the portion of receivables not expected to be collected.

## **3. Inventories and Prepaid Expenses**

Inventory in the Water Fund is determined by physical count and is stated at cost. Expenses are recognized when inventories are consumed. Other inventories are taken for control purposes only with no dollar value assigned.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 to 75
Machinery and equipment	5 to 10

## 5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

## 6. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation, holiday and sick pay benefits. No liability is reported for unpaid accumulated sick pay benefits. All vacation and holiday pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Compensated absences are normally paid from the General, Street, Water, and Sewer funds.

## 7. Pensions

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 Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's 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. Pension expenses are normally paid from the General, Street, Water, and Sewer funds.

## 8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that met the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the City council approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The City Manager uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's fund financial statements.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned.

However, in governmental funds other than the General Fund, if expenditures incurred for a specific purpose exceeds the amounts available, a negative unassigned balance may be reported.

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources.

## **9. Restricted Net Position**

Restrictions on net position that are imposed either by creditors, grantors, laws or other regulations, or by enabling legislation are reported as restricted net position.

## **10. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds, except for the proprietary funds. The annual budget for proprietary funds is adopted on the modified accrual basis of accounting, which is not consistent with GAAP, in order to comply with Oregon Local Budget Law. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Management develops budget recommendations 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 by which expenditures cannot legally exceed appropriations. The level of budgetary control is established at the department level for the General Fund. For all other funds, the level of budgetary control is established at the personal services, materials and services, capital outlay, operating contingency, interfund transfers, debt service, and other uses.

Unexpected additional resources may be added to the budget and appropriated for expenditure by using a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval by the City Council. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain City Council authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2020, appropriation increases and transfers were approved, and supplemental budgets were adopted. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses as of year-end.

### B. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following amount:

Street Fund:	
Capital outlay	\$ 5,610
Debt service	\$ 132
Urban Renewal Project Fund:	
Capital outlay	\$ 2,100
Urban Renewal Debt Service Fund:	
Debt service	\$ 696
Water Fund:	
Materials and services	\$ 2,046
Sewer SDC Fund:	
Materials and services	\$ 320



### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

**Deposits.** The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2020. If bank deposits at year-end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists.

Oregon Revised Statutes Chapter 295 governs the collateralization of Oregon public funds. ORS 295 requires depository institutions to pledge a percentage of their uninsured public fund deposits. The percentage required to be pledged depends on how well the depository institution is capitalized. A well-capitalized institution is required to pledge collateral valued at least 10% of their quarter-end public fund deposits, while adequately capitalized and undercapitalized bank depositories are required to pledge collateral valued at 110% of their uninsured public fund deposits. Public officials are no longer required to request Certificates of Participation for balances in excess of FDIC insured amounts. Instead, they are required to ensure the institutions holding deposits have pledged the appropriate amount of collateral and are approved by the Office of the State Treasurer (OST). Public officials are also required to report all bank depositories in which they deposit public funds to the OST.

The City's deposits are comprised of bank demand deposits and certificates of deposit. For the fiscal year ended June 30, 2020, the carrying amount for the City's US Bank deposits was \$1,022,246 and the bank balance was \$1,061,369. All deposits are held in the name of the City. Of the bank balance \$250,000 was covered by federal depository insurance and the remaining \$811,369 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

**Investments.** The City of Sisters has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40.

In addition, The Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

**Credit Risk.** State statutes authorize the City to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State

Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Investments held by the City at June 30, 2020 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 12,327,829
Less amounts classified as cash equivalents			<u>(12,327,829)</u>
Total Investments			<u>\$ -</u>

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position is as follows:

Cash on hand	\$ 750
Carrying amounts of deposits	1,022,246
Local Government Investment Pool	<u>12,327,829</u>
Total cash and cash equivalents	<u>\$ 13,350,825</u>
Funds:	
<u>Governmental Activities</u>	
General	\$ 1,805,847
Street	1,221,061
Urban Renewal Project	102,593
Other Governmental Funds	<u>2,407,462</u>
Total Governmental Activities	<u>5,536,963</u>
<u>Business-Type Activities</u>	
Water (\$2,761,849 restricted)	4,255,199
Sewer (\$1,897,334 restricted)	<u>3,558,663</u>
Total Business-Type Activities	<u>7,813,862</u>
Total cash and cash equivalents	<u>\$ 13,350,825</u>

Governmental activities cash and cash equivalents are restricted for debt service for \$482,539 for street and system development of \$2,046,122 and \$13,422 for other purposes. Business type activities are restricted for system development of \$4,659,183.

## B. Receivables

Receivables as of fiscal year end for the governmental activities individual major funds, and non-major funds in the aggregate are as follows:

	General	Street	URA Project	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 30,757	\$ -	\$ -	\$ 7,616	\$ 38,373
Accounts	76,360	48,127	-	-	124,487
Intergovernmental	114,089	12,571	-	36,813	163,473
Assessments	-	3,062	-	82,263	85,325
Allowance For Doubtful Account	(36)	-	-	(14,975)	(15,011)
	<u>\$ 221,170</u>	<u>\$ 63,760</u>	<u>\$ -</u>	<u>\$ 111,717</u>	<u>\$ 396,647</u>

Receivables as of June 30, 2020 for the business-type activities individual major funds are as follows:

	Water	Sewer	Total Business-Type Activities
Accounts	\$ 80,889	\$ 98,463	\$ 179,352
Assessments	1,899	5,604	7,503
Allowance for doubtful accounts	(478)	(1,215)	(1,693)
	<u>\$ 82,310</u>	<u>\$ 102,852</u>	<u>\$ 185,162</u>

Uncollected property taxes in governmental funds are reported on the statement of net position as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Deschutes County, and remittance to the City is made at periodic intervals.

For the fiscal year 2019-2020, the City levied property taxes in the net amount of \$1,190,976 after reductions for offsets and increases for additional taxes and penalties. The tax rate for the fiscal year was \$2.6417, per \$1,000 of assessed value. The assessed valuation for the City as of January 1, 2020 was \$450,801,535. The Sisters Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$300,915.

Following is a summary of property tax transactions for the year ended June 30, 2020:

	Balances					Balances
	July 1, 2019	2019-20 Levy	Adjustments	Interest (Discounts)	Collections	June 30, 2020
2019-20	\$ -	\$ 1,491,891	\$ (1)	\$ (38,387)	\$ (1,434,618)	\$ 18,885
2018-19	18,146	-	(142)	557	(11,286)	7,275
2017-18	6,979	-	(5)	433	(3,733)	3,674
2016-17	3,828	-	2,697	392	(5,628)	1,289
2015-16	1,551	-	7,102	158	(8,684)	127
2014-15	316	-	959	10	(1,072)	213
2013-14	91	-	1,046	(20)	(1,060)	57
2012-13	74	-	739	(10)	(761)	42
2011-12	42	-	414	(8)	(409)	39
2010-11	48	-	417	(1)	(416)	48
2009-10	47	-	355	-	(360)	42
2008-09	40	-	-	-	-	40
2007-08	20	-	-	-	-	20
2006-07	15	-	-	-	-	15
Prior years	70	-	-	-	-	70
	<u>\$ 31,267</u>	<u>\$ 1,491,891</u>	<u>\$ 13,581</u>	<u>\$ (36,876)</u>	<u>\$ (1,468,027)</u>	<u>31,836</u>
				Cash with County		<u>6,537</u>
				Total Receivable		<u>\$ 38,373</u>

Assessment liens receivable represent the uncollected amounts levied against benefited property for costs of local improvements. Since the assessments are liens against the benefited property, an allowance for uncollectible amounts is not necessary, in most cases. The City issued assessments under reimbursement agreements and not all agreements have been signed or formally agreed upon. An allowance for \$14,975 has been established for the unsigned agreements.

Other accounts and intergovernmental receivables are considered fully collectible. Accordingly, no provision for estimated uncollectible accounts has been established.

### C. Capital Assets

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletion/ Transfer</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 522,720	\$ 5,000	\$ -	\$ 527,720
Art and sculptures	330,872	-	-	330,872
Construction in progress	498,049	72,671	(433,753)	136,967
<b>Total capital assets, not being depreciated</b>	<b>1,351,641</b>	<b>77,671</b>	<b>(433,753)</b>	<b>995,559</b>
Capital assets, being depreciated:				
Buildings and improvements	4,577,483	19,718	-	4,597,201
Tools and equipment	805,850	243,246	-	1,049,096
Office equipment	303,834	-	-	303,834
Street Improvements	9,082,158	1,117,896	-	10,200,054
<b>Total capital assets, being depreciated</b>	<b>14,769,325</b>	<b>1,380,860</b>	<b>-</b>	<b>16,150,185</b>
Accumulated depreciation for:				
Buildings	(1,691,101)	(106,342)	-	(1,797,443)
Tools and equipment	(700,837)	(36,710)	-	(737,547)
Office equipment	(259,019)	(14,365)	-	(273,384)
Street Improvements	(1,826,076)	(318,075)	-	(2,144,151)
<b>Total accumulated depreciation</b>	<b>(4,477,033)</b>	<b>(475,492)</b>	<b>-</b>	<b>(4,952,525)</b>
<b>Total capital assets, being depreciated, net</b>	<b>10,292,292</b>	<b>905,368</b>	<b>-</b>	<b>11,197,660</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 11,643,933</b>	<b>\$ 983,039</b>	<b>\$ (433,753)</b>	<b>\$ 12,193,219</b>

Depreciation expense for governmental activities is charged to governmental functions as follows:

#### Governmental activities

General government	\$ 131,567
Culture and recreation	16,050
Highways and streets	327,875
<b>Total depreciation expense - governmental activities</b>	<b>\$ 475,492</b>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletion/ Transfer</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,289,705	\$ -	\$ -	\$ 4,289,705
Water rights	268,688	-	-	268,688
Artwork	14,000	-	-	14,000
Construction in progress	598,271	258,724	(166,765)	690,230
	<u>5,170,664</u>	<u>258,724</u>	<u>(166,765)</u>	<u>5,262,623</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings and improvements	638,499	-	-	638,499
Tools and equipment	540,965	82,263	-	623,228
Office equipment	47,761	-	-	47,761
Infrastructure	22,886,319	1,131,323	-	24,017,642
	<u>24,113,544</u>	<u>1,213,586</u>	<u>-</u>	<u>25,327,130</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings and improvements	(148,192)	(16,799)	-	(164,991)
Tools and equipment	(494,333)	(13,831)	-	(508,164)
Office equipment	(29,601)	(5,189)	-	(34,790)
Infrastructure	(7,201,782)	(476,271)	-	(7,678,053)
	<u>(7,873,908)</u>	<u>(512,090)</u>	<u>-</u>	<u>(8,385,998)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>16,239,636</u>	<u>701,496</u>	<u>-</u>	<u>16,941,132</u>
Business-type activities capital assets, net	<u>\$ 21,410,300</u>	<u>\$ 960,220</u>	<u>\$ (166,765)</u>	<u>\$ 22,203,755</u>

Depreciation expense for the business-type activities was charged to functions/programs of the City as follows:

Business-type activities

Water	\$ 215,690
Sewer	<u>296,400</u>
Total depreciation expense - business-type activities	<u>\$ 512,090</u>

#### D. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has two items that qualify for reporting in this category. The deferred amount relating to pensions and other post-employment benefits (OPEB) is recognized as an outflow of resources in the period when the City recognizes expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. Unavailable revenues from property taxes and intergovernmental revenues are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions and OPEB in the government-wide Statement of Net Position and in the Proprietary funds Statement of Net Position. This amount is deferred and recognized as an inflow of resources in the period in which the City recognizes pension and OPEB expense.

The governmental funds report unavailable revenues from the following sources:

	General	Street	Urban Renewal Project	Other Governmental Funds	Totals
Property taxes	\$ 25,522	\$ -	\$ -	\$ 6,315	\$ 31,837
Intergovernmental	57,658	3,062	-	-	60,720
	<u>\$ 83,180</u>	<u>\$ 3,062</u>	<u>\$ -</u>	<u>\$ 6,315</u>	<u>\$ 92,557</u>

## E. Long-term Liabilities from Direct Borrowings and Direct Placements

### 1. Bonds Payable – Governmental Activities

The City issued \$6,020,000 in Full Faith and Credit Refunding Bonds on January 28, 2016 to allow the City to achieve debt service savings on multiple refunded loans and to extend the terms of the other refunded loans. The City refunded the Bank of the Cascades City Hall loan in the Governmental Funds. The refunding resulted in a reduction of debt service of \$715,312 over 25 years and an economic gain of \$672,121. The City Hall Debt Service Fund reduction was \$16,501 and economic gain was \$19,263. The bonds require semi-annual payments of interest at rates ranging from 2% to 4%, depending on maturity, and a principal payment December 1 of each year. The bonds are secured by the full faith and credit of the City. Future maturities of the loans are as follows:

Year Ending June 30	Principal	Interest
2021	\$ 38,000	\$ 14,510
2022	42,000	13,310
2023	39,000	11,900
2024	40,000	10,320
2025	44,000	8,640
2026-2029	194,000	15,920
	<u>\$ 397,000</u>	<u>\$ 74,600</u>

### 2. Loans Payable – Governmental Activities

The City borrowed \$1,253,318 from the Bank of Cascades in November, 2015 to repay prior interfund loans from the City and to provide additional funding for Urban Renewal Agency projects. Security for the loan is the full faith and credit of the City, and the obligation is payable in monthly payments of \$8,788.87 for seven years with a balloon payment of \$317,456 due February 25, 2022, including interest at 3.22%. The Urban Renewal Agency paid an additional principal payment of \$67,270 in the prior year and \$52,500 in the current year to reduce the outstanding balance of the loan. Future maturities of the loans are as follows:

Year Ending June 30	URA Loan Payable	
	Principal	Interest
2021	\$ 93,555	\$ 11,912
2022	319,005	6,249
	<u>\$ 412,560</u>	<u>\$ 18,161</u>

The City borrowed \$32,525 from the Oregon Infrastructure Finance Authority on April 24, 2016 to provide additional funds for the infrastructure improvements. The obligation is payable in annual payments of \$4,996.57 for seven years including interest of 1.85%. In the 2016-2017 year the City moved the IFA debt to split between water, sewer, and streets that paid for the original costs.



Future maturities of the governmental street fund portion are:

Year Ending June 30	IFA Loan Payable	
	Principal	Interest
2021	\$ 1,002	\$ 57
2022	1,020	38
2023	1,040	19
	<u>\$ 3,062</u>	<u>\$ 114</u>

### 3. Bonds Payable – Business-Type Activities – Sewer Fund

The City issued \$6,180,000 in Full Faith and Credit Refunding Bonds on January 28, 2016 to allow the City to achieve debt service savings on multiple refunded loans and to extend the terms of the other refunded loans. The City refunded the USDA 92-04 loan, USDA 92-06 loan, Bank of the Cascades Sewer loan, and Bank of the Cascades Lazy Z loan in the Sewer funds. The refunding resulted in a reduction of debt service of \$715,312 over 25 years and an economic gain of \$672,121. The Sewer funds portion of the reduction was \$698,811 and economic gain was \$652,858. The bonds require semi-annual payments of interest at rates ranging from 2% to 4%, depending on maturity and a principal payment December 1 of each year. The bonds are secured by the full faith and credit of the city. In addition, the City covenants that it shall, for each fiscal year, while the bonds are outstanding and beginning in fiscal year 2017: set rates and charges for its Sewer System at a level the City projects will generate Sewer System revenues that are at least sufficient to provide the costs of operating and maintaining the Sewer System, to pay the portion of the debt service that is allocable to the refunding of the Sewer System loans, and to pay any other amounts that are required to be paid from Sewer System revenues in that fiscal year. Final payment for the USDA portion of the refunding is due December 1, 2040 and the final payment for the remaining loan portion is December 1, 2028.

Future maturities of the loans payable are as follows:

Year Ending June 30	Principal	Interest
2021	\$ 222,000	\$ 187,490
2022	228,000	180,740
2023	236,000	172,600
2024	245,000	162,980
2025	256,000	152,960
2026-2030	1,301,000	602,380
2031-2035	955,000	386,500
2036-2040	1,175,000	176,500
2041	265,000	5,300
	<u>\$ 4,883,000</u>	<u>\$ 2,027,450</u>

### 4. Loans Payable – Business-Type Activities

The City borrowed \$32,525 from the Oregon Infrastructure Finance Authority on April 24, 2016 to provide additional funds for the infrastructure improvements. The obligation is

payable in annual payments of \$4,997 for seven years including interest of 1.85%. In the 2016-2017 year the City moved the IFA debt to split between water, sewer, and streets that paid for the original costs. Future maturities of the water and sewer fund portion are:

Year Ending June 30	IFA loan - Water portion		IFA Loan - Sewer portion		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 621	\$ 35	\$ 854	\$ 48	\$ 1,475	\$ 83
2022	633	24	870	32	1,503	56
2023	645	12	887	16	1,532	28
	<u>\$ 1,899</u>	<u>\$ 71</u>	<u>\$ 2,611</u>	<u>\$ 96</u>	<u>\$ 4,510</u>	<u>\$ 167</u>

## 5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020, is as follows:

	Outstanding July 1, 2019	Issued	Reductions	Outstanding June 30, 2020	Due Within One Year
<u>Governmental activities:</u>					
Governmental bonds					
US Bank-National	\$ 436,000	\$ -	\$ 39,000	\$ 397,000	\$ 38,000
Bond premium	46,195	-	4,820	41,375	-
Total government bonds	482,195	-	43,820	438,375	38,000
Governmental loans/notes from direct borrowings					
Urban Renewal Agency	553,245	-	140,685	412,560	93,555
Infrastructure Finance Authority	4,046	-	984	3,062	1,002
Total governmental loans/notes from direct borrowings	557,291	-	141,669	415,622	94,557
Other governmental long-term obligations					
Compensated absences	39,726	29,111	29,795	39,042	29,281
Total governmental activities	<u>\$ 1,079,212</u>	<u>\$ 29,111</u>	<u>\$ 215,284</u>	<u>\$ 893,039</u>	<u>\$ 161,838</u>
<u>Business-type activities:</u>					
Enterprise bonds					
US Bank Refunding Bonds	\$ 632,000	\$ -	\$ 54,000	\$ 578,000	\$ 55,000
US Bank Refunding Bonds	4,467,000	-	162,000	4,305,000	167,000
Bond premium	501,150	-	30,381	470,769	-
Total enterprise bonds	5,600,150	-	246,381	5,353,769	222,000
Enterprise loans/notes from direct borrowings					
Infrastructure Finance Authority	2,509	-	610	1,899	621
Infrastructure Finance Authority	3,450	-	839	2,611	854
Total enterprise loans/notes from direct borrowings	5,959	-	1,449	4,510	1,475
Other business-type long-term obligations					
Compensated absences	21,013	21,116	15,760	26,369	19,777
Total business-type activities	<u>\$ 5,627,122</u>	<u>\$ 21,116</u>	<u>\$ 263,590</u>	<u>\$ 5,384,648</u>	<u>\$ 243,252</u>

## F. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2020 were as follows:

	General Fund	Street Fund	URA Project Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Fund Balance</b>					
<b>Restricted for:</b>					
CATS Grant	\$ 13,422	\$ -	\$ -	\$ -	\$ 13,422
Debt Service	-	-	-	482,539	482,539
Capital Projects	-	-	100,177	1,945,945	2,046,122
<b>Assigned to:</b>					
Capital Reserve	245,477	-	-	-	245,477
Highways and Streets	-	1,112,787	-	-	1,112,787
<b>Unassigned:</b>	1,516,516	-	-	-	1,516,516
<b>Total Fund Balance</b>	<u>\$1,775,415</u>	<u>\$1,112,787</u>	<u>\$ 100,177</u>	<u>\$ 2,428,484</u>	<u>\$ 5,416,863</u>

## G. Transfers

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers into the governmental activities from the business-type activities in the amount of \$21,320.

A reconciliation of transfers in the fund financial statements is as follows:

	Transfers In	Transfers Out
Governmental activities:		
General	\$ -	\$ 23,400
Street	-	7,280
Other Governmental Funds	52,000	-
Business-type activities:		
Water	-	8,840
Sewer	-	12,480
	<u>\$ 52,000</u>	<u>\$ 52,000</u>

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

## IV. Other Information

### A. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; and errors and omissions for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

## **B. Pension Plan**

### **General Information about the Pension Plan**

#### **Plan Description**

Employees of the City of Sisters are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost sharing, multiple employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003.

The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003, OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

<http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

#### **Benefits Provided**

##### **1. Tier one/Tier Two Retirement Benefit ORS Chapter 238**

###### **Pension Benefits**

The PERS 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 (2.0 percent for police and fire employees, 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 result.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. 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. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

###### **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 PERS employer at the time of death,

- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS covered job, or
- the member was on an official leave of absence from a PERS-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 PERS judge members) for disability benefits regardless of the length of PERS-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. The COLA is capped at 2%.

## **2. OPSRP Defined Benefit Pension Program (OPSRP DB)**

### **Pension Benefits**

The Pension Program (ORS Chapter 238A) 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.

### **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. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

### **3. OPSRP Individual Account Program (OPSRP IAP)**

#### **Pension Benefits**

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. 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. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of the OPSRP Individual Account Program (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. Installment amounts vary with market returns, as the account remains invested while in distribution. Each distribution option has a \$200 minimum distribution limit.

#### **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.

#### **Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

## **Contributions**

### **1. Employer Contributions**

PERS 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. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$223,640, excluding \$272 to fund the retirement health insurance account (RHIA). The rates in effect for the fiscal year ended June 30, 2020 excluding the RHIA rate of .06% Tier One/Tier Two and .00% OPSRP, were 18.74 percent for Tier One/Tier Two General Service Member, and 14.5 percent for OPSRP Pension Program General Service Members.

## 2. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$62,683 for the year ended June 30, 2020 and are included in employer contributions above.

### Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City of Sisters reported a liability of \$1,561,043 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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 entities, actuarially determined. At June 30, 2019, the City's proportion was 0.00902462 percent, which was an increase from its proportion of 0.00725073 percent measured as of June 30, 2018.

For the year ended June 30, 2020, the City's recognized pension expense of \$454,759. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.	\$ 86,087	\$ -
Changes of assumptions	211,773	-
Net difference between projected and actual earnings on investments	-	44,254
Changes in proportionate share	171,049	73,559
Differences between employer contributions and employer's proportionate share of system contributions	-	68,684
Total (prior to post-MD contributions)	468,909	186,497
Contributions subsequent to the measurement date	156,701	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 625,610</u>	<u>\$ 186,497</u>

\$156,701 reported as deferred outflows of resources related to pensions resulting from City

contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. 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 ended June 30:	
2020	\$ 145,793
2021	16,111
2022	50,308
2023	61,668
2024	<u>8,532</u>
Total	<u>\$ 282,412</u>

### **Actuarial assumptions**

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:



Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with Moro decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>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.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

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

#### **Long-term expected rate of return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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 a forward-looking capital market economic model.

OIC Assumed Asset Allocation

Asset Class/Strategy	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	3.30%
Small Cap US Equities	1.31%	6.69%
MicroCap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Funds of Funds - Diversified	2.50%	4.09%
Hedge Funds - Evert-driven	0.63%	5.86%
Timber	1.87%	5.62%
Farmland	1.87%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	

Assumed Inflation - Mean

2.50%

**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 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 pension plan investments. 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 PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are not 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 our 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.

**Discount rate**

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. 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 Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate**

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

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$2,499,872	\$ 1,561,043	\$ 775,373

### **Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

### **Payables to the Pension Plan**

The City reports payables in the amount of \$11,483 to the pension plan.

### **Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2019 measurement period that require disclosure, except Senate Bill 1049, signed into law in June 2019, introducing a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation and was reflected in the June 30, 2019 Total Pension Liability.

### **Changes in Plan Provisions Subsequent to Measurement Period**

Senate Bill 1049 contains other provisions designed to reduce the employer contribution rates, which have not yet been reflected in the Total Pension Liability. The Senate Bill 1049 redirects a portion of employee contribution from the Individual Account Program to partially fund the employee's pension plan. The amount of the redirect depends on the employee's membership and salary level. In addition, the bill eliminates the limit on hours a retiree may work for a public employer, but the employer is required to continue making the employer's contribution while the retiree accrues no additional PERS benefit. Finally, the measure allows members with a choice of investment options for the money in their Individual Account Program.

## **C. Other Post-Employment Benefits**

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions* in the fiscal year ended June 30, 2018. This statement addresses how state and local government should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multipliers Employer Plans*.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service.

The OPEB for the City combines two separate plans. The City provides an implicit rate subsidy for retiree Health Insurance Continuation (HIC) premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan Retirement Health Insurance Account.

## **Health Insurance Continuation**

Plan Description: The City does not have a formal post-employment benefits plan for any employee groups. However, the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees, which is considered a single employer plan. Although the City does not pay any portion of the retirees' healthcare insurance, a retired employee receives the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees, GASB Statement 75 is applicable to the City for this implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. A separate, audited GAAP-basis postemployment benefit plan report is not available for this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of statement 75. The City had 2 retired members and 15 active members in its plan on July 1, 2018, the date of its most recent actuarial valuation.

### **Outline of Plan Provisions**

There are certain provisions that must be met in order for OPEB benefits to be eligible to retirees which are listed below:

- I. The retiree must be eligible to receive benefits from Oregon PERS
- II. Eligibility requirements for earliest retirement under Oregon PERS are:
  - a. The earlier of age 55, or any age with 30 years of service for Tier 1 or Tier 2 employees and;
  - b. Age 55 with 5 years of service for OPSRP employees.
- III. All classes of employee are eligible to continue medical benefit coverage upon retirement.
- IV. Qualified spouse, domestic partner, and children may qualify for coverage.
- V. Coverage for retirees and eligible dependents continues until Medical eligibility for each individual (or until dependent children become ineligible).
- VI. The retirees will contribute the full health plan premiums.
- VII. There is an implicit rate subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than they would be if the retirees were in a separately rated health plan.

### **Total OPEB Liability**

The City's total OPEB liability of \$69,958 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

### **Actuarial assumptions and other inputs**

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation rate	2.5 percent per year
Discount rate	3.87 percent, based on a 20-year general obligation bond yield index published by The Bond Buyer.
Projected salary increases	3.5 percent per year.
Health Cost Trend	Medical and vision: 2018-6.75%, 2019-7% and between 4.75% and 6% for the subsequent 40+ years.
Cost of living adjustment (COLA)	3.5 percent per year, based on general inflation and the likelihood of raises throughout participants' careers.
Health mortality	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on generational basis using the Unisex Social Security Data Scale.

### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 77,508
Changes for the year:	
Service cost	3,291
Interest	2,830
Changes of benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	1,805
Benefit payments	<u>(15,476)</u>
Net changes	<u>(7,550)</u>
Balance at June 30, 2020	<u>\$ 69,958</u>

*Sensitivity of the total OPEB liability to changes in the discount and trend rates.* The following presents the total OPEB liability of the City's, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Healthcare Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 74,546	\$ 69,958	\$ 65,727

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	Healthcare Current Trend <u>Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 64,362	\$ 69,958	\$ 76,592

### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the City recognized OPEB expense of \$5,217. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,163	\$ -
Changes of assumptions or inputs	<u>1,509</u>	<u>(7,626)</u>
Total (prior to post MD contributions)	4,672	(7,626)
Contributions subsequent to the measurement date	<u>6,814</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u><u>\$ 11,486</u></u>	<u><u>\$ (7,626)</u></u>

\$6,814 reported as deferred outflows of resources is related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:	
2021	\$ (904)
2022	(904)
2023	(904)
2024	(511)
2025	241
Thereafter	<u>28</u>
Total	<u><u>\$ (2,954)</u></u>

### **Retirement Health Insurance Account (RHIA)**

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and

required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan was closed to new entrants hired after August 29, 2003 To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.06% of annual covered payroll for Tier I and Tier II employees and 0.00% for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2020, 2019 and 2018 were \$272, \$4,053, and \$4,239 which equaled the required contributions each year.

#### **Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the City reported an asset of \$15,801 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net OPEB asset was based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's proportion was 0.00817729 percent, which was decreased from its proportion of 0.00875430 percent measured as of June 30, 2018.

For the year ended June 30, 2020, the City's recognized OPEB income of \$2,025. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,084
Changes of assumptions	-	16
Net difference between projected and actual earnings on investments	-	975
Changes in proportionate share	<u>316</u>	<u>130</u>
Total (prior to post-MD contributions)	316	3,205
Contributions subsequent to the measurement date	<u>272</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 588</u>	<u>\$ 3,205</u>

\$272 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:	
2020	\$ (1,537)
2021	(1,287)
2022	(166)
2023	<u>101</u>
Total	<u>\$ (2,889)</u>

### **Actuarial Assumptions**

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, the disclosure of healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/015%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>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.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

### Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
MicroCap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.12%	7.45%
Non-US Smal Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Funds of Funds - Diversified	2.50%	4.09%
Hedge Funds - Evert-driven	0.63%	5.86%
Timber	1.87%	5.62%
Farmland	1.87%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	
Assumed Inflation - Mean		2.50%

### Discount rate

The discount rate used to measure the total OPEB 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 plan invests was applied to all periods of projected benefit payments to determine the total OPEB asset.

### Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. 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. The actuary's opinion is that the plan's Fiduciary Net Position is projected to be sufficient to cover benefit payments and administrative expenses.

**Sensitivity of the City’s Proportionate share of the net OPEB asset to changes in the discount rate**

The following presents the City’s proportionate share of the net OPEB asset calculated using the discount rate of 7.2 percent, as well as what the City’s proportionate share of the net OPEB 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% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Total OPEB (asset) liability	\$ (12,250)	\$ (15,801)	\$ (18,827)

**Pension plan fiduciary net position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issue OPERS financial report.

**Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2019 measurement period that require disclosure.

**Changes in Plan Provisions Subsequent to Measurement Date**

We are not aware of any changes subsequent to the June 30, 2019 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

**Aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows**

A summary of the aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows for the two plans is as follows:

	Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Income) Expense
Health Insurance Continuation	\$ 69,958	\$ 11,486	\$ 7,626	\$ 5,217
Retirement Health Insurance Account (RHIA)	(15,801)	588	3,205	(2,025)
Aggregate amounts related to OPEB	<u>\$ 54,157</u>	<u>\$ 12,074</u>	<u>\$ 10,831</u>	<u>\$ 3,192</u>

**D. Construction in Progress**

The City is committed under various construction contracts at June 30, 2020. Major projects in progress at June 30, 2020 are as follows:

The Wychus Creek Riparian project is still in the design stage. Costs incurred to date are \$106,503 with estimated total costs of \$200,00.

The Biosolids Removal project is 2% complete. Costs incurred to date are \$5,646 with estimated total costs of \$264,000.

The Well #4 Site Approval and Construction project is 8% complete. Costs incurred to date are \$71,242 with estimated total costs of \$880,000.

The reservoir development project is 1% complete. Costs incurred to date are \$27,487 with estimated total costs of \$4,750,000. The Creekside water loop upsizing project is 4% complete. Costs incurred to date are \$10,016 with estimated costs of \$250,000. The Washington to Main project is approximately 2% complete. Costs incurred to date are \$2,939 with estimated costs of \$165,186. The Barclay waterline project is 11% complete. Costs incurred to date are \$2,159 with estimated costs of \$18,860. The Barclay waterline project is also being funded through the Water SDC fund where costs incurred to date are \$2,535 with an estimated cost of \$22,120. The Lazy Z Expansion Phase 1 project is 76% complete. Costs incurred to date are \$439,976 with estimated costs of \$580,000.

Lazy Z Effluent Disposal Design is approximately 8% complete. Costs incurred to date are \$125,285 with total estimated costs of \$1,549,285. SCADA upgrades are approximately 3% complete. Costs incurred to date are \$4,066, with total estimated costs of \$87,880. The SCADA Upgrades project is also being funded by the Sewer fund as well and is approximately 3% complete with an estimated cost of \$56,186.

The overnight park improvements project is 12% complete. Costs incurred to date are \$27,824 with estimated total costs of \$230,000.

The creekside park bridge project is 4% complete. Costs incurred to date are \$2,640 with estimated total costs of \$60,000.

The aerator improvements project is approximately 4% complete. Costs incurred to date are \$390 with total estimated costs of \$89,600. The aerator improvements project is also being funded by the Sewer SDC fund and is approximately 0% complete with an estimated cost of \$134,400.

## **E. Tax Abatement Disclosures**

The City enters into property tax abatement agreements with local business under the Greater Redmond Area Enterprise Zone authorized by Oregon Statute 285C.175. The Redmond Enterprise Zone was established in 1988, renewed in 1998, and reconfigured in 2009 to include parts of the City of Sisters. For the basic 3-year property tax exemption, the business needs to invest \$50,000 and increase full time, permanent employment by 1 new job or 10%, whichever is greater in the first year. There is no minimum compensation requirement at this level. Some projects which meet the basis three-year exemption may also qualify for an additional two years of tax exemption if the average compensation per employee is at least 150% of the 2010 Deschutes County average annual wage of \$35,223 which may include mandatory benefits, overtime, and profit sharing. If the business invests \$9.8 mill, increases full-time permanent employment by 35 within 3 years, and meet the average compensation per employee as outlined above, they would qualify for a seven to fifteen-year tax abatement. The City has six three-year and two four-year contracts with an engineering company, brewing company, and power company for which the City's abated tax portion amounted to \$5,599 for fiscal year ended June 30, 2020. In addition, the City of Sisters offers additional benefits and entered into an economic development agreement with Three Creeks Brewing Company, LLC in April, 2014 which will reduce waste water charges associated with Three Creeks use of its new brewery facility by 30% up to a maximum of \$10,000 per year.

Additional benefits available to new business are: 1) a 2% reduction in building permit fees for every new full time equivalent job created, up to a 25% maximum; 2) expedited permitting process for E-Zone projects; 3) waiver of water and sewer hook-up fees; 4) waiver of 50% of land use fees for businesses that meet the 150% salary and benefit threshold of regional median income; 5) waiver of 25% of the land use fees for businesses that do not meet the 150% threshold; 6) 5% reduction in monthly water and sewer user charges for each FTE created, up to 25%; and 7) waiver of \$200 application fee.

#### **F. GASB Pronouncements**

It is the City's policy to implement new GASB pronouncements no later than the required effective date. Upcoming pronouncements, which may have an effect on the City, are listed below:

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for fiscal year ending June 30, 2022.

#### **G. Subsequent Events**

The City approved a public improvement contract in the amount of \$349,165 for the McKenzie Meadows Village Improvements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF SISTERS, OREGON**

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION  
LIABILITY (ASSET)  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.00902462%	0.00725073%	0.00841066%	0.00838791%	0.00830268%	0.00863735%	0.00863735%
City's proportionate share of the net pension liability (asset)	\$ 1,561,043	\$ 1,098,390	\$ 1,133,760	\$ 1,259,220	\$ 476,695	\$ (195,784)	\$ 440,777
City's covered payroll	\$ 919,697	\$ 961,050	\$ 778,567	\$ 801,011	\$ 782,710	\$ 759,194	\$ 806,159
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	169.73%	114.29%	145.62%	157.20%	60.90%	-25.79%	54.68%
Plan fiduciary net position as a percentage of the total pension liability	80.23%	82.07%	83.12%	80.50%	91.90%	103.60%	91.97%

**CITY OF SISTERS, OREGON**

**SCHEDULE OF CITY'S CONTRIBUTIONS TO THE  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 223,640	\$ 149,444	\$ 159,776	\$ 109,100	\$ 111,829	\$ 113,378	\$ 112,592
Contributions in relation to the contractually	<u>(223,640)</u>	<u>(149,444)</u>	<u>(159,776)</u>	<u>(109,100)</u>	<u>(111,829)</u>	<u>(113,378)</u>	<u>(112,592)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,058,588	\$ 919,697	\$ 961,050	\$ 778,567	\$ 801,011	\$ 782,716	\$ 759,194
Contributions as a percentage of covered payroll	21.13%	16.25%	16.63%	14.01%	13.96%	14.49%	14.83%

\* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

See auditor's report.



**CITY OF SISTERS, OREGON**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)**  
**OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**  
 Last 10 Fiscal Years\*

Measurement Date June 30,	(a) City's proportion of the net OPEB pension liability (asset)	(b) City's proportionate share of the net OPEB pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.00817729%	\$ (15,801)	\$ 919,697	-1.72%	144.36%
2018	0.00875430%	\$ (9,772)	\$ 961,050	-1.02%	124.00%
2017	0.00757956%	\$ (3,163)	\$ 778,567	-0.41%	108.88%
2016	0.00807745%	\$ 2,194	\$ 801,011	0.27%	94.15%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF CONTRIBUTIONS**  
**OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**  
 Last 10 Fiscal Years\*

	2020	2019	2018	2017
Contractually required contributions	\$ 272	\$ 4,053	\$ 4,239	\$ 3,726
Contributions in relation to the contractually required contributions	272	4,053	4,239	3,726
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,058,588	\$ 919,697	\$ 961,050	\$ 778,567
Contributions as a percentage of covered payroll	0.03%	0.44%	0.44%	0.48%

\* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

See auditor's report.

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS**  
 Last 10 Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 3,291	\$ 3,988	\$ 4,223	N/A
Interest	2,830	3,026	2,697	N/A
Changes of benefit terms	-	-	-	N/A
Economic/demographic gains or losses	-	4,705	-	N/A
Changes of assumptions or other inputs	1,805	(8,030)	(4,192)	N/A
Benefit payments	<u>(15,476)</u>	<u>(13,298)</u>	<u>(11,951)</u>	N/A
<b>Net change in total OPEB liability</b>	(7,550)	(9,609)	(9,223)	N/A
<b>Total OPEB liability - beginning</b>	<u>77,508</u>	<u>87,117</u>	<u>96,340</u>	N/A
<b>Total OPEB liability - Ending</b>	<u>\$ 69,958</u>	<u>\$ 77,508</u>	<u>\$ 87,117</u>	<u>\$ 96,340</u>
<b>Covered payroll</b>	<u>\$ 1,058,588</u>	<u>\$ 919,697</u>	<u>\$ 961,050</u>	<u>\$ 778,567</u>
	6.61%	8.43%	9.06%	12.37%
<b>Total OPEB liability, as a percentage of covered payroll</b>				

\* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

See auditor's report.

**CITY OF SISTERS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2020**

**A. Net Pension Liability (Asset)**

**Changes in Benefit Terms**

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

Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation and was reflected in the June 30, 2019 Total Pension Liability.

**Changes of Assumptions**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

**B. Other Post-Employment Benefits**

**Changes in Benefit Terms**

There were no significant changes in benefit terms for Other Post-Employment Benefits

**Changes of Assumptions**

There were no significant changes in assumptions for the RHIA Other Post-Employment Benefits, except for the PERS changes described above. The RHIA OPEB valuation is tied to the PERS system, contributions, and assumptions.

The City's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the discount rate. The discount rate in effect for the June 30, 2017 reporting date is 2.85% and the discount rate in effect for the June 30, 2018 reporting date is 3.58%.

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## **SUPPLEMENTAL INFORMATION**

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## COMBINING STATEMENTS

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### Non-Major Governmental Funds

**Capital Project Funds-** These funds account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from long-term obligations issued to finance capital acquisitions, improvements and development charges. Funds included in this category are:

- *Transportation SDC Fund* – accounts for system development charges to construct transportation facilities necessitated by new development.
- *Park SDC* – provides the accounting for system development charges accounts. The funds are reserved for future park improvement projects in accordance with the terms of collection.
- *Parking District* – provides the accounting for development fees collected from developers or businesses located in Commercial Parking District for parking improvements per the City's Parking Master Plan.

**Debt Service Funds** – These funds account for revenues and expenditures related to the repayment of long-term indebtedness. Funds included in this category are:

- *City Hall Debt Service* – accounts for the funds set aside City Hall related debt service. The principal revenue sources are loan proceeds, transfers, and interest.
- *Urban Renewal Debt Service* – accounts for debt service associated with the downtown core area construction projects. The principal resource of revenue to pay the debt comes from urban renewal taxes.

**CITY OF SISTERS, OREGON  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2020**

	Capital Projects			Debt Service		Totals
	Transportation SDC Fund	Park SDC Fund	Parking District Fund	City Hall Debt Service Fund	Urban Renewal Debt Service Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,096,009	\$ 596,521	\$ 233,694	\$ 5,809	\$ 475,429	\$ 2,407,462
Receivables:						
Property taxes	-	-	-	-	7,616	7,616
Accounts	-	36,813	-	-	-	36,813
Assessments, net	-	-	67,288	-	-	67,288
 Total assets	 <u>\$ 1,096,009</u>	 <u>\$ 633,334</u>	 <u>\$ 300,982</u>	 <u>\$ 5,809</u>	 <u>\$ 483,045</u>	 <u>\$ 2,519,179</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ -	\$ 17,092	\$ -	\$ -	\$ -	\$ 17,092
Unearned revenue	-	-	67,288	-	-	67,288
 Total liabilities	 <u>-</u>	 <u>17,092</u>	 <u>67,288</u>	 <u>-</u>	 <u>-</u>	 <u>84,380</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	6,315	6,315
<b>FUND BALANCES</b>						
Restricted	<u>1,096,009</u>	<u>616,242</u>	<u>233,694</u>	<u>5,809</u>	<u>476,730</u>	<u>2,428,484</u>
 Total fund balances	 <u>1,096,009</u>	 <u>616,242</u>	 <u>233,694</u>	 <u>5,809</u>	 <u>476,730</u>	 <u>2,428,484</u>
 Total liabilities fund balances, and deferred inflows of resources	 <u>\$ 1,096,009</u>	 <u>\$ 633,334</u>	 <u>\$ 300,982</u>	 <u>\$ 5,809</u>	 <u>\$ 483,045</u>	 <u>\$ 2,519,179</u>

See auditor's report.



**CITY OF SISTERS, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Capital Projects			Debt Service		Totals
	Transportation SDC Fund	Park SDC Fund	Parking District Fund	City Hall Debt Service Fund	Urban Renewal Debt Service Fund	
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 295,330	\$ 295,330
Licenses and fees	-	-	14,556	-	-	14,556
Intergovernmental	-	36,813	-	-	-	36,813
System development charges	398,825	192,073	-	-	-	590,898
Interest on investments	16,659	11,525	4,649	212	8,837	41,882
Miscellaneous	-	-	-	-	1,509	1,509
<b>TOTAL REVENUES</b>	<u>415,484</u>	<u>240,411</u>	<u>19,205</u>	<u>212</u>	<u>305,676</u>	<u>980,988</u>
<b>EXPENDITURES</b>						
Capital outlay	-	110,023	-	-	-	110,023
Debt service	-	-	-	54,665	157,967	212,632
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>110,023</u>	<u>-</u>	<u>54,665</u>	<u>157,967</u>	<u>322,655</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>415,484</u>	<u>130,388</u>	<u>19,205</u>	<u>(54,453)</u>	<u>147,709</u>	<u>658,333</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	-	52,000	-	52,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,000</u>	<u>-</u>	<u>52,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	415,484	130,388	19,205	(2,453)	147,709	710,333
<b>FUND BALANCE, Beginning</b>	<u>680,525</u>	<u>485,854</u>	<u>214,489</u>	<u>8,262</u>	<u>329,021</u>	<u>1,718,151</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,096,009</u>	<u>\$ 616,242</u>	<u>\$ 233,694</u>	<u>\$ 5,809</u>	<u>\$ 476,730</u>	<u>\$ 2,428,484</u>

See auditor's report.

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## **BUDGETARY COMPARISON SCHEDULES**

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Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General Fund and any major special revenue fund (Street fund and Urban Renewal Project Fund) are presented as the third of the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.

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**SCHEDULE OF EXPENDITURES AND TRANSFERS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), BY DEPARTMENT**

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▪ **General Fund**

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF EXPENDITURES AND TRANSFERS**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), BY DEPARTMENT**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>EXPENDITURES AND TRANSFERS</b>				
Council-manager	\$ 429,307	\$ 429,307	\$ 378,673	\$ 50,634
Finance and administration	214,377	214,377	191,173	23,204
Maintenance	135,040	135,040	119,224	15,816
Parks	319,293	319,293	291,899	27,394
Police	611,849	611,849	611,849	-
Community development	440,915	440,915	386,998	53,917
Support services	312,632	314,080	311,648	2,432
Capital outlay	183,875	183,875	161,738	22,137
Transfers out	23,400	23,400	23,400	-
Contingency	422,235	420,787	-	420,787
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<u>\$ 3,092,923</u>	<u>\$ 3,092,923</u>	<u>\$ 2,476,602</u>	<u>\$ 616,321</u>

See auditor's report.

**SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

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**Governmental Funds**

**Capital Project Funds**

- Transportation SDC
- Park SDC
- Parking District

**Debt Service Funds**

- City Hall Debt Service
- Urban Renewal Debt Service

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**TRANSPORTATION SDC FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
System development charges	\$ 120,000	\$ 120,000	\$ 398,825	\$ 278,825
Interest on investments	<u>7,000</u>	<u>7,000</u>	<u>16,659</u>	<u>9,659</u>
<b>TOTAL REVENUES</b>	<u>127,000</u>	<u>127,000</u>	<u>415,484</u>	<u>288,484</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Materials and services	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<b>TOTAL EXPENDITURES</b>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(123,000)</u>	<u>(123,000)</u>	<u>415,484</u>	<u>538,484</u>
<b>NET CHANGE IN FUND BALANCE</b>	(123,000)	(123,000)	415,484	538,484
<b>FUND BALANCE, Beginning</b>	<u>668,045</u>	<u>668,045</u>	<u>680,525</u>	<u>12,480</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 545,045</u>	<u>\$ 545,045</u>	<u>\$ 1,096,009</u>	<u>\$ 550,964</u>

See auditor's report.



**CITY OF SISTERS, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**PARK SDC FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 36,813	\$ 36,813	\$ 36,813	\$ -
System development charges	75,000	75,000	192,073	117,073
Interest on investments	<u>6,000</u>	<u>6,000</u>	<u>11,525</u>	<u>5,525</u>
<b>TOTAL REVENUES</b>	<u>117,813</u>	<u>117,813</u>	<u>240,411</u>	<u>122,598</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>106,875</u>	<u>119,875</u>	<u>110,023</u>	<u>9,852</u>
<b>TOTAL EXPENDITURES</b>	<u>106,875</u>	<u>119,875</u>	<u>110,023</u>	<u>9,852</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>10,938</u>	<u>(2,062)</u>	<u>130,388</u>	<u>132,450</u>
<b>NET CHANGE IN FUND BALANCE</b>	10,938	(2,062)	130,388	132,450
<b>FUND BALANCE, Beginning</b>	<u>482,905</u>	<u>482,905</u>	<u>485,854</u>	<u>2,949</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 493,843</u>	<u>\$ 480,843</u>	<u>\$ 616,242</u>	<u>\$ 135,399</u>

See auditor's report.

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**PARKING DISTRICT FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 14,500	\$ 14,500	\$ 14,556	\$ 56
Interest on investments	<u>2,400</u>	<u>2,400</u>	<u>4,649</u>	<u>2,249</u>
<b>TOTAL REVENUES</b>	<u>16,900</u>	<u>16,900</u>	<u>19,205</u>	<u>2,305</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
<b>TOTAL EXPENDITURES</b>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(18,100)</u>	<u>(18,100)</u>	<u>19,205</u>	<u>37,305</u>
<b>NET CHANGE IN FUND BALANCE</b>	(18,100)	(18,100)	19,205	37,305
<b>FUND BALANCE, Beginning</b>	<u>213,501</u>	<u>213,501</u>	<u>214,489</u>	<u>988</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 195,401</u>	<u>\$ 195,401</u>	<u>\$ 233,694</u>	<u>\$ 38,293</u>

See auditor's report.

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**CITY HALL DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 400	\$ 400	\$ 212	\$ (188)
<b>TOTAL REVENUES</b>	<u>400</u>	<u>400</u>	<u>212</u>	<u>(188)</u>
<b>EXPENDITURES</b>				
Debt service	<u>54,665</u>	<u>54,665</u>	<u>54,665</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>54,665</u>	<u>54,665</u>	<u>54,665</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(54,265)</u>	<u>(54,265)</u>	<u>(54,453)</u>	<u>(188)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,265)	(2,265)	(2,453)	(188)
<b>FUND BALANCE, Beginning</b>	<u>8,539</u>	<u>8,539</u>	<u>8,262</u>	<u>(277)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 6,274</u>	<u>\$ 6,274</u>	<u>\$ 5,809</u>	<u>\$ (465)</u>

See auditor's report.

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**URBAN RENEWAL DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 275,000	\$ 275,000	\$ 295,330	\$ 20,330
Interest on investments	2,000	2,000	8,837	6,837
Miscellaneous	-	-	1,509	1,509
<b>TOTAL REVENUES</b>	<u>277,000</u>	<u>277,000</u>	<u>305,676</u>	<u>28,676</u>
<b>EXPENDITURES</b>				
Debt service	<u>157,271</u>	<u>157,271</u>	<u>157,967</u>	<u>(696)</u>
<b>TOTAL EXPENDITURES</b>	<u>157,271</u>	<u>157,271</u>	<u>157,967</u>	<u>(696)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>119,729</u>	<u>119,729</u>	<u>147,709</u>	<u>27,980</u>
<b>NET CHANGE IN FUND BALANCE</b>	119,729	119,729	147,709	27,980
<b>FUND BALANCE, Beginning</b>	<u>318,575</u>	<u>318,575</u>	<u>329,021</u>	<u>10,446</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 438,304</u>	<u>\$ 438,304</u>	<u>\$ 476,730</u>	<u>\$ 38,426</u>

See auditor's report.

**SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

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**Proprietary Funds**

**Enterprise Funds**

- All Water Funds
  - Water
  - Water SDC
  
- All Sewer Funds
  - Sewer
  - Sewer SDC

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WATER FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and fees	\$ 6,000	\$ 6,000	\$ 10,558	\$ 4,558
Charges for services	767,200	767,200	882,099	114,899
Intergovernmental	657	657	720	63
Interest on investments	20,000	20,000	28,722	8,722
Miscellaneous	-	-	230	230
<b>TOTAL REVENUES</b>	<u>793,857</u>	<u>793,857</u>	<u>922,329</u>	<u>128,472</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	321,510	321,510	302,340	19,170
Materials and services	283,704	283,704	285,750	(2,046)
Capital outlay	112,444	161,810	158,183	3,627
Debt service	657	657	656	1
Contingency	100,869	51,503	-	51,503
<b>TOTAL EXPENDITURES</b>	<u>819,184</u>	<u>819,184</u>	<u>746,929</u>	<u>72,255</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(25,327)</u>	<u>(25,327)</u>	<u>175,400</u>	<u>200,727</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	500	500	-	(500)
Transfers out	(8,840)	(8,840)	(8,840)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(8,340)</u>	<u>(8,340)</u>	<u>(8,840)</u>	<u>(500)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(33,667)	(33,667)	166,560	200,227
<b>FUND BALANCE, Beginning</b>	<u>1,317,275</u>	<u>1,317,275</u>	<u>1,329,989</u>	<u>12,714</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,283,608</u>	<u>\$ 1,283,608</u>	<u>\$ 1,496,549</u>	<u>\$ 212,941</u>

See auditor's report.

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WATER SDC FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
System development charges	\$ 250,000	\$ 250,000	\$ 417,249	\$ 167,249
Interest on investments	40,000	40,000	53,653	13,653
<b>TOTAL REVENUES</b>	<u>290,000</u>	<u>290,000</u>	<u>470,902</u>	<u>180,902</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	12,500	12,500	335	12,165
Capital outlay	<u>1,021,656</u>	<u>1,044,390</u>	<u>283,439</u>	<u>760,951</u>
<b>TOTAL EXPENDITURES</b>	<u>1,034,156</u>	<u>1,056,890</u>	<u>283,774</u>	<u>773,116</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(744,156)</u>	<u>(766,890)</u>	<u>187,128</u>	<u>954,018</u>
<b>NET CHANGE IN FUND BALANCE</b>	(744,156)	(766,890)	187,128	954,018
<b>FUND BALANCE, Beginning</b>	<u>2,521,249</u>	<u>2,521,249</u>	<u>2,574,721</u>	<u>53,472</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,777,093</u>	<u>\$ 1,754,359</u>	<u>\$ 2,761,849</u>	<u>\$ 1,007,490</u>

See auditor's report.

**CITY OF SISTERS, OREGON  
RECONCILIATION TO GENERALLY ACCEPTED  
ACCOUNTING PRINCIPLES  
ALL WATER FUNDS  
For the Fiscal Year Ended June 30, 2020**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Water	\$ 1,496,549
Water SDC	<u>2,761,849</u>
	4,258,398

Adjustments:

Capital assets, net of depreciation	7,230,154
Assessments receivable	1,899
Net OPEB asset	2,755
Deferred outflows related to pension	109,064
Deferred outflows related to OPEB	2,289
Deferred inflows related to pension	(32,513)
Deferred inflows related to OPEB	(2,010)
Net pension liability	(272,140)
Net OPEB liability	(13,323)
Compensated absences	(13,278)
Long-term debt	<u>(1,895)</u>

**GENERALLY ACCEPTED ACCOUNTING  
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 11,269,400



**CITY OF SISTERS, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SEWER FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 5,000	\$ 5,000	\$ 10,578	\$ 5,578
Charges for services	988,100	988,100	1,098,641	110,541
Rental income	12,000	12,000	16,000	4,000
Interest on investments	23,000	23,000	31,434	8,434
Miscellaneous	1,034	1,034	2,637	1,603
<b>TOTAL REVENUES</b>	<u>1,029,134</u>	<u>1,029,134</u>	<u>1,159,290</u>	<u>130,156</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	303,728	303,728	286,617	17,111
Materials and services	284,587	299,587	290,202	9,385
Capital outlay	126,300	126,300	24,436	101,864
Debt service	334,284	334,284	334,153	131
Contingency	98,052	83,052	-	83,052
<b>TOTAL EXPENDITURES</b>	<u>1,146,951</u>	<u>1,146,951</u>	<u>935,408</u>	<u>211,543</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(117,817)</u>	<u>(117,817)</u>	<u>223,882</u>	<u>341,699</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(12,480)	(12,480)	(12,480)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(12,480)</u>	<u>(12,480)</u>	<u>(12,480)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(130,297)	(130,297)	211,402	341,699
<b>FUND BALANCE, Beginning</b>	<u>1,205,042</u>	<u>1,205,042</u>	<u>1,532,422</u>	<u>327,380</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,074,745</u>	<u>\$ 1,074,745</u>	<u>\$ 1,743,824</u>	<u>\$ 669,079</u>

See auditor's report.

**CITY OF SISTERS, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SEWER SDC FUND**  
**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
System development charges	\$ 300,000	\$ 300,000	\$ 506,493	\$ 206,493
Interest on investments	22,000	22,000	33,350	11,350
<b>TOTAL REVENUES</b>	<u>322,000</u>	<u>322,000</u>	<u>539,843</u>	<u>217,843</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	-	-	320	(320)
Capital outlay	325,400	325,400	74,913	250,487
Debt service	76,810	76,810	76,810	-
<b>TOTAL EXPENDITURES</b>	<u>402,210</u>	<u>402,210</u>	<u>152,043</u>	<u>250,167</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(80,210)</u>	<u>(80,210)</u>	<u>387,800</u>	<u>468,010</u>
<b>NET CHANGE IN FUND BALANCE</b>	(80,210)	(80,210)	387,800	468,010
<b>FUND BALANCE, Beginning</b>	<u>1,336,899</u>	<u>1,336,899</u>	<u>1,509,534</u>	<u>172,635</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,256,689</u>	<u>\$ 1,256,689</u>	<u>\$ 1,897,334</u>	<u>\$ 640,645</u>

See auditor's report.

**CITY OF SISTERS, OREGON  
RECONCILIATION TO GENERALLY ACCEPTED  
ACCOUNTING PRINCIPLES  
ALL SEWER FUNDS  
For the Fiscal Year Ended June 30, 2020**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Sewer	\$ 1,743,824
Sewer SDC	<u>1,897,334</u>

3,641,158

Adjustments:

Capital assets, net of depreciation	14,973,602
Earned assessments receivable	5,604
Net OPEB asset	2,614
Deferred outflows related to pension	103,495
Deferred outflows related to OPEB	2,318
Deferred inflows related to pension	(30,852)
Deferred inflows related to OPEB	(2,006)
Net pension liability	(258,245)
Net OPEB liability	(13,531)
Compensated absences	(13,090)
Accrued interest payable	(15,902)
Unearned revenue	(2,994)
Long-term debt	(4,885,606)
Bond premium	<u>(470,770)</u>

**GENERALLY ACCEPTED ACCOUNTING  
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 13,035,795

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## **OTHER FINANCIAL SCHEDULES**

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**CITY OF THE SISTERS, OREGON**  
**SCHEDULE OF OUTSTANDING DEBT PRINCIPAL**  
**AND INTEREST TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2020**

	Interest Rates	Date of Issue	Original Amount	Principal			Outstanding June 30, 2020	Interest Matured and Paid
				Outstanding July 1, 2019	Transfers/ Adjustments	Matured and Paid		
<u>Governmental Funds</u>								
Urban Renewal Agency	3.22%	11/24/2014	\$ 1,253,318	\$ 553,245	\$ -	\$ 140,685	\$ 412,560	\$ 17,282
US Bank- National	2.00%	1/28/2016	535,000	436,000	-	39,000	397,000	15,665
Infrastructure Finance Authority	1.85%	4/26/2016	32,525	4,046	-	984	3,062	75
				<u>993,291</u>	<u>-</u>	<u>180,669</u>	<u>812,622</u>	<u>33,022</u>
<u>Enterprise Funds</u>								
Infrastructure Finance Authority	1.85%	4/26/2016	8,160	2,509	-	610	1,899	46
US Bank Refunding Bonds	2.00%	1/28/2016	776,000	632,000	-	54,000	578,000	22,810
Infrastructure Finance Authority	1.85%	4/26/2016	11,528	3,450	-	839	2,611	64
US Bank Refunding Bonds	2.00%	1/28/2016	4,869,000	4,467,000	-	162,000	4,305,000	171,250
				<u>5,104,959</u>	<u>-</u>	<u>217,449</u>	<u>4,887,510</u>	<u>194,170</u>
Total				<u>\$ 6,098,250</u>	<u>\$ -</u>	<u>\$ 398,118</u>	<u>\$ 5,700,132</u>	<u>\$ 227,192</u>

See auditor's report.

**CITY OF THE SISTERS, OREGON  
SCHEDULE OF GOVERNMENTAL ACTIVITIES  
DEBT SERVICE FUTURE REQUIREMENTS  
LOANS PAYABLE  
June 30, 2020**

Year Ending June 30	URA Loan Payable		IFA Loan Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 93,555	\$ 11,912	\$ 1,002	\$ 57	\$ 94,557	\$ 11,969
2022	319,005	6,249	1,020	38	320,025	6,287
2023	-	-	1,040	19	1,040	19
	<u>\$ 412,560</u>	<u>\$ 18,161</u>	<u>\$ 3,062</u>	<u>\$ 114</u>	<u>\$ 415,622</u>	<u>\$ 18,275</u>

See auditor's report.

**CITY OF THE SISTERS, OREGON  
 SCHEDULE OF GOVERNMENTAL ACTIVITIES  
 DEBT SERVICE FUTURE REQUIREMENTS -  
 BONDS PAYABLE  
 June 30, 2020**

Year Ending June 30	Bond Payable		Totals	
	Principal	Interest	Principal	Interest
2021	\$ 38,000	\$ 14,510	\$ 38,000	\$ 14,510
2022	42,000	13,310	42,000	13,310
2023	39,000	11,900	39,000	11,900
2024	40,000	10,320	40,000	10,320
2025	44,000	8,640	44,000	8,640
2026	45,000	6,860	45,000	6,860
2027	47,000	5,020	47,000	5,020
2028	52,000	3,040	52,000	3,040
2029	50,000	1,000	50,000	1,000
	<u>\$ 397,000</u>	<u>\$ 74,600</u>	<u>\$ 397,000</u>	<u>\$ 74,600</u>

See auditor's report.



**CITY OF SISTERS, OREGON**  
**SCHEDULE OF BUSINESS-TYPE ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS**  
**LOANS PAYABLE**  
**June 30, 2020**

Year Ending June 30	IFA loan - Water portion		IFA Loan - Sewer portion		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 621	\$ 35	\$ 854	\$ 48	\$ 1,475	\$ 83
2022	633	24	870	32	1,503	56
2023	645	12	887	16	1,532	28
	<u>\$ 1,899</u>	<u>\$ 71</u>	<u>\$ 2,611</u>	<u>\$ 96</u>	<u>\$ 4,510</u>	<u>\$ 167</u>

**CITY OF THE SISTERS, OREGON**  
**SCHEDULE OF BUSINESS-TYPE ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS -**  
**BONDS PAYABLE**  
**June 30, 2020**

Year Ending June 30	Sewer Bond Payable		Totals	
	Principal	Interest	Principal	Interest
2021	\$ 222,000	\$ 187,490	\$ 222,000	\$ 187,490
2022	228,000	180,740	228,000	180,740
2023	236,000	172,600	236,000	172,600
2024	245,000	162,980	245,000	162,980
2025	256,000	152,960	256,000	152,960
2026	265,000	142,540	265,000	142,540
2027	278,000	131,680	278,000	131,680
2028	288,000	120,360	288,000	120,360
2029	300,000	108,600	300,000	108,600
2030	170,000	99,200	170,000	99,200
2031	175,000	92,300	175,000	92,300
2032	185,000	85,100	185,000	85,100
2033	190,000	77,600	190,000	77,600
2034	200,000	69,800	200,000	69,800
2035	205,000	61,700	205,000	61,700
2036	215,000	53,300	215,000	53,300
2037	225,000	44,500	225,000	44,500
2038	235,000	35,500	235,000	35,500
2039	245,000	27,500	245,000	27,500
2040	255,000	15,700	255,000	15,700
2041	265,000	5,300	265,000	5,300
	<u>\$ 4,883,000</u>	<u>\$ 2,027,450</u>	<u>\$ 4,883,000</u>	<u>\$ 2,027,450</u>

See auditor's report.

# **STATISTICAL SECTION**

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## **STATISTICAL SECTION**

This section provides further details as a framework for a better understanding of the financial statements.

### **Financial Trends**

- These schedules contain trend information to help the reader understand how financial performance has changed over time.

### **Revenue Capacity**

- These schedules contain information to help the reader assess the City's most significant local revenue sources, property taxes.

### **Debt Capacity**

- These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt.

### **Demographic and Economic Information**

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information**

- These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: The information in these schedules is derived from the comprehensive annual financial reports for the relevant year, unless otherwise noted.

**CITY OF SISTERS, OREGON**  
**Net Position By Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 11,339	\$ 10,086	\$ 9,445	\$ 9,026	\$ 7,239	\$ 5,926	\$ 6,684	\$ 5,664	\$ 5,253	\$ 4,599
Restricted	2,542	1,869	1,639	1,639	1,492	1,738	1,032	1,509	1,111	1,071
Unrestricted	2,154	2,358	1,632	1,251	1,476	2,251	2,052	2,338	2,390	2,509
Total governmental activities net position	<u>\$ 16,035</u>	<u>\$ 14,313</u>	<u>\$ 12,716</u>	<u>\$ 11,916</u>	<u>\$ 10,207</u>	<u>\$ 9,915</u>	<u>\$ 9,768</u>	<u>\$ 9,511</u>	<u>\$ 8,754</u>	<u>\$ 8,179</u>
<b>Business-Type Activities:</b>										
Net investment in capital assets	\$ 16,845	\$ 15,804	\$ 8,625	\$ 13,953	\$ 14,200	\$ 14,305	\$ 13,453	\$ 14,137	\$ 14,107	\$ 14,262
Restricted	4,659	4,084	3,807	3,049	2,133	2,170	1,683	1,346	1,433	1,479
Unrestricted	2,801	2,506	8,599	1,826	1,560	1,037	1,507	630	499	574
Total business-type activities net position	<u>\$ 24,305</u>	<u>\$ 22,394</u>	<u>\$ 21,031</u>	<u>\$ 18,828</u>	<u>\$ 17,893</u>	<u>\$ 17,512</u>	<u>\$ 16,643</u>	<u>\$ 16,113</u>	<u>\$ 16,039</u>	<u>\$ 16,315</u>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 28,184	\$ 25,890	\$ 18,070	\$ 22,979	\$ 21,439	\$ 20,231	\$ 20,137	\$ 19,801	\$ 19,360	\$ 18,861
Restricted	7,201	5,953	5,446	4,688	3,625	3,908	2,715	2,855	2,544	2,550
Unrestricted	4,955	4,864	10,231	3,077	3,036	3,288	3,559	2,968	2,889	3,083
Total primary government net position	<u>\$ 40,340</u>	<u>\$ 36,707</u>	<u>\$ 33,747</u>	<u>\$ 30,744</u>	<u>\$ 28,100</u>	<u>\$ 27,427</u>	<u>\$ 26,411</u>	<u>\$ 25,624</u>	<u>\$ 24,793</u>	<u>\$ 24,494</u>

**CITY OF SISTERS, OREGON**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Program Revenues</b>										
Governmental activities:										
Charges for services, fees and fines										
General government	\$ 303	\$ 282	\$ 261	\$ 376	\$ 430	\$ 551	\$ 441	\$ 249	\$ 210	\$ 181
Public safety	-	-	-	-	-	-	-	-	-	-
Culture and recreation	312	331	326	203	210	168	142	125	115	127
Community Development	-	-	-	-	-	-	-	-	-	-
Highways and streets	25	77	6	7	29	11	30	103	82	65
Operating grants and contributions	501	455	416	437	368	341	325	294	293	402
Capital grants and contributions	1,266	1,394	748	1,981	498	526	323	713	401	76
Total governmental activities program revenues	2,407	2,539	1,757	3,004	1,535	1,597	1,261	1,484	1,101	851
Business-type activities:										
Charges for services:										
Water	893	783	722	636	615	592	555	543	513	487
Refuse	-	-	-	-	-	-	-	-	-	-
Sewer	1,127	1,017	952	902	856	848	793	825	774	750
Operating grants	-	-	-	-	-	-	-	-	-	4
Capital grants	1,688	1,134	2,182	998	701	967	668	316	164	160
Total business-type activities program revenues	3,708	2,934	3,856	2,536	2,172	2,407	2,016	1,684	1,451	1,401
Total primary government program revenues	6,115	5,473	5,613	5,540	3,707	4,004	3,277	3,168	2,552	2,252
<b>Expenses</b>										
Governmental activities:										
General government	1,636	1,431	1,604	1,610	1,642	1,288	1,204	1,162	1,007	1,094
Public safety	612	588	566	566	544	523	487	468	450	433
Culture and recreation	314	295	305	282	330	252	246	195	186	210
Community development	15	4	6	4	32	103	84	4	4	3
Highways and streets	948	1,266	827	792	731	606	631	519	403	420
Interest on long term obligations	28	30	38	46	48	43	58	62	70	80
Depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	3,553	3,614	3,346	3,300	3,327	2,815	2,710	2,410	2,120	2,240
Business-type activities:										
Water	845	736	743	701	687	557	570	540	593	623
Sewer	1,079	985	946	922	1,073	865	908	1,030	1,090	1,076
Total business-type activities expenses	1,924	1,721	1,689	1,623	1,760	1,422	1,478	1,570	1,683	1,699
Total primary government expenses	5,477	5,335	5,035	4,923	5,087	4,237	4,188	3,980	3,803	3,939
<b>Net Expense</b>										
Governmental activities	(1,147)	(1,075)	(1,532)	(297)	(1,792)	(1,217)	(1,449)	(926)	(1,019)	(1,389)
Business-type activities	1,785	1,212	2,167	914	412	984	538	114	(232)	(298)
Total primary government net expense	\$ 638	\$ 137	\$ 635	\$ 617	\$ (1,380)	\$ (233)	\$ (911)	\$ (812)	\$ (1,251)	\$ (1,687)

\*2015 governmental activities include a prior period adjustment of \$(269,463) and \$(107,782) for change in accounting principal due to GASB 68.

\*\*2018 government and business activities include a prior period adjustment of \$(55,532) and \$(27,325) for change in accounting principals due to GASB 75.

**CITY OF SISTERS, OREGON**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Revenues and Other Changes in Net Position</b>										
General revenues:										
Property taxes levied for:										
General purposes	\$ 1,173	\$ 1,093	\$ 975	\$ 919	\$ 878	\$ 816	\$ 781	\$ 768	\$ 762	\$ 771
Debt service	296	282	225	196	152	121	183	187	132	172
Franchise and public service taxes	1,222	1,163	1,072	813	973	772	688	646	608	614
Interest and investment earnings	111	103	59	34	22	22	20	23	25	28
Miscellaneous	47	19	35	22	8	21	14	7	10	14
Contributed Revenue	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of asset	-	-	-	-	-	(139)	-	-	-	-
Transfers	21	11	22	22	50	21	20	52	57	(558)
Total governmental activities	<u>2,870</u>	<u>2,671</u>	<u>2,388</u>	<u>2,006</u>	<u>2,083</u>	<u>1,634</u>	<u>1,706</u>	<u>1,683</u>	<u>1,594</u>	<u>1,041</u>
Business-type activities:										
Contributed Revenue	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	147	162	84	43	20	13	12	11	13	13
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(21)	(11)	(22)	(22)	(50)	(21)	(20)	(52)	(57)	558
Total business-type activities	<u>126</u>	<u>151</u>	<u>62</u>	<u>21</u>	<u>(30)</u>	<u>(8)</u>	<u>(8)</u>	<u>(41)</u>	<u>(44)</u>	<u>571</u>
Total primary government	<u>2,996</u>	<u>2,822</u>	<u>2,450</u>	<u>2,027</u>	<u>2,053</u>	<u>1,626</u>	<u>1,698</u>	<u>1,642</u>	<u>1,550</u>	<u>1,612</u>
<b>Change in Net Position</b>										
Governmental activities	1,723	1,597	855	1,710	291	416	257	757	575	(348)
Business-type activities	1,910	1,363	2,230	935	381	977	530	74	(276)	273
Total primary government change in net position	<u>3,633</u>	<u>2,960</u>	<u>3,085</u>	<u>2,645</u>	<u>672</u>	<u>1,393</u>	<u>787</u>	<u>831</u>	<u>299</u>	<u>(75)</u>
<b>Net Position Beginning</b>										
Governmental activities	12,716	12,716	11,861	10,206	9,915	9,499	9,511	8,754	8,179	8,527
Business-type activities	21,031	21,031	18,801	17,893	17,512	16,535	16,113	16,039	16,315	16,042
Total primary government net position-beginning	<u>33,747</u>	<u>33,747</u>	<u>30,662</u>	<u>28,099</u>	<u>27,427</u>	<u>26,034</u>	<u>25,624</u>	<u>24,793</u>	<u>24,494</u>	<u>24,569</u>
<b>Net Position Ending</b>										
Governmental activities	16,035	14,313	12,716	11,916	10,207	9,915	9,768	9,511	8,754	8,179
Business-type activities	24,305	22,394	21,031	18,828	17,893	17,512	16,643	16,113	16,039	16,315
<b>Total Primary Government Net Position</b>	<u>\$ 40,340</u>	<u>\$ 36,707</u>	<u>\$ 33,747</u>	<u>\$ 30,744</u>	<u>\$ 28,100</u>	<u>\$ 27,427</u>	<u>\$ 26,411</u>	<u>\$ 25,624</u>	<u>\$ 24,793</u>	<u>\$ 24,494</u>

\*2015 governmental activities include a prior period adjustment of \$(269,463) and \$(107,782) for change in accounting principal due to GASB 68.



**CITY OF SISTERS, OREGON**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years <sup>1</sup>**  
**(modified accrual basis of accounting)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Combined General Fund										
Advance to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 848,818	\$ 36,000	\$ 55,000	\$ 75,000
Restricted	13,422	35,267	32,582	35,267	37,169	58,492	14,694	19,848	14,848	30,444
Assigned for Police, Capital & Streets	245,477	242,017	230,834	242,017	176,949	150,615	708,323	1,381,126	1,388,811	1,401,719
Unassigned	1,516,516	1,275,374	1,042,302	995,005	1,219,059	1,645,881	940,539	894,895	891,220	664,780
Total general fund	<u>1,775,415</u>	<u>1,552,658</u>	<u>1,305,718</u>	<u>1,272,289</u>	<u>1,433,177</u>	<u>1,854,988</u>	<u>2,512,374</u>	<u>2,331,869</u>	<u>2,349,879</u>	<u>2,171,943</u>
All Other Governmental Funds										
Restricted: Debt Service	482,539	337,284	254,062	211,329	215,674	264,987	13,005	454,762	368,942	394,366
Sys Dev, Paths, Streets	2,046,122	1,496,539	1,638,782	1,392,477	1,216,962	1,414,207	1,004,934	1,034,154	726,905	852,990
Assigned	1,112,787	840,768	616,989	468,195	295,901	506,628	-	-	-	-
Unreserved/Unassigned	-	-	-	-	-	-	(625,759)	-	-	-
Total all other governmental funds	<u>3,641,448</u>	<u>2,674,591</u>	<u>2,509,833</u>	<u>2,072,001</u>	<u>1,728,537</u>	<u>2,185,822</u>	<u>392,180</u>	<u>1,488,916</u>	<u>1,095,847</u>	<u>1,247,356</u>
Total governmental funds	<u>\$5,416,863</u>	<u>\$4,227,249</u>	<u>\$3,815,551</u>	<u>\$3,344,290</u>	<u>\$3,161,714</u>	<u>\$4,040,810</u>	<u>\$2,904,554</u>	<u>\$3,820,785</u>	<u>\$3,445,726</u>	<u>\$3,419,299</u>

<sup>1</sup> Information is present for years ended subsequent to the implementation of GASB 34.

The City implemented GASB 54 in the 2011 fiscal year and the Reserve Fund was combined with the General Fund for external reporting. Information on the new fund balance categories is shown on a prospective basis.

**CITY OF SISTERS, OREGON**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years <sup>1</sup>**  
**(modified accrual basis of accounting)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Property taxes	\$ 1,468,027	\$ 1,370,878	\$ 1,201,327	\$ 1,112,868	\$ 1,031,320	\$ 944,861	\$ 972,429	\$ 971,237	\$ 903,370	\$ 943,503
Other taxes	798,753	838,550	781,087	721,951	627,772	568,135	503,369	478,725	444,425	427,723
Intergovernmental	564,525	846,242	331,255	526,700	465,183	522,945	298,151	658,070	635,413	274,320
Franchise Fees	508,783	439,101	386,744	343,790	324,542	308,032	268,228	259,467	260,103	267,291
Licenses and Fines	577,508	572,303	545,558	555,359	611,019	688,968	567,295	426,179	353,217	331,457
Fines and forfeitures	1,560	1,010	2,138	1,750	2,746	3,838	3,577	3,157	1,766	1,338
System development charges	590,898	252,600	290,518	272,505	87,974	101,376	95,657	42,022	55,914	21,722
Charges for services	36,161	37,361	34,200	25,977	24,875	23,533	23,066	25,619	24,700	18,600
Rental income	9,000	9,000	9,000	-	4,500	9,000	9,000	9,000	9,000	12,161
Interest on Investments	111,059	103,229	58,620	34,634	22,178	22,054	19,836	22,450	24,693	27,947
Miscellaneous Revenues	62,476	81,067	94,957	24,749	32,800	25,303	23,856	20,014	28,881	19,555
Total revenues	<u>4,728,750</u>	<u>4,551,341</u>	<u>3,735,404</u>	<u>3,620,283</u>	<u>3,234,909</u>	<u>3,218,045</u>	<u>2,784,464</u>	<u>2,915,940</u>	<u>2,741,482</u>	<u>2,345,617</u>
<b>Expenditures</b>										
Current:										
General Government	1,387,716	1,328,888	1,389,947	1,417,302	1,379,928	1,304,765	1,116,749	1,066,934	900,854	953,851
Public safety	611,849	588,316	565,688	565,688	543,930	523,010	486,678	467,960	449,961	432,655
Culture and recreation	291,899	284,517	291,776	264,472	278,802	276,400	239,416	189,724	180,366	207,409
Community development	15,626	3,891	3,933	3,794	4,352	6,288	22,398	4,308	3,687	3,269
Highways and streets	578,999	525,668	563,651	558,015	474,973	492,042	499,545	384,973	288,713	310,693
Capital outlay	460,671	1,201,794	224,507	392,441	1,203,769	652,972	812,123	257,564	721,494	577,860
Debt service										
Principal	180,670	190,904	202,989	197,916	281,717	58,714	134,905	163,444	156,466	149,787
Interest	33,021	35,370	43,211	59,692	43,728	41,786	62,611	62,969	70,506	80,785
Total expenditures	<u>3,560,451</u>	<u>4,159,348</u>	<u>3,285,703</u>	<u>3,459,320</u>	<u>4,211,199</u>	<u>3,355,977</u>	<u>3,374,425</u>	<u>2,597,876</u>	<u>2,772,047</u>	<u>2,716,309</u>
Revenues over (under) expenditures	<u>1,168,299</u>	<u>391,993</u>	<u>449,701</u>	<u>160,963</u>	<u>(976,290)</u>	<u>(137,932)</u>	<u>(589,961)</u>	<u>318,064</u>	<u>(30,565)</u>	<u>(370,692)</u>
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	-	-	-	-	567,525	1,253,318	710,126	-	-	-
Sale of fixed assets	-	8,503	-	-	1,250	-	-	-	-	3,905
Bond Premium	-	-	-	-	62,644	-	-	-	-	-
Payment to refund debt	-	-	-	-	(584,130)	-	-	-	-	-
Operating transfers in	52,000	20,000	53,320	53,320	331,777	80,900	2,634,319	156,780	213,600	209,000
Operating transfers out	(30,680)	(8,800)	(31,760)	(31,760)	(281,835)	(60,031)	(2,614,025)	(99,780)	(156,600)	(154,000)
Total other financing sources (uses)	<u>21,320</u>	<u>19,703</u>	<u>21,560</u>	<u>21,560</u>	<u>97,231</u>	<u>1,274,187</u>	<u>730,420</u>	<u>57,000</u>	<u>57,000</u>	<u>58,905</u>
<b>Special Item</b>										
Payment for early extinguishment of debt	-	-	-	-	-	-	(1,056,690)	-	-	-
Net change in fund balances	<u>\$ 1,189,619</u>	<u>\$ 411,696</u>	<u>\$ 471,261</u>	<u>\$ 182,523</u>	<u>\$ (879,059)</u>	<u>\$ 1,136,255</u>	<u>\$ (916,231)</u>	<u>\$ 375,064</u>	<u>\$ 26,435</u>	<u>\$ (311,787)</u>
Debt service as a percentage of noncapital expenditures	<u>7.4%</u>	<u>8.3%</u>	<u>8.7%</u>	<u>9.2%</u>	<u>12.1%</u>	<u>3.9%</u>	<u>8.4%</u>	<u>10.7%</u>	<u>12.4%</u>	<u>12.1%</u>

<sup>1</sup> Information is presented for years ended subsequent to the implementation of GASB 34.

**CITY OF SISTERS, OREGON**  
**Program Revenues by Function/Program**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities</b>										
General government	Sisters FS p. 2 \$ 426,986	\$ 351,999	\$ 271,578	\$ 385,290	\$ 539,547	\$ 621,802	\$ 613,203	\$ 254,252	\$ 215,851	\$ 268,158
Public safety	Sisters FS p. 2 -	-	28,897	90,566	28,832	26,215	26,208	21,808	26,606	61,895
Culture and recreation	Sisters FS p. 2 580,160	545,311	520,964	417,308	259,752	316,955	199,428	145,968	119,136	173,098
Highways and streets	Sisters FS p. 2 1,399,361	1,641,590	992,365	2,110,158	707,578	632,146	422,079	1,062,293	739,693	348,244
<b>Total governmental activities</b>	<b>2,406,507</b>	<b>2,538,900</b>	<b>1,813,804</b>	<b>3,003,322</b>	<b>1,535,709</b>	<b>1,597,118</b>	<b>1,260,918</b>	<b>1,484,321</b>	<b>1,101,286</b>	<b>851,395</b>
<b>Business-type activities</b>										
Water	Sisters FS p. 2 1,704,340	1,333,217	1,918,279	1,071,855	927,672	1,104,184	888,023	730,442	585,906	565,795
Refuse	-	-	-	-	-	-	-	-	-	-
Sewer	Sisters FS p. 2 2,003,996	1,600,450	1,938,411	1,464,692	1,244,171	1,302,664	1,127,910	953,535	865,237	835,719
<b>Total business-type activities</b>	<b>3,708,336</b>	<b>2,933,667</b>	<b>3,856,690</b>	<b>2,536,547</b>	<b>2,171,843</b>	<b>2,406,848</b>	<b>2,015,933</b>	<b>1,683,977</b>	<b>1,451,143</b>	<b>1,401,514</b>
<b>Total Primary government</b>	<b>\$ 6,114,843</b>	<b>\$ 5,472,567</b>	<b>\$ 5,670,494</b>	<b>\$ 5,539,869</b>	<b>\$ 3,707,552</b>	<b>\$ 4,003,966</b>	<b>\$ 3,276,851</b>	<b>\$ 3,168,298</b>	<b>\$ 2,552,429</b>	<b>\$ 2,252,909</b>

**CITY OF SISTERS, OREGON**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

<u>Year</u>	<u>General Fund Property Taxes</u>	<u>Transient Room Taxes</u>
<b>2011</b>	773,030	292,588
<b>2012</b>	769,256	307,575
<b>2013</b>	782,387	330,912
<b>2014</b>	787,762	355,306
<b>2015</b>	821,193	406,944
<b>2016</b>	878,897	448,523
<b>2017</b>	917,960	537,629
<b>2018</b>	976,048	594,874
<b>2019</b>	1,090,298	648,398
<b>2020</b>	1,172,697	616,987

Source: Current and prior year's financial statements

**CITY OF SISTERS, OREGON**  
**Assessed Valuation and Actual Values of Taxable Property \***  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Real Property</b>	<b>Manufactured Structures</b>	<b>Personal Property</b>	<b>Public Utility</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Measure 5 Real Market Value (RMV)</b>
<b>2011</b>	299,029,708	159,640	8,986,640	2,858,400	311,034,388	2.6417	451,070,086
<b>2012</b>	294,195,678	178,990	8,188,750	2,843,630	305,407,048	2.6417	393,289,238
<b>2013</b>	301,988,249	171,390	7,728,030	2,474,000	312,361,669	2.6417	386,590,358
<b>2014</b>	306,870,940	209,820	6,945,910	2,799,800	316,826,470	2.6417	375,985,330
<b>2015</b>	314,574,619	234,790	7,944,760	3,454,400	326,208,569	2.6417	389,737,373
<b>2016</b>	342,164,332	287,830	7,816,100	4,380,500	354,648,762	2.6417	438,553,487
<b>2017</b>	360,681,270	253,060	8,320,750	4,148,900	373,403,980	2.6417	499,843,058
<b>2018</b>	381,849,486	279,105	9,173,430	3,692,100	394,994,121	2.6417	559,333,811
<b>2019</b>	420,121,862	263,560	10,550,190	4,998,800	435,934,412	2.6417	669,725,583
<b>2020</b>	455,701,658	275,560	11,798,560	4,650,600	472,426,378	2.6417	761,685,129

**CITY OF SISTERS, OREGON**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(Per \$1,000 of Assessed Valuation)**  
**Last Ten Fiscal Years**

Fiscal Year	City of Sisters*			Overlapping Rates					Total Direct & Overlapping Rates
	General Fund	Urban Renewal	Total	Deschutes County	School <sub>1</sub> District #6	COCC <sub>2</sub>	SPRD <sub>3</sub>	Camp Sherman Fire Dist	
2011	2.54	0.58	3.12	3.32	6.30	0.71	0.21	2.86	16.52
2012	2.56	0.45	3.01	3.34	5.86	0.73	0.21	2.89	16.04
2013	2.53	0.63	3.16	3.32	5.76	0.73	0.21	2.84	16.02
2014	2.53	0.60	3.13	3.21	5.72	0.72	0.21	2.85	15.84
2015	2.57	0.39	2.96	3.22	5.84	0.72	0.21	2.80	15.75
2016	2.56	0.45	3.01	3.27	5.76	0.72	0.21	2.84	15.81
2017	2.54	0.55	3.09	3.23	6.24	0.72	0.21	2.85	16.34
2018	2.54	0.60	3.14	3.07	6.15	0.72	0.21	2.81	16.10
2019	2.52	0.68	3.20	3.08	6.13	0.70	0.36	2.72	16.19
2019	2.53	0.65	3.18	3.09	6.11	0.70	0.36	2.80	16.24

\*The table reflects permanent rates that were levied each fiscal year by the entity identified

<sub>1</sub> School District #6 includes Sisters School District and Education Service District (ESD)

<sub>2</sub> COCC - Central Oregon Community College

<sub>3</sub> SPRD - Sisters Parks and Recreation District

**CITY OF SISTERS, OREGON**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

<b>Fiscal Year Ended June 30,</b>	<b>Tax Levy for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
<b>2011</b>	968,063	901,769	93.15%	66,247	968,016	100.00%
<b>2012</b>	918,015	862,038	93.90%	55,940	917,978	100.00%
<b>2013</b>	981,366	927,418	94.50%	53,906	981,324	100.00%
<b>2014</b>	989,983	943,355	95.29%	46,573	989,928	99.99%
<b>2015</b>	962,333	919,535	95.55%	42,584	962,119	99.98%
<b>2016</b>	1,064,203	1,012,770	95.17%	51,306	1,064,076	99.99%
<b>2017</b>	1,150,311	1,097,521	95.41%	51,501	1,149,022	99.89%
<b>2018</b>	1,231,814	1,183,488	96.08%	44,652	1,228,140	99.70%
<b>2019</b>	1,411,002	1,355,617	96.07%	48,110	1,403,727	99.48%
<b>2020</b>	1,491,890	1,434,618	96.16%	-	1,434,618	96.16%

Source: Current and prior years' financial statements and Deschutes County, Assessor's Office

CITY OF SISTERS, OREGON  
Principal Taxpayers  
City of Sisters  
June 30, 2020 and June 30, 2011

<b>June 30, 2020</b>			
<b>Taxpayer</b>	<b>Real Property Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
BEND-THIRD LLC ETAL	\$ 6,895,180	1	1.51%
WILLITTS LLC	5,210,180	2	1.14%
BEST WESTERN PONDEROSA LODGE INC	5,226,960	3	1.15%
PENN STREET LLC	4,356,010	4	0.96%
SISTERS COMMERCIAL II LLC	3,759,270	5	0.82%
SECORIO LLC	2,812,690	6	0.62%
SISTERS SELF STORAGE LLC	2,590,020	7	0.57%
FISH BARRELL LLC	2,478,220	8	0.54%
HAYDEN INCOME PROPERTY LLC	2,270,450	9	0.50%
GRAND PEAKS AT SISTERS LLC	2,810,120	10	0.62%
	<b>\$ 38,409,100</b>		
 Total Assessed Valuation	 <b>\$ 455,977,218</b>		

<b>June 30, 2011</b>			
<b>Taxpayer</b>	<b>Real Property Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
SISTERS CORPORATION	\$ 6,600,560	1	2.23%
3 SISTERS PARTNERS LLC	4,228,360	2	1.43%
BEST WESTERN PONDEROSA LODGE INC	3,843,700	3	1.30%
DINSDALE, PETER B	3,371,160	4	1.14%
CARPENTER, RICHARD L & JELINDA S	3,181,200	5	1.07%
WILLITTS LLC	2,953,300	6	1.00%
SISTERS COMMERCIAL II LLC,	2,917,710	7	0.98%
THREEWIND ASSOCIATES L L C	2,911,020	8	0.98%
DUTCH PACIFIC PROPERTIES LP	2,484,520	9	0.84%
FIVE PINE LLC,	1,865,850	10	0.63%
	<b>\$ 34,357,380</b>		
 Total Assessed Valuation	 <b>\$ 296,327,452</b>		

N/A - Information at City level not available.



**CITY OF SISTERS,  
OREGON  
Ratios of Outstanding Debt By Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Population
	Bonds Payable	Notes Payable	Revenue Bonds	Notes Payable			
2011	1,511,504	-	4,947,672	2,270,157	8,729,333	17.56%	2,038
2012	1,355,039	-	4,860,086	2,121,936	8,337,061	15.77%	2,055
2013	1,191,595	-	4,768,559	1,968,353	7,928,507	14.82%	2,115
2014	-	710,126	4,672,913	1,823,429	7,206,468	10.65%	2,115
2015	-	1,904,730	4,572,964	1,727,785	8,205,479	9.50%	2,190
2016	535,000	1,072,843	5,645,000	-	7,252,843	7.04%	2,472
2017	535,000	1,072,843	5,645,000	-	7,252,843	6.52%	2,502
2018	472,000	719,695	5,308,000	-	6,499,695	5.35%	2,540
2019	436,000	557,291	5,099,000	5,959	6,098,250	4.39%	2,725
2020	397,000	415,622	4,883,000	4,509	5,700,131	3.38%	2,985

Source: Current and prior years' financial Statements, Department of Commerce- Bureau of Economic Analysis, Center for Population Research and Census at Portland State University.

**CITY OF SISTERS, OREGON**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>General Obligation Bonds</b>	<b>Total Taxable Assessed Value (000)'s</b>	<b>Percentage of Debt to Value of Property</b>	<b>Net Bonded Debt Per Capita Value (000)'s</b>
2011	2,038	1,511,504	311,034	0.49%	742
2012	2,055	1,355,039	305,407	0.44%	659
2013	2,115	1,191,595	312,362	0.38%	563
2014	2,115	-	316,826	0.00%	-
2015	2,190	-	326,209	0.00%	-
2016	2,472	-	354,649	0.00%	-
2017	2,502	-	373,404	0.00%	-
2018	2,540	-	394,994	0.00%	-
2019	2,725	-	435,934	0.00%	-
2020	2,985	-	472,426	0.00%	-

Source: Current and prior years' financial statements, Deschutes County, Assessor's Office, and Center for Population Research and Census at Portland State University

**CITY OF SISTERS, OREGON**  
**Legal Debt Margin Information**  
**Last Ten fiscal Years**  
**(unaudited)**

ORS 287.004 provides a debt limit on general obligation bonds of 3% of the real market value of all taxable property within the City's boundaries.

<b>Fiscal Year</b>	<b>Real Market Value</b>	<b>Debt Limit Rate</b>	<b>Debt Limit</b>	<b>Less: General Obligation Debt</b>	<b>Legal Debt Margin</b>	<b>Total GO Debt as % of Debt Limit</b>
<b>2011</b>	451,070,086	3%	13,532,103	1,511,504	12,020,599	11.17%
<b>2012</b>	393,289,238	3%	11,798,677	1,355,039	10,443,638	11.48%
<b>2013</b>	386,590,358	3%	11,597,711	1,191,595	10,406,116	10.27%
<b>2014</b>	375,985,330	3%	11,279,560	-	11,279,560	0.00%
<b>2015</b>	389,737,373	3%	11,692,121	-	11,692,121	0.00%
<b>2016</b>	438,553,487	3%	13,156,605	-	13,156,605	0.00%
<b>2017</b>	499,843,058	3%	14,995,292	-	14,995,292	0.00%
<b>2018</b>	559,333,811	3%	16,780,014	-	16,780,014	0.00%
<b>2019</b>	669,725,583	3%	20,091,767	-	20,091,767	0.00%
<b>2020</b>	761,685,129	3%	22,850,554	-	22,850,554	0.00%

**CITY OF SISTERS, OREGON**  
**Computation of Direct and Overlapping Debt**  
**For the Fiscal Year Ended June 30, 2020**  
**(unaudited)**

**CITY OF SISTERS, OREGON**

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**For the fiscal year ended June 30, 2020**

<u>Jurisdiction</u>	<u>Total Net Debt</u>	<u>Percent Applicable to City of Sisters</u>	<u>Amount Applicable to City of Sisters</u>
Direct Debt:			
City of Sisters	\$ 5,280,000	100%	\$ 5,280,000
Overlapping Debt:			
Central Oregon Community College	48,930,000	1.44%	702,928
Deschutes County	12,630,000	1.70%	214,180
Deschutes County SD (Sisters)	16,061,845	22.81%	3,663,241
High Desert ESD	2,945,002	1.55%	45,677
Sisters RFPD (Camp Sherman)	1,405,000	39.30%	552,182
	81,971,847	6.32%	5,178,208
Total Direct and Overlapping Debt:	\$ 87,251,847	11.99%	\$ 10,458,208

Source:

Debt Management Division, Oregon State Treasury

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Sisters. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying debt, of each overlapping government.

CITY OF SISTERS, OREGON

Historical Sewer Revenues and Expenditures  
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Operating Revenues:</b>										
Charges for Services	\$ 686,354	\$ 695,228	\$ 686,731	\$ 715,963	\$ 810,622	\$ 839,625	\$ 883,605	\$ 933,380	\$ 970,331	\$ 1,095,941
Licenses and Fees	2,280	3,952	1,588	9,227	11,061	2,800	6,200	4,842	8,753	10,578
Rental Income	48,000	48,000	48,000	48,000	24,000	13,000	12,000	13,000	10,000	16,000
Interest on Investments	5,459	5,046	4,414	4,074	3,893	4,785	10,845	18,078	33,348	31,434
Miscellaneous <sup>①</sup>	17,850	26,533	88,831	19,503	1,869	1,194	1,793	6,685	29,078	5,337
<b>Total Operating Revenues</b>	<b>\$ 759,943</b>	<b>\$ 778,759</b>	<b>\$ 829,564</b>	<b>\$ 796,767</b>	<b>\$ 851,445</b>	<b>\$ 861,404</b>	<b>\$ 914,443</b>	<b>\$ 975,985</b>	<b>\$ 1,051,511</b>	<b>\$ 1,159,289</b>
<b>Operating Expenditures</b>										
Personal Services	\$ 279,199	\$ 271,414	\$ 196,038	\$ 183,905	\$ 153,970	\$ 179,186	\$ 195,525	\$ 227,329	\$ 251,979	\$ 286,617
Materials and Services	180,356	175,205	218,024	190,220	208,291	323,166	239,787	240,103	250,473	290,202
<b>Total Operating Expenditures</b>	<b>\$ 459,555</b>	<b>\$ 446,619</b>	<b>\$ 414,062</b>	<b>\$ 374,125</b>	<b>\$ 362,261</b>	<b>\$ 502,352</b>	<b>\$ 435,312</b>	<b>\$ 467,432</b>	<b>\$ 502,452</b>	<b>\$ 576,819</b>
<b>Net Operating Revenues</b>	<b>300,388</b>	<b>332,140</b>	<b>415,502</b>	<b>422,642</b>	<b>489,184</b>	<b>359,052</b>	<b>479,131</b>	<b>508,553</b>	<b>549,059</b>	<b>582,470</b>
<b>Other Resources:</b>										
Beginning Sewer Fund Balances	\$ 1,289,896	\$ 1,052,992	\$ 944,417	\$ 942,064	\$ 896,919	\$ 997,382	\$ 1,086,518	\$ 1,203,402	\$ 1,328,250	\$ 1,532,422
<b>Total Resources</b>	<b>\$ 1,590,284</b>	<b>\$ 1,385,132</b>	<b>\$ 1,359,919</b>	<b>\$ 1,364,706</b>	<b>\$ 1,386,103</b>	<b>\$ 1,356,434</b>	<b>\$ 1,565,649</b>	<b>\$ 1,711,955</b>	<b>\$ 1,877,309</b>	<b>\$ 2,114,892</b>
<b>Debt Service <sup>②③</sup></b>										
	409,338	407,715	406,065	409,800	368,940	363,475	334,679	339,051	333,284	334,153
Coverage with Net Operating Revenues	0.73	0.81	1.02	1.03	1.33	0.99	1.43	1.50	1.65	1.74
Coverage with Total Resources	3.89	3.40	3.35	3.33	3.76	3.73	4.68	5.05	5.63	6.33

① Includes revenues tied to wastewater disposal in connection with fighting forest fires.

② Includes debt service on the USDA Loans, the BotC Sewer Loan (and initial loan it refunded) and a loan from the Department of Environmental Quality which the City paid off January 12, 2016

③ For Fiscal Year 2015-2016, debt service is net of bond issuance/payoff related activity

**CITY OF SISTERS, OREGON**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup></b>	<b>Per Capita Personal Income<sup>3</sup></b>	<b>School Enrollment<sup>4</sup></b>	<b>Unemployment Rate<sup>5</sup></b>
<b>2011</b>	2,038	49,723,124	24,398	1,218	12.30%
<b>2012</b>	2,080	52,877,760	25,422	1,155	11.20%
<b>2013</b>	2,115	53,498,925	25,295	1,148	9.60%
<b>2014</b>	2,115	67,696,920	32,008	1,141	7.80%
<b>2015</b>	2,190	86,408,640	39,456	1,105	6.20%
<b>2016</b>	2,472	103,020,600	41,675	1,736	5.00%
<b>2017</b>	2,502	111,176,370	44,435	1,684	3.80%
<b>2018</b>	2,540	121,434,860	47,809	1,100	3.80%
<b>2019</b>	2,725	138,852,375	50,955	1,109	3.90%
<b>2020</b>	2,985	168,494,295	56,447	1,115	12.30%

*Data Sources*

<sup>1</sup> Center for Population Research and Census, Portland State University

<sup>2</sup> Estimation; Calculated, Population multiplied by Per Capita Personal Income

<sup>3</sup> Per Capita Income as reported by Economic Research, Federal Reserve Bank of St. Louis

<sup>4</sup> Sisters School District #6

<sup>5</sup> Unemployment Rate is at the Deschutes County level.

**CITY OF SISTERS, OREGON**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<b>2020</b>		
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>
Sisters School District	135	1
Laird Superfood	86	2
Ray's Food Place	53	3
Metabolic Maintenance	43	4
Three Creeks Brewing	40	5
McDonald's Sisters	40	6
Energyneering Solutions	39	7
Sisters Coffee Company	38	8
Five Pine Lodge & Conf. Center	32	9
Sisters Athletic Club	21	10
	527	

<b>2011</b>		
Sisters School District	152	1
USFS(Sisters Ranger District)	80	2
Ray's Food Place	66	3
Three Creeks Brewing	55	4
Sisters Athletic Club	33	5
Bimart	31	6
	417	

**CITY OF SISTERS, OREGON**  
**Full Time Equivalent City Employees**  
**by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Governmental activities:</b>										
General government	1.30	1.40	1.90	1.98	2.65	2.52	2.53	2.44	2.62	2.49
Culture and recreation	1.30	1.35	1.63	1.75	1.70	1.66	1.50	1.48	1.51	1.04
Community development	1.85	1.65	1.80	1.75	1.65	0.90	0.85	0.85	0.85	1.03
Streets and highways	2.55	2.65	2.41	2.45	2.85	2.03	1.90	1.91	1.91	1.11
<b>Total governmental activities</b>	<b>7.00</b>	<b>7.05</b>	<b>7.74</b>	<b>7.93</b>	<b>8.85</b>	<b>7.11</b>	<b>6.78</b>	<b>6.68</b>	<b>6.89</b>	<b>5.67</b>
<b>Business-type activities:</b>										
Water	2.65	2.50	2.43	2.56	2.20	2.14	2.00	1.92	2.09	2.50
Sewer	2.35	2.20	2.13	2.26	1.70	1.50	1.97	1.90	2.02	2.83
Refuse						-	-	-	-	-
<b>Total business-type activities</b>	<b>5.00</b>	<b>4.70</b>	<b>4.56</b>	<b>4.82</b>	<b>3.90</b>	<b>3.64</b>	<b>3.97</b>	<b>3.82</b>	<b>4.11</b>	<b>5.33</b>
<b>Total primary government budgeted FTE</b>	<b>12.00</b>	<b>11.75</b>	<b>12.30</b>	<b>12.75</b>	<b>12.75</b>	<b>10.75</b>	<b>10.75</b>	<b>10.50</b>	<b>11.00</b>	<b>11.00</b>
<b>City of Sisters</b>										
Management and exempt	5.00	5.00	5.00	5.00	4.00	5.00	6.00	6.00	6.00	6.00
Temporary employees	0.50	0.50	0.50	1.00	1.00	1.50	0.50	0.50	0.50	0.50
<b>Total Employees</b>	<b>17.50</b>	<b>17.25</b>	<b>17.80</b>	<b>18.75</b>	<b>17.75</b>	<b>17.25</b>	<b>17.25</b>	<b>17.00</b>	<b>17.50</b>	<b>17.50</b>

use budget fy 19-20 for "2020" heading



**CITY OF SISTERS, OREGON**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal years**

<b>FUNCTION/PROGRAM</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Governmental Activities:</b>										
<b>Street</b>										
Street miles	29.3	29.1	29.1	28.6	28.4	28.4	28.4	28.2	28.2	28.2
Street resurfing miles	0.6	0.4	1	1	0.45	0.22	1.5	1.5	2	2
<b>Culture and recreation</b>										
Parks	8	8	8	8	8	8	7	7	7	7
Special event permits issued	2	48	38	51	49	43	43	56	54	52
<b>Business-type Activities:</b>										
<b>Water</b>										
Water mains (miles)	39.8	39.3	39.1	38.4	30.3	30.3	30.3	30.3	30.3	30.3
Average daily water consumption -CCF <sup>1</sup>	94,189	98,919	90,260	77,160	77,568	76,515	69,599	75,166	71,275	68,244
<b>Sewer</b>										
Sanitary sewers (miles)	30.9	30.6	30.4	30	29.5	28.9	23	23	23	23
Maximum daily treatment capacity	396,000 gpd	396,000 gpd	396,000 gpd	396,000 gpd	396,000 gpd	396,000 gpd	396,000 gpd	396,000 gpd	396,000 gpd	396,000 gpd
Average daily sewer treatment	204,000	203,000 gpd	197,000 gpd	197,000 gpd	197,000 gpd	195,000 gpd	189,000 gpd	196,000 gpd	194,000 gpd	182,000 gpd

<sup>1</sup>1,000 cubic feet

**CITY OF SISTERS, OREGON**  
**Capital Asset and Infrastructure Statistics by Function/Program**  
**Last Ten Fiscal Years**

<b>FUNCTION/PROGRAM</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Governmental Activities</b>										
<b>General Government</b>										
Buildings owned-all structures	24	24	24	24	23	23	21	21	21	22
Vehicles/Equip (i.e. trailers, mowers)	11	10	10	10	9	9	8	8	8	8
Vehicles (i.e. cars & pick ups)-excluding police	11	10	12	12	12	12	12	12	15	15
Vehicles (i.e. dump trucks & bucket trucks)-excluding fire	7	7	8	8	8	8	8	8	7	7
Heavy Equipment (i.e. CAT, grader, etc.)	12	11	11	10	10	10	9	8	8	7
<b>Streets and Highways</b>										
Miles of streets maintained by City:										
Paved	27.8	27.6	27.6	27.1	26.9	26.9	26.9	26.5	26.5	26.5
Unpaved	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Bridges and underpasses	3	3	3	3	3	3	3	3	3	3
<b>Business-type Activities</b>										
<b>Water</b>										
Reservoirs	1	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3
<b>Wastewater</b>										
Treatment plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	4	4	4	4	4	4	4	4	4	4

**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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## **Independent Auditor's Report Required by Oregon State Regulations**

We have audited the basic financial statements of the City of Sisters as of and for the year ended June 30, 2020, and have issued our report thereon dated December 16, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the City of Sisters 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 162-10-000 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, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the City of Sisters 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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

Expenditures exceeded appropriations for the 2019-2020 budget in the following amount:

Street Fund:

Capital outlay	\$ 5,610
Debt service	\$ 132

Urban Renewal Project Fund:

Capital outlay	\$ 2,100
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Urban Renewal Debt Service Fund:

Debt service	\$ 696
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Water Fund:

Materials and services	\$ 2,046
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Sewer SDC Fund:

Materials and services	\$ 320
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**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the City of Sisters internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sisters internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Sisters internal control over financial reporting.

We noted certain matters that we reported to management of City of Sisters, Oregon, in a separate letter dated December 16, 2020.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of City of Sisters and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Dickey and Tremper, LLP



December 16, 2020

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