

CITY OF SISTERS, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022



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

THIS PAGE INTENTIONALLY LEFT BLANK



CITY OF SISTERS, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Transmittal Letter	i - iii
Officials of the City	iv
Organizational Chart	v
Certificate of Achievement	vi
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	A - D
MANAGEMENT’S DISCUSSION AND ANALYSIS	a - h
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Governmental Funds:	3
Balance Sheet	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	5
Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual	
General	8
Street	9
Proprietary Funds:	10
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Fund Net Position	12
Statement of Cash Flows	13 - 14
Notes to the Basic Financial Statements	15 - 51
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset)	52
Schedule of the City’s Contributions to the Oregon Public Employee Retirement System	52
Schedule of Proportionate Share of Net OPEB Liability (Asset)	53

	<u>Page</u>
Schedule of Contributions – OPERS Retirement Health Insurance Account	53
Schedule of Changes in the City’s OPEB Liability and Related Ratios	54
Notes to Required Supplementary Information	55
 SUPPLEMENTAL INFORMATION	
Combining Statements – Non-Major Governmental Funds:	56
Combining Balance Sheet	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	58
Budgetary Comparison Schedules:	59
Schedule of Expenditures and Transfers – Budget and Actual (NON-GAAP BUDGETARY BASIS), By Department:	60
General Fund	61
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Governmental Funds:	62
Capital Project Funds:	
Street SDC	63
Park SDC	64
Parking District	65
Debt Service Funds:	
City Hall Debt Service	66
Urban Renewal Debt Service	67
Proprietary Funds:	68
Enterprise Funds:	
All Water Funds:	
Water	69
Water SDC	70
Reconciliation to Generally Accepted Accounting Principles	71
All Sewer Funds:	
Sewer	72
Sewer SDC	73
Reconciliation to Generally Accepted Accounting Principles	74
Other Financial Schedules:	
Schedule of Outstanding Debt Principal and Interest Transactions	75
Schedule of Governmental Activities Debt Service Future Requirements	
Loans Payable	76
Bonds payable	77
Schedule of Business-Type Activities Debt Service Future Requirements	
Bonds Payable	78
 <u>STATISTICAL SECTION</u> 	
Net Position By Component – Last Ten Fiscal Years	79
Changes in Net Position – Last Ten Fiscal Years	80 - 81
Fund Balances, Governmental Funds – Last Ten Fiscal Years	82
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	83
Program Revenues by Function/Program – Last Ten Fiscal Years	84
Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	85
Assessed Valuation and Actual Values of Taxable Property – Last Ten Fiscal Years	86

	<u>Page</u>
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	87
Property Tax Levies and Collections – Last Ten Fiscal Years	88
Principal Taxpayers – June 30, 2021 and June 30, 2012	89
Ratios of Outstanding Debt By Type – Last Ten Fiscal Years	90
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	91
Legal Debt Margin Information – Last Ten Fiscal Years	92
Computation of Direct and Overlapping Debt	93
Historical Sewer Revenues and Expenditures – Last Ten Years	94
Demographic and Economic Statistics – Last Ten Fiscal Years	95
Principal Employers – Current and Nine Years Ago	96
Full Time Equivalent City Employees	
by Function/Program – Last Ten Fiscal Years	97
Operating Indicators by Function/Program – Last Ten Fiscal Years	98
Capital Asset and Infrastructure Statistics by Function/Program – Last Ten Fiscal Years	99

**REPORTS OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS**

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

100 - 101

THIS PAGE INTENTIONALLY LEFT BLANK



INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



City of Sisters

520 E Cascade Avenue, Sisters, Oregon 97759



April 24, 2023

Honorable Mayor Michael Preedin,
Members of the Council,
and Citizens of the City of Sisters:

The Annual Comprehensive Financial Report (ACFR) of the City of Sisters, Oregon (the City) for the fiscal year ended June 30, 2022 is hereby submitted.

This report presents the financial position of the City as of June 30, 2022 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 3,489. 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
Finance Director



**City of Sisters
Oregon
Fiscal Year Ending June 30, 2022**

ELECTED OFFICIALS OF THE CITY

<u>Name</u>	<u>Position</u>	<u>Terms</u>
Michael Preedin	Mayor	December, 2022
Nancy Connolly	Council President	December, 2022
Andrea Blum	Council Member	December, 2024
Jennifer Letz	Council Member	December, 2024
Gary Ross	Council Member	December, 2022

CITY STAFF

<u>Name</u>	<u>Position</u>
Cory Misley.....	City Manager
Joseph O'Neill	Finance Officer
Paul Bertagna	Public Works Director
Scott Woodford.....	Community Development Director
Erik Huffman	City Engineer
Kerry Prosser.....	City Recorder
Jeremy Green	City Attorney

MAIL ADDRESS

520 E. Cascade Ave.
P.O. Box 39
Sisters, Oregon 97759

www.ci.sisters.or.us



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sisters
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2022, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the General Fund and major Special Revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note IV.F to the financial statements, in the fiscal year ending June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

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 Contributions 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 to be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

certain limited procedures to the required supplementary information in accordance with 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.

Supplemental 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other financial schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 April 24, 2023, on our consideration of the City of Sister's 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

Dickey and Tremper, LLP
Certified Public Accountants

April 24, 2023

THIS PAGE INTENTIONALLY LEFT BLANK



MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE INTENTIONALLY LEFT BLANK



CITY OF SISTERS, OREGON
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022. 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 \$58.0 million at the end of the fiscal year.
- The City's liabilities totaled \$7.2 million at the end of the fiscal year.
- The net position balance (assets and deferred outflows over liabilities and deferred inflows) of \$50.3 million increased by \$5.0 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 (\$33.8 million), restricted amounts for future capital projects, and debt service (\$8.9) and an unrestricted balance (\$7.6 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 \$10.8 million this fiscal year, a zero change from last year, primarily due to an a leveling of revenue in taxes, charges for services and miscellaneous revenue.
- Expenses for the City totaled \$5.85 million, a roughly zero change from last year.

Fund Level

- The City's governmental funds have a combined fund balance of \$8.3 million, an increase of \$1.1 million from last year primarily due franchise fee income, taxes and a reduction in overall expenditures.
- Total property taxes of \$1.8 million increased 13% over last fiscal year. Fuel and lodging taxes increased 15% to \$1.1 million. The increase in imposed taxes is largely due to increase in tourism activity related to the region.
- The City's proprietary funds have a combined net position of \$29.3 million at the end of the fiscal year, an increase of \$2.4 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, 2022

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
- Economic Development
- Highways and Streets

Business-type activities of the City include the following:

- Water Utility
- Wastewater Utility

CITY OF SISTERS, OREGON
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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

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, Urban Renewal Project Fund, and Street SDC Fund which are considered to be major funds. Data from the other four 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.

CITY OF SISTERS, OREGON
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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.

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)

	Governmental		Business-Type		Total		Total Change + (-)
	Activities		Activities		Primary Government		
	2022	2021	2022	2021	2022	2021	
Current and other assets	\$ 9.11	\$ 7.95	\$ 9.93	\$ 8.68	\$ 19.03	\$ 16.63	\$ 2.39
Capital assets	13.88	12.79	25.09	24.21	38.97	37.01	1.96
Total assets	22.99	20.75	35.02	32.90	58.01	53.63	4.35
Deferred Outflows	0.56	0.44	0.31	0.24	0.87	0.68	0.19
Current liabilities	0.54	1.05	0.56	0.63	1.10	1.69	-0.59
Noncurrent liabilities	1.08	1.55	5.04	5.53	6.12	7.08	-0.96
Total liabilities	1.62	2.60	5.60	6.16	7.22	8.76	-1.54
Deferred Inflows	0.98	0.16	0.37	0.09	1.35	0.25	1.10
Net position:							
Net investment in							
Capital Assets	13.54	12.12	20.24	19.11	33.78	31.23	2.55
Restricted	3.62	3.54	5.26	4.73	8.88	8.27	0.61
Unrestricted	3.78	2.77	3.86	3.03	7.64	5.80	1.83
Total net position	\$ 20.94	\$ 18.43	\$ 29.36	\$ 26.87	\$ 50.30	\$ 45.30	\$ 5.00

Net position serves as a useful indicator of a government's financial position. For the City of Sisters, assets exceeded liabilities by \$50.3 million at the close of fiscal year 2021/22. 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 \$2.0 million primarily due to contributed assets from development and street infrastructure expenditures offset by annual depreciation expense.

CITY OF SISTERS, OREGON
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Restricted net position totals \$8.88 million and represents cash and investments that are legally restricted for capital expansion or debt service. The remaining balance of unrestricted net position (\$7.64 million) may be used to meet the City's ongoing obligations to citizens and creditors.

Statement of Activities:

Net position of the City increase was minimal due to similar totals for program and general revenues while expenditures maintained a constant level year over year.

Table 2
City of Sisters' Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Total Change + (-)
	2022	2021	2022	2021	2022	2021	
Revenues:							
Program revenues:							
Charges for services	\$ 800,628	\$ 781,557	\$ 2,531,159	\$ 2,311,576	\$ 3,331,787	\$ 3,093,133	\$ 238,654
Operating grants and contributions	530,045	579,015	-	-	530,045	579,015	(48,970)
Capital grants and contributions	1,161,992	1,482,756	2,137,446	2,275,481	3,299,438	3,758,237	(458,799)
General revenues:							
Taxes	1,772,764	1,653,654	-	-	1,772,764	1,653,654	119,110
Other	1,862,361	1,688,518	43,165	58,560	1,905,526	1,747,078	158,448
Total revenues	6,127,790	6,185,500	4,711,770	4,645,617	10,839,560	10,831,117	8,443
Expenses:							
General government	1,425,149	1,708,105	-	-	1,425,149	1,708,105	(282,956)
Public safety	714,408	640,635	-	-	714,408	640,635	73,773
Highways and streets	1,077,368	1,072,285	-	-	1,077,368	1,072,285	5,083
Culture and recreation	392,762	361,233	-	-	392,762	361,233	31,529
Community development	11,481	11,831	-	-	11,481	11,831	(350)
Interest on long-term debt	13,754	20,957	-	-	13,754	20,957	(7,203)
Water	-	-	1,030,437	930,873	1,030,437	930,873	99,564
Sewer	-	-	1,186,324	1,114,936	1,186,324	1,114,936	71,388
Total expenses	3,634,922	3,815,046	2,216,761	2,045,809	5,851,683	5,860,855	(9,172)
Increase in net position before transfers	2,492,868	2,370,454	2,495,009	2,599,808	4,987,877	4,970,262	17,615
Transfers	22,700	21,500	(22,700)	(21,500)	-	-	-
Change in net position	2,515,568	2,391,954	2,472,309	2,578,308	4,987,877	4,970,262	17,615
Net position, July 1, as restated	18,427,345	16,035,391	26,883,503	24,305,195	45,310,848	40,340,586	4,970,262
Net position, June 30	\$ 20,942,913	\$ 18,427,345	\$ 29,355,812	\$ 26,883,503	\$ 50,298,725	\$ 45,310,848	\$ 4,987,877

Governmental Funds

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$8.3 million. Approximately \$2.8 million or 34% of the balance is unassigned for spending at the City's discretion. The remaining \$5.5 million of fund balance is assigned or restricted for debt service 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 \$2.8 million. This represents a \$.7 million increase compared to FY 21/22. This increase is mainly due to Transient Room Tax, Campground Fees and Property taxes and indicator of the appeal for Sisters as a tourist attraction.

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, 2022 is \$1.5 million, an

CITY OF SISTERS, OREGON
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

increase of \$.2 million from prior year. The increase is mainly due to an increase in franchise fee income.

The *Urban Renewal Project Fund* is the general fund of the blended component unit and accounts for general operation 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 *Street SDC Fund* accounts for system development charges to construct transportation facilities necessitated by new development. The restricted fund balance at June 30, 2022 is \$1.9 million, an increase of \$.4 million from the prior year due to an increase in SDC revenues over capital expenditures.

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)	\$1,944,015	(50%)
All Sewer (including SDC)	\$1,911,304	(50%)

The total proprietary fund unrestricted net assets increased slightly by \$.812 million from the prior year primarily due to increased utility revenues.

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, 2022.

General Fund. The General Fund's change in fund balance increased by \$798,067 compared to a budgeted increase of \$586,807. This increase is due to a decrease in expenditures largely related to planning department contracted services. It is also due to an increase in income related to lodging tax and camp fees.

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, 2022 amounts to \$39.0 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, 36% is associated with governmental activities and 64% with business-type activities. See Table 3.

In total, the City's capital assets increased by \$1.9 million from the prior year. Governmental activities account for \$1.0 million of the increase and business-type activities account for \$0.9 million increase. Capital asset projects during the fiscal year included the following:

CITY OF SISTERS, OREGON
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

- Creekside Park Bridge Improvements
- Solar Panel Project
- Public Works Equipment

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

	Governmental Activities		Business-type Activities		Total		Total Change + (-)
	2022	2021	2022	2021	2022	2021	
Land	\$ 1,206,932	\$ 527,720	\$ 4,289,705	\$ 4,289,705	\$ 5,496,637	\$ 4,817,425	\$ 679,212
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	252,652	328,229	679,200	1,675,139	931,852	2,003,368	(1,071,516)
Buildings	2,716,728	2,693,415	439,943	456,709	3,156,671	3,150,124	6,547
Improvements, others than buildings	8,978,875	8,626,724	19,252,656	17,379,146	28,231,531	26,005,870	2,225,661
Equipment	397,752	287,830	141,307	129,007	539,059	416,837	122,222
Total	<u>\$ 13,883,811</u>	<u>\$ 12,794,791</u>	<u>\$ 25,085,499</u>	<u>\$ 24,212,394</u>	<u>\$ 38,969,310</u>	<u>\$ 37,007,184</u>	<u>\$ 1,962,126</u>

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

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)

	Governmental Activities		Business-type Activities		Total		Total Change + (-)
	2022	2021	2022	2021	2022	2021	
Revenue bonds	0.3	0.4	4.4	4.7	4.8	5.0	(0.3)
Notes Payable	0.0	0.3	0.0	0.0	0.0	0.3	(0.3)
Total	<u>\$ 0.3</u>	<u>\$ 0.6</u>	<u>\$ 4.4</u>	<u>\$ 4.7</u>	<u>\$ 4.8</u>	<u>\$ 5.3</u>	<u>\$ (0.6)</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In preparing the budget for FY 2022/23 the City considered various economic factors and used the following assumptions:

CITY OF SISTERS, OREGON
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Property taxes. The City has forecasted a 7% increase in assessed value for properties within the city limits, with a collection rate of 94%.

The City's current population is 3,489 . 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 2.6%.

It was assumed that **medical benefit** premiums will increase approximately 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 19.38% and 17.05% 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 8%
- Automobile insurance will increase by 5%
- Liability insurance will increase by 12%
- Unemployment insurance will not change
- Workers compensation insurance rates will increase 1%

Budgeted operating contingency is \$1.0 million which represents 2 months of operating expenses. Reserves for capital replacement and improvements are \$3.6 million, and reserves for future expenditures, which includes expenditures for capital projects and new development, are \$12.0 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.

BASIC FINANCIAL STATEMENTS

CITY OF SISTERS, OREGON
STATEMENT OF NET POSITION
June 30, 2022

Primary Government

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,822,075	\$ 4,429,158	\$ 9,251,233
Receivables:			
Accounts, net	183,379	185,724	369,103
Intergovernmental	55,719	-	55,719
Property taxes	34,187	-	34,187
Assessments	63,759	2,994	66,753
Leases	312,873	-	312,873
Inventories	-	50,246	50,246
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	3,625,383	5,258,002	8,883,385
Net OPEB asset	8,257	4,571	12,828
Capital assets:			
Land and water rights	1,206,932	4,558,393	5,765,325
Art and sculptures	330,872	14,000	344,872
Construction in progress	252,652	679,200	931,852
Depreciable assets, net of depreciation	<u>12,093,355</u>	<u>19,833,906</u>	<u>31,927,261</u>
Total assets	<u>22,989,443</u>	<u>35,016,194</u>	<u>58,005,637</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	554,025	306,721	860,746
Deferred outflows related to OPEB	<u>4,909</u>	<u>2,820</u>	<u>7,729</u>
Total deferred outflow of resources	<u>558,934</u>	<u>309,541</u>	<u>868,475</u>
LIABILITIES			
Accounts payable and accrued expenses	89,927	110,137	200,064
Deposits	80,342	173,304	253,646
Accrued interest payable	1,057	14,777	15,834
Unearned revenue	287,731	2,994	290,725
Long-term obligations:			
Due within one year:			
Long-term liabilities	78,520	259,508	338,028
Due in more than one year:			
Net pension liability	725,361	401,577	1,126,938
Net OPEB liability	35,618	20,894	56,512
Long-term liabilities	<u>322,908</u>	<u>4,614,845</u>	<u>4,937,753</u>
Total liabilities	<u>1,621,464</u>	<u>5,598,036</u>	<u>7,219,500</u>
DEFERRED INFLOWS OF RESOURCES			
Lease receivables related	312,873	-	312,873
Deferred inflows related to pension	658,595	364,611	1,023,206
Deferred inflows related to OPEB	<u>12,532</u>	<u>7,276</u>	<u>19,808</u>
Total deferred inflow of resources	<u>984,000</u>	<u>371,887</u>	<u>1,355,887</u>
NET POSITION			
Net investment in capital assets	13,535,077	20,242,491	33,777,568
Restricted for:			
Debt service	313,468	-	313,468
System development	3,298,493	5,258,002	8,556,495
Other	13,422	-	13,422
Unrestricted	<u>3,782,453</u>	<u>3,855,319</u>	<u>7,637,772</u>
Total net position	<u>\$ 20,942,913</u>	<u>\$ 29,355,812</u>	<u>\$ 50,298,725</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, 2022

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
Governmental activities:							
General government	\$ 1,425,149	\$ 287,325	\$ 68,430	\$ -	\$ (1,069,394)	\$ -	\$ (1,069,394)
Public safety	714,408	-	-	-	(714,408)	-	(714,408)
Culture and recreation	392,762	450,162	-	238,635	296,035	-	296,035
Community development	11,481	-	-	-	(11,481)	-	(11,481)
Highways and streets	1,077,368	63,141	461,615	923,357	370,745	-	370,745
Interest on long-term obligations	13,754	-	-	-	(13,754)	-	(13,754)
Total governmental activities	<u>3,634,922</u>	<u>800,628</u>	<u>530,045</u>	<u>1,161,992</u>	<u>(1,142,257)</u>	<u>-</u>	<u>(1,142,257)</u>
Business-type activities:							
Water	1,030,437	1,101,205	-	852,354	-	923,122	923,122
Sewer	<u>1,186,324</u>	<u>1,429,954</u>	<u>-</u>	<u>1,285,092</u>	<u>-</u>	<u>1,528,722</u>	<u>1,528,722</u>
Total business-type activities	<u>2,216,761</u>	<u>2,531,159</u>	<u>-</u>	<u>2,137,446</u>	<u>-</u>	<u>2,451,844</u>	<u>2,451,844</u>
Total primary government	<u>\$ 5,851,683</u>	<u>\$ 3,331,787</u>	<u>\$ 530,045</u>	<u>\$ 3,299,438</u>	<u>(1,142,257)</u>	<u>2,451,844</u>	<u>1,309,587</u>
General revenues:							
Property taxes levied for:							
General purposes					1,367,336	-	1,367,336
Debt service					405,428	-	405,428
Franchise and public services taxes					1,785,789	-	1,785,789
Interest and investment earnings					55,805	43,165	98,970
Miscellaneous					20,767	-	20,767
Transfers					22,700	(22,700)	-
Total general revenues, special items, and transfers					<u>3,657,825</u>	<u>20,465</u>	<u>3,678,290</u>
Change in net position					2,515,568	2,472,309	4,987,877
Net position, beginning					<u>18,427,345</u>	<u>26,883,503</u>	<u>45,310,848</u>
Net position, ending					<u>\$20,942,913</u>	<u>\$ 29,355,812</u>	<u>\$ 50,298,725</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK



FUND FINANCIAL STATEMENTS

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.

Street SDC Fund

The Street System Development Charges (SDC) Fund accounts for system development charges to construct transportation facilities necessitated by new development and paid by the collection of system development charges and interest income.

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, 2022

	General Fund	Street Fund	Urban Renewal Project Fund	Street SDC Fund	Other Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 3,293,697	\$ 1,526,497	\$ -	\$ 1,992,516	\$ 1,634,748	\$ 8,447,458
Receivables:						
Property taxes	26,434	-	-	-	7,753	34,187
Accounts, net	128,889	54,490	-	-	-	183,379
Intergovernmental	30,171	25,548	-	-	-	55,719
Assessments, net	-	-	-	-	63,759	63,759
Leases	312,873	-	-	-	-	312,873
Advances to other funds	-	-	-	-	1,445	1,445
Total assets	<u>\$ 3,792,064</u>	<u>\$ 1,606,535</u>	<u>\$ -</u>	<u>\$ 1,992,516</u>	<u>\$ 1,707,705</u>	<u>\$ 9,098,820</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 44,440	\$ 42,094	\$ -	\$ 360	\$ 3,033	\$ 89,927
Deposits	1,631	78,711	-	-	-	80,342
Unearned revenue	207,899	1,000	-	-	78,832	287,731
Advances from other funds	-	-	1,445	-	-	1,445
Total liabilities	<u>253,970</u>	<u>121,805</u>	<u>1,445</u>	<u>360</u>	<u>81,865</u>	<u>459,445</u>
DEFERRED INFLOWS OF RESOURCES						
Lease receivables related	312,873	-	-	-	-	312,873
Unavailable revenue	44,064	2,937	-	-	6,035	53,036
Total deferred inflows of resources	<u>356,937</u>	<u>2,937</u>	<u>-</u>	<u>-</u>	<u>6,035</u>	<u>365,909</u>
FUND BALANCES						
Restricted	13,422	-	-	1,992,156	1,619,805	3,625,383
Assigned	378,918	1,481,793	-	-	-	1,860,711
Unassigned	2,788,817	-	(1,445)	-	-	2,787,372
Total fund balances	<u>3,181,157</u>	<u>1,481,793</u>	<u>(1,445)</u>	<u>1,992,156</u>	<u>1,619,805</u>	<u>8,273,466</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,792,064</u>	<u>\$ 1,606,535</u>	<u>\$ -</u>	<u>\$ 1,992,516</u>	<u>\$ 1,707,705</u>	<u>\$ 9,098,820</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, 2022

Fund balances - total governmental funds	\$ 8,273,466
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	13,883,811
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	53,036
Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(52,694)
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.	(829,931)
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	(34,984)
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.	(1,057)
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>(348,734)</u>
Net Position of governmental activities	<u><u>\$20,942,913</u></u>

CITY OF SISTERS, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	General Fund	Street Fund	Urban Renewal Project Fund	Street SDC Fund	Other Governmental Funds	Totals
REVENUES						
Property taxes	\$ 1,367,788	\$ -	\$ -	\$ -	\$ 405,554	\$ 1,773,342
Other taxes	1,063,023	200,554	-	-	-	1,263,577
Franchise fees	-	610,663	-	-	-	610,663
Licenses and fees	661,820	13,658	-	-	10,767	686,245
Charges for services	46,143	-	-	-	-	46,143
Intergovernmental	187,411	269,720	-	-	-	457,131
Fines and forfeitures	7,360	-	-	-	-	7,360
System development charges	-	-	-	428,242	232,635	660,877
Rental income	11,400	-	-	-	-	11,400
Interest on investments	29,240	7,359	280	8,689	10,238	55,806
Miscellaneous	17,868	49,484	-	-	63	67,415
TOTAL REVENUES	<u>3,392,053</u>	<u>1,151,438</u>	<u>280</u>	<u>436,931</u>	<u>659,257</u>	<u>5,639,959</u>
EXPENDITURES						
Current:						
General government	1,352,454	-	-	-	-	1,352,454
Public safety	714,408	-	-	-	-	714,408
Culture and recreation	356,109	-	-	-	17,662	373,771
Community development	-	-	96,125	-	-	96,125
Highways and streets	-	663,081	-	46,810	-	709,891
Capital outlay	148,951	303,811	554,212	-	-	1,006,974
Debt service	-	-	-	-	343,272	343,272
TOTAL EXPENDITURES	<u>2,571,922</u>	<u>966,892</u>	<u>650,337</u>	<u>46,810</u>	<u>360,934</u>	<u>4,596,895</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>820,131</u>	<u>184,546</u>	<u>(650,057)</u>	<u>390,121</u>	<u>298,323</u>	<u>1,043,064</u>
OTHER FINANCING SOURCES (USES)						
Sale of property	2,836	-	-	-	-	2,836
Transfers in	-	-	560,000	-	55,300	615,300
Transfers out	(24,900)	(7,700)	-	-	(560,000)	(592,600)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,064)</u>	<u>(7,700)</u>	<u>560,000</u>	<u>-</u>	<u>(504,700)</u>	<u>25,536</u>
NET CHANGE IN FUND BALAN	798,067	176,846	(90,057)	390,121	(206,377)	1,068,600
FUND BALANCE, Beginning	<u>2,383,090</u>	<u>1,304,947</u>	<u>88,612</u>	<u>1,602,035</u>	<u>1,826,182</u>	<u>7,204,866</u>
FUND BALANCE, Ending	<u>\$ 3,181,157</u>	<u>\$ 1,481,793</u>	<u>\$ (1,445)</u>	<u>\$ 1,992,156</u>	<u>\$ 1,619,805</u>	<u>\$ 8,273,466</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, 2022

Net change in fund balance - governmental funds \$ 1,068,600

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 1,481

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.

324,464

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	(4,140)
Change in accrued interest payable	234
Change in pension liability and related deferred outflows and inflows	32,603
Change in OPEB liability and related deferred outflows and inflows	(1,515)

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	\$ 1,125,468	
Donated capital assets	483,521	
Depreciation expense	<u>(519,968)</u>	
		<u>1,089,021</u>

Change in net position - governmental activities **\$ 2,515,568**

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,290,000	\$ 1,290,000	\$ 1,367,788	\$ 77,788
Other taxes	750,000	750,000	1,063,023	313,023
Licenses and fees	564,000	564,000	674,566	110,566
Charges for services	53,166	53,166	46,143	(7,023)
Intergovernmental	283,728	283,728	187,411	(96,317)
Fines and forfeitures	1,000	1,000	7,360	6,360
Rental income	9,000	9,000	11,400	2,400
Interest on investments	12,000	12,000	16,494	4,494
Miscellaneous	259,500	259,500	17,868	(241,632)
TOTAL REVENUES	<u>3,222,394</u>	<u>3,222,394</u>	<u>3,392,053</u>	<u>169,659</u>
EXPENDITURES				
Current:				
General government	1,827,258	1,877,258	1,352,454	524,804
Public safety	752,648	752,648	714,408	38,240
Culture and recreation	387,066	387,066	356,109	30,957
Capital outlay	64,500	189,500	148,951	40,549
Contingency	527,829	527,829	-	527,829
TOTAL EXPENDITURES	<u>3,559,301</u>	<u>3,734,301</u>	<u>2,571,922</u>	<u>1,162,379</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(336,907)</u>	<u>(511,907)</u>	<u>820,131</u>	<u>1,332,038</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	2,836	2,836
Interfund loan proceeds	150,000	710,000	560,000	(150,000)
Interfund loan payment	(200,000)	(760,000)	(560,000)	200,000
Transfers out	(24,900)	(24,900)	(24,900)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(74,900)</u>	<u>(74,900)</u>	<u>(22,064)</u>	<u>52,836</u>
NET CHANGE IN FUND BALANCE	(411,807)	(586,807)	798,067	1,384,874
FUND BALANCE, Beginning	<u>2,438,757</u>	<u>2,438,757</u>	<u>2,383,090</u>	<u>(55,667)</u>
FUND BALANCE, Ending	<u>\$ 2,026,950</u>	<u>\$ 1,851,950</u>	<u>\$ 3,181,157</u>	<u>\$ 1,329,207</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Other taxes	\$ 180,000	\$ 180,000	\$ 200,554	\$ 20,554
Franchise fees	537,200	537,200	610,663	73,463
Licenses and fees	11,500	11,500	13,658	2,158
Intergovernmental	334,315	334,315	269,720	(64,595)
Interest on investments	7,000	7,000	7,359	359
Miscellaneous	-	-	49,484	49,484
TOTAL REVENUES	<u>1,070,015</u>	<u>1,070,015</u>	<u>1,151,438</u>	<u>81,423</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	386,088	386,088	359,005	27,083
Materials and services	409,672	409,672	304,076	105,596
Capital outlay	562,750	562,750	303,811	258,939
Contingency	132,627	132,627	-	132,627
TOTAL EXPENDITURES	<u>1,491,137</u>	<u>1,491,137</u>	<u>966,892</u>	<u>524,245</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(421,122)</u>	<u>(421,122)</u>	<u>184,546</u>	<u>605,668</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	2,000	2,000	-	(2,000)
Transfers out	(7,700)	(7,700)	(7,700)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,700)</u>	<u>(5,700)</u>	<u>(7,700)</u>	<u>(2,000)</u>
NET CHANGE IN FUND BALANCE	(426,822)	(426,822)	176,846	603,668
FUND BALANCE, Beginning	<u>1,197,447</u>	<u>1,197,447</u>	<u>1,304,947</u>	<u>107,500</u>
FUND BALANCE, Ending	<u>\$ 770,625</u>	<u>\$ 770,625</u>	<u>\$ 1,481,793</u>	<u>\$ 711,168</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 (NON-GAAP BUDGETARY BASIS)
URBAN RENEWAL PROJECT FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 2,000	\$ 2,000	\$ 280	\$ (1,720)
TOTAL REVENUES	<u>2,000</u>	<u>2,000</u>	<u>280</u>	<u>(1,720)</u>
EXPENDITURES				
Current:				
Community development:				
Materials and services	144,200	144,200	96,125	48,075
Capital outlay	-	560,000	554,212	5,788
Contingency	<u>145,113</u>	<u>145,113</u>	<u>-</u>	<u>145,113</u>
TOTAL EXPENDITURES	<u>289,313</u>	<u>849,313</u>	<u>650,337</u>	<u>198,976</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(287,313)</u>	<u>(847,313)</u>	<u>(650,057)</u>	<u>197,256</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	<u>200,000</u>	<u>760,000</u>	<u>560,000</u>	<u>(200,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,000</u>	<u>760,000</u>	<u>560,000</u>	<u>(200,000)</u>
NET CHANGE IN FUND BALANCE	(87,313)	(87,313)	(90,057)	(2,744)
FUND BALANCE, Beginning	<u>87,313</u>	<u>87,313</u>	<u>88,612</u>	<u>1,299</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,445)</u>	<u>\$ (1,445)</u>

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

FUND FINANCIAL STATEMENTS

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, 2022

	Business - type Activities - Enterprise Funds		
	Major Funds		
	All Water Funds	All Sewer Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,315,202	\$ 2,113,956	\$ 4,429,158
Receivables:			
Accounts, net	76,862	108,862	185,724
Assessments	-	2,994	2,994
Inventories	50,246	-	50,246
Total current assets	<u>2,442,310</u>	<u>2,225,812</u>	<u>4,668,122</u>
Noncurrent assets:			
Restricted cash and cash equivalents	2,409,363	2,848,639	5,258,002
Net OPEB asset	2,344	2,227	4,571
Capital assets:			
Land and water rights	278,710	4,279,683	4,558,393
Art and sculptures	-	14,000	14,000
Construction in progress	46,986	632,214	679,200
Depreciable assets, net of depreciation	8,631,053	11,202,853	19,833,906
Total noncurrent assets	<u>11,368,456</u>	<u>18,979,616</u>	<u>30,348,072</u>
Total assets	<u>13,810,766</u>	<u>21,205,428</u>	<u>35,016,194</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	157,262	149,459	306,721
Deferred outflows related to OPEB	1,425	1,395	2,820
Total deferred outflows of resources	<u>158,687</u>	<u>150,854</u>	<u>309,541</u>
LIABILITIES			
Current liabilities:			
Accounts payable	71,672	38,465	110,137
Accrued interest payable	-	14,777	14,777
Deposits	164,904	8,400	173,304
Unearned revenue	-	2,994	2,994
Compensated absences payable	11,800	11,708	23,508
Current portion of long-term debt	-	236,000	236,000
Total current liabilities	<u>248,376</u>	<u>312,344</u>	<u>560,720</u>
Long-term obligations, net of current portion:			
Compensated absences payable	3,934	3,903	7,837
Net pension liability	205,894	195,683	401,577
Net OPEB liability	10,507	10,387	20,894
Bonds payable	-	4,607,008	4,607,008
Total long-term obligations, net of current portion	<u>220,335</u>	<u>4,816,981</u>	<u>5,037,316</u>
Total liabilities	<u>468,711</u>	<u>5,129,325</u>	<u>5,598,036</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	186,943	177,668	364,611
Deferred inflows related to OPEB	3,671	3,605	7,276
Total deferred inflows of resources	<u>190,614</u>	<u>181,273</u>	<u>371,887</u>
NET POSITION			
Net investment in capital assets	8,956,749	11,285,742	20,242,491
Restricted for system development	2,409,363	2,848,639	5,258,002
Unrestricted	1,944,015	1,911,304	3,855,319
Total net position	<u>\$ 13,310,127</u>	<u>\$ 16,045,685</u>	<u>\$ 29,355,812</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, 2022

	Business - type Activities - Enterprise Funds		
	Major Funds		
	All Water Funds	All Sewer Funds	Total
OPERATING REVENUES			
Charges for services	\$ 1,086,762	\$ 1,328,767	\$ 2,415,529
Licenses and fees	14,351	14,410	28,761
Miscellaneous	93	86,777	86,870
TOTAL OPERATING REVENUES	<u>1,101,206</u>	<u>1,429,954</u>	<u>2,531,160</u>
OPERATING EXPENSES			
Personal services	340,198	329,807	670,005
Materials and services	434,024	382,631	816,655
Depreciation	256,215	336,803	593,018
TOTAL OPERATING EXPENSES	<u>1,030,437</u>	<u>1,049,241</u>	<u>2,079,678</u>
OPERATING INCOME (LOSS)	<u>70,769</u>	<u>380,713</u>	<u>451,482</u>
NON-OPERATING INCOME (EXPENSES)			
Gain (loss) on disposal of capital assets	-	12,702	12,702
Interest on investments	21,695	21,471	43,166
Interest expense	-	(149,789)	(149,789)
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>21,695</u>	<u>(115,616)</u>	<u>(93,921)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	92,464	265,097	357,561
CAPITAL CONTRIBUTIONS			
Intergovernmental	8,969	442,104	451,073
System development charges	437,757	566,220	1,003,977
Capital asset contributions	405,628	276,768	682,396
TRANSFERS			
Transfers out	(9,400)	(13,300)	(22,700)
CHANGE IN NET POSITION	935,418	1,536,889	2,472,307
NET POSITION, Beginning	<u>12,374,709</u>	<u>14,508,796</u>	<u>26,883,505</u>
NET POSITION, Ending	<u>\$ 13,310,127</u>	<u>\$ 16,045,685</u>	<u>\$ 29,355,812</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, 2022

	Business-type Activities - Enterprise Funds		
	Major Funds		
	All Water Funds	All Sewer Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,179,937	\$ 1,424,671	\$ 2,604,608
Payments to suppliers	(494,889)	(447,495)	(942,384)
Payments to employees	(223,079)	(213,865)	(436,944)
Payments for interfund services used	(73,318)	(93,547)	(166,865)
Net cash provided from (used by) operating activities	<u>388,651</u>	<u>669,764</u>	<u>1,058,415</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(9,400)	(13,300)	(22,700)
Net cash provided from (used by) non-capital financing activities	<u>(9,400)</u>	<u>(13,300)</u>	<u>(22,700)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from intergovernmental revenue	8,969	445,899	454,868
System development charges	437,757	566,220	1,003,977
Proceeds from sale of capital assets	-	12,702	12,702
Acquisition of capital assets	(417,999)	(463,485)	(881,484)
Principal paid on long-term obligations	-	(228,000)	(228,000)
Interest paid on long-term obligations	-	(180,740)	(180,740)
Net cash provided from (used by) capital and related financing activities	<u>28,727</u>	<u>152,596</u>	<u>181,323</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	21,695	21,471	43,166
Net cash provided (used) by investing activities	<u>21,695</u>	<u>21,471</u>	<u>43,166</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	429,673	830,531	1,260,204
CASH AND CASH EQUIVALENTS, Beginning	<u>4,294,892</u>	<u>4,132,064</u>	<u>8,426,956</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 4,724,565</u>	<u>\$ 4,962,595</u>	<u>\$ 9,687,160</u>
COMPRISED AS FOLLOWS			
Cash and cash equivalents	\$ 2,315,202	\$ 2,113,956	\$ 4,429,158
Restricted cash and cash equivalents	<u>2,409,363</u>	<u>2,848,639</u>	<u>5,258,002</u>
	<u>\$ 4,724,565</u>	<u>\$ 4,962,595</u>	<u>\$ 9,687,160</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, 2022

	Business-type Activities - Enterprise Funds		
	Major Funds		
	All Water Funds	All Sewer Funds	Total
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities			
Operating income (loss)	\$ 70,769	\$ 380,713	\$ 451,482
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	256,215	336,803	593,018
(Increase) decrease in assets and deferred outflows:			
Receivables	6,046	(10,683)	(4,637)
Inventories	6,162	-	6,162
Net OPEB asset	(930)	(894)	(1,824)
Deferred outflows - pensions	(34,471)	(33,652)	(68,123)
Deferred outflows - OPEB	421	357	778
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	(15,596)	(37,732)	(53,328)
Deposits	72,685	5,400	78,085
Compensated absences payable	(184)	188	4
Net pension liability	(117,684)	(109,495)	(227,179)
Net OPEB liability	676	989	1,665
Deferred inflows - pensions	145,096	138,203	283,299
Deferred inflows - OPEB	(554)	(433)	(987)
Net cash provided from (used by) operating activities	<u>\$ 388,651</u>	<u>\$ 669,764</u>	<u>\$ 1,058,415</u>
Noncash Investing, Capital, and Financing Activities			
Capital asset contributions	<u>\$ 405,628</u>	<u>\$ 276,768</u>	<u>\$ 682,396</u>
Total noncash investing, capital, and financing activities	<u>\$ 405,628</u>	<u>\$ 276,768</u>	<u>\$ 682,396</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK



NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF SISTERS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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.

Street SDC Fund the Street System Development Charges (SDC) fund accounts for system development charges to construct transportation facilities necessitated by new development and paid by the collection of system development charges and interest income.

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. Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments received.

4. 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.

5. 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

6. Lease Assets

Lease assets are assets which the City leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the City's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement. The City is setting a policy to record lease assets over \$20,000.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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, 2022, 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:

Sewer Fund:

Materials and services	<u>\$ 2,406</u>
------------------------	-----------------

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, 2022. 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, 2022, the carrying amount for the City's US Bank deposits was \$2,262,536 and the bank balance was \$2,267,885. 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 \$2,017,885 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, 2022 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 15,871,332
Less amounts classified as cash equivalents			<u>(15,871,332)</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	2,262,536
Local Government Investment Pool	<u>15,871,332</u>
Total cash and cash equivalents	<u>\$ 18,134,618</u>
Funds:	
<u>Governmental Activities</u>	
General	\$ 3,293,697
Street	1,526,497
Street SDC	1,992,516
Other Governmental Funds	<u>1,634,748</u>
Total Governmental Activities	<u>8,447,458</u>
<u>Business-Type Activities</u>	
Water (\$2,409,363 restricted)	4,724,565
Sewer (\$2,848,639 restricted)	<u>4,962,595</u>
Total Business-Type Activities	<u>9,687,160</u>
Total cash and cash equivalents	<u>\$ 18,134,618</u>

Governmental activities cash and cash equivalents are restricted for debt service for \$313,468 for street and system development of \$3,298,493 and \$13,422 for other purposes. Business type activities are restricted for system development of \$5,258,002.

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	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 26,434	\$ -	\$ 7,753	\$ 34,187
Accounts	128,925	54,490	-	183,415
Intergovernmental	30,171	25,548	-	55,719
Assessments	-	-	77,949	77,949
Allowance For Doubtful Account	(36)	-	(14,190)	(14,226)
	<u>\$ 185,494</u>	<u>\$ 80,038</u>	<u>\$ 71,512</u>	<u>\$ 337,044</u>

Receivables as of June 30, 2022 for the business-type activities individual major funds are as follows:

	Water	Sewer	Total Business-Type Activities
Accounts	\$ 77,340	\$ 110,077	\$ 187,417
Assessments	-	2,994	2,994
Allowance for doubtful accounts	(478)	(1,215)	(1,693)
	<u>\$ 76,862</u>	<u>\$ 111,856</u>	<u>\$ 188,718</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 2021-2022, the City levied property taxes in the net amount of \$1,404,288 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, 2022 was \$528,286,271. 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 \$416,431.

Following is a summary of property tax transactions for the year ended June 30, 2022:

	Balances					Balances
	July 1, 2021	2021-22 Levy	Adjustments	Interest (Discounts)	Collections	June 30, 2022
2021-22	\$ -	\$ 1,820,719	\$ (1,059)	\$ (47,800)	\$ (1,755,936)	\$ 15,924
2020-21	16,205	-	(674)	542	(10,103)	5,971
2019-20	6,235	-	(122)	396	(3,371)	3,138
2018-19	3,157	-	(16)	497	(2,738)	900
2017-18	999	-	(5)	190	(903)	282
2016-17	216	-	(2)	42	(141)	115
2015-16	(31)	-	1	32	(96)	(94)
2014-15	89	-	1	6	(17)	80
2013-14	45	-	-	2	(4)	43
2012-13	34	-	-	1	(2)	33
2011-12	33	-	-	1	(2)	31
2010-11	37	-	-	4	(9)	31
2009-10	39	-	-	0	(1)	38
2008-09	38	-	-	0	(1)	38
Prior years	92	-	-	6	(17)	81
	<u>\$ 27,188</u>	<u>\$ 1,820,719</u>	<u>\$ (1,875)</u>	<u>\$ (46,081)</u>	<u>\$ (1,773,339)</u>	<u>26,612</u>
				Cash with County		<u>7,575</u>
				Total Receivable		<u>\$ 34,187</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 \$14,190 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. Lease Receivables

Lease related inflows of resources are recognized in the same manner as the lease receivable principal balance. Lease receivables for the governmental activities as of the fiscal year-end for the City are as follows:

Description	Original Amount	Outstanding July, 1 2021	Additions	Decreases	Outstanding June, 30 2022
Tower Leases	\$ 392,066	\$ 392,066	\$ -	\$ 79,193	\$ 312,873
Total	<u>\$ 392,066</u>	<u>\$ 392,066</u>	<u>\$ -</u>	<u>\$ 79,193</u>	<u>\$ 312,873</u>

Future maturities are as follows:

Combined Year ending June 30,	Tower Leases		
	Principal	Interest	Total
2023	\$ 74,551	\$ 11,039	\$ 85,590
2024	70,832	8,248	79,080
2025	76,939	5,304	82,243
2026	83,424	2,109	85,533
2027	7,127	24	7,151
Total	<u>\$ 312,873</u>	<u>\$ 26,724</u>	<u>\$ 339,597</u>

D. Capital Assets

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

	Beginning Balance	Additions	Deletion/ Transfer	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 527,720	\$ 125,000	\$ 554,212	\$ 1,206,932
Art and sculptures	330,872	-	-	330,872
Construction in progress	328,229	675,833	(751,410)	252,652
Total capital assets, not being depreciated	<u>1,186,821</u>	<u>800,833</u>	<u>(197,198)</u>	<u>1,790,456</u>
Capital assets, being depreciated:				
Buildings and improvements	4,597,202	1,575	111,964	4,710,741
Tools and equipment	1,056,828	168,991	(5,000)	1,220,818
Office equipment	303,834	-	-	303,834
Street Improvements	11,118,543	637,590	85,234	11,841,367
Total capital assets, being depreciated	<u>17,076,407</u>	<u>808,156</u>	<u>192,198</u>	<u>18,076,761</u>
Accumulated depreciation for:				
Buildings	(1,903,787)	(90,226)	-	(1,994,013)
Tools and equipment	(785,083)	(59,779)	5,000	(839,862)
Office equipment	(287,749)	710	-	(287,039)
Street Improvements	(2,491,819)	(370,673)	-	(2,862,492)
Total accumulated depreciation	<u>(5,468,438)</u>	<u>(519,968)</u>	<u>5,000</u>	<u>(5,983,406)</u>
Total capital assets, being depreciated, net	<u>11,607,969</u>	<u>288,188</u>	<u>197,198</u>	<u>12,093,355</u>
Governmental activities capital assets, net	<u>\$ 12,794,790</u>	<u>\$ 1,089,021</u>	<u>\$ -</u>	<u>\$ 13,883,811</u>

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

Governmental activities

General government	\$ 101,618
Culture and recreation	20,811
Highways and streets	<u>397,539</u>
Total depreciation expense - governmental activities	<u><u>\$ 519,968</u></u>

Capital asset activity for the business-type activities for the year ended June 30, 2022 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	<u>1,676,353</u>	<u>1,850</u>	<u>(999,003)</u>	<u>679,200</u>
Total capital assets, not being depreciated	<u>6,248,746</u>	<u>1,850</u>	<u>(999,003)</u>	<u>5,251,593</u>
Capital assets, being depreciated:				
Buildings and improvements	638,499	-	-	638,499
Tools and equipment	646,332	27,399	(17,110)	656,621
Office equipment	47,761	10,195	-	57,956
Infrastructure	<u>25,559,825</u>	<u>1,426,681</u>	<u>999,003</u>	<u>27,985,509</u>
Total capital assets, being depreciated	<u>26,892,417</u>	<u>1,464,275</u>	<u>981,893</u>	<u>29,338,585</u>
Less accumulated depreciation for:				
Buildings and improvements	(181,790)	(16,766)	-	(198,555)
Tools and equipment	(525,109)	(19,594)	17,110	(527,594)
Office equipment	(39,977)	(5,699)	-	(45,676)
Infrastructure	<u>(8,181,894)</u>	<u>(550,960)</u>	<u>-</u>	<u>(8,732,854)</u>
Total accumulated depreciation	<u>(8,928,770)</u>	<u>(593,018)</u>	<u>17,110</u>	<u>(9,504,679)</u>
Total capital assets, being depreciated, net	<u>17,963,647</u>	<u>871,256</u>	<u>999,003</u>	<u>19,833,906</u>
Business-type activities capital assets, net	<u><u>\$ 24,212,393</u></u>	<u><u>\$ 873,106</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,085,499</u></u>

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

Business-type activities

Water	\$ 256,215
Sewer	<u>336,803</u>
Total depreciation expense - business-type activities	<u><u>\$ 593,018</u></u>

E. Lease Assets

No lease Assets recorded for 2021-22 fiscal year as all lease assets are under the \$20,000 policy limit set by the city.

F. 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:

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Property taxes	\$ 20,576	\$ -	\$ 6,035	\$ 26,611
Intergovernmental	<u>23,488</u>	<u>2,937</u>	<u>-</u>	<u>26,425</u>
	<u><u>\$ 44,064</u></u>	<u><u>\$ 2,937</u></u>	<u><u>\$ 6,035</u></u>	<u><u>\$ 53,036</u></u>

G. 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
2023	\$ 39,000	\$ 11,900
2024	40,000	10,320
2025	44,000	8,640
2026	45,000	6,860
2027	47,000	5,020
2028-2029	102,000	4,040
	<u>\$ 317,000</u>	<u>\$ 46,780</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 and \$52,500 in the prior years to reduce the outstanding balance of the loan. This year they paid an extra \$36,541 to reduce the outstanding balance of the loan. The City paid off this loan in the current year for the final balance of \$282,464.

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
2023	\$ 236,000	\$ 172,600
2024	245,000	162,980
2025	256,000	152,960
2026	265,000	142,540
2027	278,000	131,680
2028-2032	1,118,000	505,560
2033-2037	1,035,000	306,900
2038-2041	1,000,000	84,000
	<u>\$ 4,433,000</u>	<u>\$ 1,659,220</u>

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, is as follows:

	Outstanding July 1, 2021	Issued	Reductions	Outstanding June 30, 2022	Due Within One Year
<u>Governmental activities:</u>					
Governmental bonds					
US Bank-National	\$ 359,000	\$ -	\$ 42,000	\$ 317,000	\$ 39,000
Bond premium	36,555	-	4,820	31,735	-
Total government bonds	<u>395,555</u>	<u>-</u>	<u>46,820</u>	<u>348,735</u>	<u>39,000</u>
Governmental loans/notes from direct borrowings					
Urban Renewal Agency	282,464	-	282,464	-	-
Total governmental loans/notes from direct borrowings	<u>282,464</u>	<u>-</u>	<u>282,464</u>	<u>-</u>	<u>-</u>
Other governmental long-term obligations					
Compensated absences	48,544	40,566	36,417	52,693	39,520
Total governmental activities	<u>\$ 726,563</u>	<u>\$ 40,566</u>	<u>\$ 365,701</u>	<u>\$ 401,428</u>	<u>\$ 78,520</u>
<u>Business-type activities:</u>					
Enterprise bonds					
US Bank Refunding Bonds	\$ 523,000	\$ -	\$ 57,000	\$ 466,000	\$ 59,000
US Bank Refunding Bonds	4,138,000	-	171,000	3,967,000	177,000
Bond premium	440,389	-	30,380	410,009	-
Total enterprise bonds	<u>5,101,389</u>	<u>-</u>	<u>258,380</u>	<u>4,843,009</u>	<u>236,000</u>
Other business-type long-term obligations					
Compensated absences	31,341	23,514	23,511	31,344	23,508
Total business-type activities	<u>\$ 5,132,730</u>	<u>\$ 23,514</u>	<u>\$ 281,891</u>	<u>\$ 4,874,353</u>	<u>\$ 259,508</u>

H. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2022 were as follows:

	General Fund	Street Fund	Urban Renewal Project Fund	Street SDC Fund	Non-major Government al Funds	Total Government al Funds
Fund Balance						
Restricted for:						
CATS Grant	\$ 13,422	\$ -	\$ -	\$ -	\$ -	\$ 13,422
Debt Service	-	-	-	-	313,468	313,468
Capital Projects	-	-	-	1,992,156	1,306,337	3,298,493
Assigned to:						
Capital Reserve	378,918	-	-	-	-	378,918
Highways and Streets	-	1,481,793	-	-	-	1,481,793
Police Reinstatement Reserve	-	-	-	-	-	-
Unassigned:	2,788,817	-	(1,445)	-	-	2,787,372
Total Fund Balance	\$ 3,181,157	\$ 1,481,793	\$ (1,445)	\$ 1,992,156	\$ 1,619,805	\$ 8,273,466

I. 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 \$22,700.

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

	Transfers In	Transfers Out
Governmental activities:		
General	\$ -	\$ 24,900
Street	-	7,700
Other Governmental Funds	55,300	-
Business-type activities:		
Water	-	9,400
Sewer	-	13,300
	\$ 55,300	\$ 55,300

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. Current year 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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session. The salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021, and will be indexed for inflation in later years.

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. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 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.
- 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 (55 for police and fire members) 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:

Police and fire: 1.8 Percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years of immediately preceding retirement.

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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021, and will be indexed with inflation in

later years.

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, 2022 were \$280,609, excluding \$112 to fund the retirement health insurance account (RHIA). The rates in effect for the fiscal year ended June 30, 2021 excluding the RHIA rate of .06% Tier One/Tier Two and .00% OPRSP, were 19.32 percent for Tier One/Tier Two General Service Member, and 17.05 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 \$57,908 for the year ended June 30, 2022 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, 2022, the City of Sisters reported a liability of \$1,126,938 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2022, the City's proportion was .00941742 percent, which is an increase from its proportion of .00815195 percent measured as of June 30, 2021.

For the year ended June 30, 2022, the City's recognized pension expense of \$236,116. On June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.	\$ 105,488	\$ -
Changes of assumptions	282,105	2,966
Net difference between projected and actual earnings on investments	-	834,260
Changes in proportionate share	265,557	106,108
Differences between employer contributions and employer's proportionate share of system contributions	-	79,872
Total (prior to post-MD contributions)	653,150	1,023,206
Contributions subsequent to the measurement date	207,596	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 860,746</u>	<u>\$ 1,023,206</u>

\$207,596 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:	
2023	\$ (66,169)
2024	(55,193)
2025	(109,849)
2026	(177,576)
2027	38,731
Total	<u>\$ (370,056)</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount rate	6.90 percent
Projected Salary Increases	3.40 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: Pub- 2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2019 Experience Study, which reviewed experience for the four-year period ending on December 31, 2019.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both 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.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrat	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	100%	

Assumed Inflation - Mean 2.40%

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 6.90 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 6.9 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 (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability (asset)	\$2,213,028	\$1,126,938	\$ 218,267

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 \$13,180 to the pension plan.

Changes in Plan Provisions During the Measurement Period

A legislative change that occurred during the measurement period affected the plan provisions reflected for financial reporting purposes. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 67 and 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability.

Changes in Plan Provisions Subsequent to Measurement Period

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure, except that the discount rate decreased from 7.2 percent to 6.9 percent.

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 0 retired members and 15 active members in its plan on July 1, 2020, 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 \$56,512 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2020 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, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation rate	2.5 percent per year
Discount rate	2.16 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: 2020-3.75%, 2021-5.75%, 2022-5.25% and between 4% and 5% for the subsequent 40+ years. Dental: -1.25% for 2020, 4% per year thereafter
Cost of living adjustment (COLA)	3.5 percent per year, based on general inflation and the likelihood of raises throughout participant careers
Health mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with one-year setback for male general service employees and female safety employees

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$ 50,470
Changes for the year:	
Service cost	5,216
Interest	1,223
Changes of benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	274
Benefit payments	<u>(671)</u>
Net changes	<u>6,042</u>
Balance at June 30, 2021	<u>\$ 56,512</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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Healthcare Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 62,398	\$ 56,512	\$ 50,984

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>	<u>Healthcare Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 47,593	\$ 56,512	\$ 67,338

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$3,210. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,621	\$ (9,486)
Changes of assumptions or inputs	<u>1,153</u>	<u>(6,723)</u>
Total (prior to post MD contributions)	2,774	(16,209)
Contributions subsequent to the measurement date	<u>2,376</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 5,150</u>	<u>\$ (16,209)</u>

\$2,376 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:	
2023	\$ (3,229)
2024	(2,836)
2025	(2,084)
2026	(2,296)
2027	(2,325)
Thereafter	<u>(665)</u>
Total	<u>\$ (13,435)</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, 2022, 2021, and 2020 and were \$112, \$100, and \$272, 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, 2022, the City reported an asset of \$12,828 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2021, the City's proportion was 0.00373563 percent, which was decreased from its proportion of 0.00381486 percent measured as of June 30, 2020.

For the year ended June 30, 2022, the City's recognized OPEB expense of \$428. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 357
Changes of assumptions	249	193
Net difference between projected and actual earnings on investments	-	3,049
Changes in proportionate share	<u>2,218</u>	<u>-</u>
Total (prior to post-MD contributions)	2,467	3,599
Contributions subsequent to the measurement date	<u>112</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 2,579</u>	<u>\$ 3,599</u>

\$112 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:	
2021	\$ 1,108
2022	(575)
2023	(696)
2024	<u>(969)</u>
Total	<u>\$ (1,132)</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, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 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: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</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 2018 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.

OIC Assumed Asset Allocation			
Asset Class/Strategy	Low Range	High Range	Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			<u>100.0%</u>
			20-Year Annualized Return (Geometric)
Asset Class		Target Allocation	
Global Equity		30.62%	5.85%
Private Equity		25.50%	7.71%
Core Fixed Income		23.75%	2.73%
Real Estate		12.25%	5.66%
Master Limited Partnerships		0.75%	5.71%
Infrastructure		1.50%	6.26%
Commodities		0.63%	3.10%
Hedge Fund of Funds - Multistrategy		1.25%	5.11%
Hedge Fund Equity - Hedge		0.63%	5.31%
Hedge Fund - Macro		5.62%	5.06%
US Cash		<u>-2.50%</u>	1.76%
Total		<u>100%</u>	
Assumed Inflation - Mean			2.40%

Discount rate

The discount rate used to measure the total OPEB liability was 6.9 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 6.9 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 (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Total OPEB (asset) liability	\$ (11,345)	\$ (12,828)	\$ (14,095)

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, 2021 measurement period that require disclosure, except that the discount rate decreased from 7.2% to 6.9%.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2021 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	\$ 56,512	\$ 5,150	\$ 16,209	\$ 3,210
Retirement Health Insurance Account (RHIA)	(12,828)	2,579	3,599	428
Aggregate amounts related to OPEB	<u>\$ 43,684</u>	<u>\$ 7,729</u>	<u>\$ 19,808</u>	<u>\$ 3,638</u>

D. Construction in Progress

The City is committed under various construction contracts at June 30, 2022. Major projects in progress at June 30, 2022 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 \$110,000.

The new project in the general fund is the Electrical Charging Stations which is currently about 25% complete. Costs incurred to date are \$2,539 with estimated total costs of \$10,000.

The new water project BW Waterline Extension is currently about 7% complete. Costs incurred to date are \$1,850 with an estimated total of \$25,000.

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 \$1,586 with total estimated costs of \$56,186. The SCADA Upgrades project is also being funded by the Sewer SDC fund as well and is approximately 3% complete. Costs incurred to date are \$2481 with an estimated cost of \$87,880.

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

The new project in Street fund is the Overlay project which is 0% complete. Costs incurred to date are \$305 with an estimated total of \$280,000. The Locust/Hwy 20 design and construction project is 29% complete. Costs incurred to date are \$115,068 with estimated total costs of \$400,000.

The two projects in the Sewer SDC fund includes the Lazy Z Master Plan and Pumpstation #1 improvements. Lazy Z master plan is 92% complete. Costs incurred to date is \$44,932 with estimated total costs of \$49,000. Pumpstation #1 improvements is 15% complete. Costs incurred to date are \$17,956 and estimated total costs is \$117,000.

Park SDC fund project of East Portal Master Plan is 1% complete. Costs incurred are \$175 and is estimated to cost a total of \$12,500.

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 \$9,011 for fiscal year ended June 30, 2022. 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 was effective for the City for fiscal year ending June 30, 2022. On implementation, the City recorded beginning lease receivables of \$392,066 and an equivalent amount for deferred inflows of resources. Implementation resulted in a net zero restatement for the city.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement was issued May 2020 to establish a definition for SBITAs, provide uniform guidance for accounting and financial reporting for transactions that meet the definition, and result in greater consistency in practice. This Statement establishes that a SBITA results in a right-to-use subscription intangible asset with a corresponding subscription liability and provides criteria for the capitalization of outlays including implementation costs. GASB Statement No. 96 will be effective for the City for fiscal year ending June 30, 2023.

G. Subsequent Events

The City approved a public improvement contract with Kittelson & Associates, Inc. for Barclay Drive Improvements Design in an Amount not to exceed \$99,479.

The City received the first half of the Federal ARPA award of \$308,677, in 2021-22. The city will receive the second half in 2022-23 of \$309,000 with the total award of approximately \$617,000 as mentioned in the prior year.

Councilor Ross made a motion to approve an agreement with Explore Sisters for destination management services in the amount of \$350,000, subject to minor legal revisions.

The City received about \$1,000,000 from the Statewide Transportation Improvement Fund (STIF) for the East Portal Multi-Modal hub. These funds could only be used for transit, not for electric vehicle charging stations or other amenities; those projects needed other funding sources.

THIS PAGE INTENTIONALLY LEFT BLANK



REQUIRED SUPPLEMENTARY INFORMATION

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*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.00941742%	0.00815195%	0.00902462%	0.00725073%	0.00841066%	0.00838791%	0.00830268%	0.00863735%	0.00863735%
City's proportionate share of the net pension liability (asset)	\$ 1,126,938	\$ 1,779,036	\$ 1,561,043	\$ 1,098,390	\$ 1,133,760	\$ 1,259,220	\$ 476,695	\$ (195,784)	\$ 440,777
City's covered payroll	\$ 1,080,207	\$ 1,058,588	\$ 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	104.33%	168.06%	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	87.58%	75.79%	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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 280,609	\$ 226,023	\$ 223,640	\$ 149,444	\$ 159,776	\$ 109,100	\$ 111,829	\$ 113,378	\$ 112,592
Contributions in relation to the contractually	(280,609)	(226,023)	(223,640)	(149,444)	(159,776)	(109,100)	(111,829)	(113,378)	(112,592)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,201,706	\$ 1,080,207	\$ 1,058,588	\$ 919,697	\$ 961,050	\$ 778,567	\$ 801,011	\$ 782,716	\$ 759,194
Contributions as a percentage of covered payroll	23.35%	20.92%	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)	(b)	(c)	(b/c)	Plan fiduciary net position as a percentage of the total OPEB liability
	City's proportion of the net OPEB pension liability (asset)	City's proportionate share of the net OPEB pension liability (asset)	City's covered payroll	City's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	
2021	0.00373563%	\$ (12,828)	\$ 1,080,207	-1.19%	183.86%
2020	0.00381486%	\$ (7,773)	\$ 1,058,588	-0.73%	150.07%
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 date. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has

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

	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 112	\$ 100	\$ 272	\$ 4,053	\$ 4,239	\$ 3,726
Contributions in relation to the contractually required contributions	112	100	272	4,053	4,239	3,726
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$1,201,706	\$1,080,207	\$1,058,588	\$919,697	\$961,050	\$778,567
Contributions as a percentage of covered payroll	0.01%	0.01%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability						
Service cost	\$ 5,216	\$ 3,657	\$ 3,291	\$ 3,988	\$ 4,223	N/A
Interest	1,223	2,432	2,830	3,026	2,697	N/A
Changes of benefit terms	-	-	-	-	-	N/A
Economic/domographic gains or losses	-	(13,066)	-	4,705	-	N/A
Changes of assumptions or other inputs	274	(4,186)	1,805	(8,030)	(4,192)	N/A
Benefit payments	<u>(671)</u>	<u>(8,325)</u>	<u>(15,476)</u>	<u>(13,298)</u>	<u>(11,951)</u>	N/A
Net change in total OPEB liability	6,042	(19,488)	(7,550)	(9,609)	(9,223)	N/A
Total OPEB liability - beginning	<u>50,470</u>	<u>69,958</u>	<u>77,508</u>	<u>87,117</u>	<u>96,340</u>	N/A
Total OPEB liability - Ending	<u>\$ 56,512</u>	<u>\$ 50,470</u>	<u>\$ 69,958</u>	<u>\$ 77,508</u>	<u>\$ 87,117</u>	<u>\$ 96,340</u>
Covered employee payroll	<u>\$ 1,201,706</u>	<u>\$ 1,080,207</u>	<u>\$ 1,058,588</u>	<u>\$ 919,697</u>	<u>\$ 961,050</u>	<u>\$ 778,567</u>
	4.70%	4.67%	6.61%	8.43%	9.06%	12.37%
Total OPEB liability, as a percentage of covered payroll						

* 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, 2022

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 2021, annual salary in excess of \$197,730 (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.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 30, 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end of the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective measurement dates.

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. The PERS Board selected a lower long-term expected rate of investment return assumption of 6.90 percent (reduced from 7.20 percent) on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40 percent and 3.40 percent respectively. 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, 2020 reporting date is 3.50%, the discount rate in effect for the June 30, 2021 reporting date is 2.21%, and the discount rate in effect for the June 30, 2022 reporting date is 2.16%.

Assets Accumulated in Trust

The health insurance continuation plan has no assets accumulating in a trust.

SUPPLEMENTAL INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK



COMBINING STATEMENTS

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:

- *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* – fund 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, 2022**

	Capital Projects		Debt Service		Totals
	Park SDC Fund	Parking District Fund	City Hall Debt Service Fund	Urban Renewal Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$ 1,039,209	\$ 285,234	\$ 5,892	\$ 304,413	\$ 1,634,748
Receivables:					
Property taxes	-	-	-	7,753	7,753
Assessments, net	-	63,759	-	-	63,759
Advances to other funds	-	-	-	1,445	1,445
 Total assets	 <u>\$ 1,039,209</u>	 <u>\$ 348,993</u>	 <u>\$ 5,892</u>	 <u>\$ 313,611</u>	 <u>\$ 1,707,705</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 3,033	\$ -	\$ -	\$ -	\$ 3,033
Unearned revenue	-	78,832	-	-	78,832
 Total liabilities	 <u>3,033</u>	 <u>78,832</u>	 <u>-</u>	 <u>-</u>	 <u>81,865</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	6,035	6,035
FUND BALANCES					
Restricted	<u>1,036,176</u>	<u>270,161</u>	<u>5,892</u>	<u>307,576</u>	<u>1,619,805</u>
 Total fund balances	 <u>1,036,176</u>	 <u>270,161</u>	 <u>5,892</u>	 <u>307,576</u>	 <u>1,619,805</u>
 Total liabilities fund balances, and deferred inflows of resources	 <u>\$ 1,039,209</u>	 <u>\$ 348,993</u>	 <u>\$ 5,892</u>	 <u>\$ 313,611</u>	 <u>\$ 1,707,705</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, 2022

	Capital Projects		Debt Service		Totals
	Park SDC Fund	Parking District Fund	City Hall Debt Service Fund	Urban Renewal Debt Service Fund	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 405,554	\$ 405,554
Licenses and fees	-	10,767	-	-	10,767
System development charges	232,635	-	-	-	232,635
Interest on investments	4,519	1,354	41	4,324	10,238
Miscellaneous	-	-	-	63	63
TOTAL REVENUES	<u>237,154</u>	<u>12,121</u>	<u>41</u>	<u>409,941</u>	<u>659,257</u>
EXPENDITURES					
Current:					
Culture and recreation	17,662	-	-	-	17,662
Debt service	-	-	55,310	287,962	343,272
TOTAL EXPENDITURES	<u>17,662</u>	<u>-</u>	<u>55,310</u>	<u>287,962</u>	<u>360,934</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>219,492</u>	<u>12,121</u>	<u>(55,269)</u>	<u>121,979</u>	<u>298,323</u>
OTHER FINANCING SOURCES					
Transfers in	-	-	55,300	-	55,300
Transfers out	-	-	-	(560,000)	(560,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>55,300</u>	<u>(560,000)</u>	<u>(504,700)</u>
NET CHANGE IN FUND BALANCE	219,492	12,121	31	(438,021)	(206,377)
FUND BALANCE, Beginning	<u>816,684</u>	<u>258,040</u>	<u>5,861</u>	<u>745,597</u>	<u>1,826,182</u>
FUND BALANCE, Ending	<u><u>\$ 1,036,176</u></u>	<u><u>\$ 270,161</u></u>	<u><u>\$ 5,892</u></u>	<u><u>\$ 307,576</u></u>	<u><u>\$ 1,619,805</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK



BUDGETARY COMPARISON SCHEDULES

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) 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.

THIS PAGE INTENTIONALLY LEFT BLANK



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

▪ **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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
EXPENDITURES AND TRANSFERS				
Council-manager	\$ 343,232	\$ 393,232	\$ 306,039	\$ 87,193
Finance and administration	225,608	225,608	198,627	26,981
Maintenance	146,571	146,571	132,667	13,904
Tourism	259,405	259,405	225,471	33,934
Parks	387,066	387,066	356,109	30,957
Police	752,648	752,648	714,408	38,240
Community development	751,942	751,942	471,150	280,792
Economic development	100,500	100,500	18,500	82,000
Capital outlay	64,500	189,500	148,951	40,549
Interfund loan payment	200,000	760,000	560,000	200,000
Transfers out	24,900	24,900	24,900	-
Contingency	527,829	527,829	-	527,829
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 3,784,201</u>	<u>\$ 4,519,201</u>	<u>\$ 3,156,822</u>	<u>\$ 1,362,379</u>

See auditor's report.

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

Governmental Funds

Capital Project Funds

- Street 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
STREET SDC FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
System development charges	\$ 250,000	\$ 250,000	\$ 428,242	\$ 178,242
Interest on investments	<u>7,000</u>	<u>7,000</u>	<u>8,689</u>	<u>1,689</u>
TOTAL REVENUES	<u>257,000</u>	<u>257,000</u>	<u>436,931</u>	<u>179,931</u>
EXPENDITURES				
Current:				
Highways and streets:				
Materials and services	<u>190,000</u>	<u>190,000</u>	<u>46,810</u>	<u>143,190</u>
TOTAL EXPENDITURES	<u>190,000</u>	<u>190,000</u>	<u>46,810</u>	<u>143,190</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>67,000</u>	<u>67,000</u>	<u>390,121</u>	<u>323,121</u>
NET CHANGE IN FUND BALANCE	67,000	67,000	390,121	323,121
FUND BALANCE, Beginning	<u>1,469,893</u>	<u>1,469,893</u>	<u>1,602,035</u>	<u>132,142</u>
FUND BALANCE, Ending	<u>\$ 1,536,893</u>	<u>\$ 1,536,893</u>	<u>\$ 1,992,156</u>	<u>\$ 455,263</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Intergovernmental	\$ 36,813	\$ 36,813	\$ -	\$ (36,813)
System development charges	90,000	90,000	232,635	142,635
Interest on investments	<u>3,000</u>	<u>3,000</u>	<u>4,519</u>	<u>1,519</u>
TOTAL REVENUES	<u>129,813</u>	<u>129,813</u>	<u>237,154</u>	<u>107,341</u>
EXPENDITURES				
Materials and services	<u>50,000</u>	<u>50,000</u>	<u>17,662</u>	<u>32,338</u>
TOTAL EXPENDITURES	<u>50,000</u>	<u>50,000</u>	<u>17,662</u>	<u>32,338</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>79,813</u>	<u>79,813</u>	<u>219,492</u>	<u>139,679</u>
NET CHANGE IN FUND BALANCE	79,813	79,813	219,492	139,679
FUND BALANCE, Beginning	<u>791,070</u>	<u>791,070</u>	<u>816,684</u>	<u>25,614</u>
FUND BALANCE, Ending	<u>\$ 870,883</u>	<u>\$ 870,883</u>	<u>\$ 1,036,176</u>	<u>\$ 165,293</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 14,500	\$ 14,500	\$ 10,767	\$ (3,733)
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>1,354</u>	<u>354</u>
TOTAL REVENUES	<u>15,500</u>	<u>15,500</u>	<u>12,121</u>	<u>(3,379)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>15,500</u>	<u>15,500</u>	<u>12,121</u>	<u>(3,379)</u>
NET CHANGE IN FUND BALANCE	15,500	15,500	12,121	(3,379)
FUND BALANCE, Beginning	<u>249,927</u>	<u>249,927</u>	<u>258,040</u>	<u>8,113</u>
FUND BALANCE, Ending	<u>\$ 265,427</u>	<u>\$ 265,427</u>	<u>\$ 270,161</u>	<u>\$ 4,734</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Interest on investments	\$ 100	\$ 100	\$ 41	\$ (59)
TOTAL REVENUES	<u>100</u>	<u>100</u>	<u>41</u>	<u>(59)</u>
EXPENDITURES				
Debt service	<u>55,310</u>	<u>55,310</u>	<u>55,310</u>	<u>-</u>
TOTAL EXPENDITURES	<u>55,310</u>	<u>55,310</u>	<u>55,310</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(55,210)</u>	<u>(55,210)</u>	<u>(55,269)</u>	<u>(59)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>55,300</u>	<u>55,300</u>	<u>55,300</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>55,300</u>	<u>55,300</u>	<u>55,300</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	90	90	31	(59)
FUND BALANCE, Beginning	<u>5,847</u>	<u>5,847</u>	<u>5,861</u>	<u>14</u>
FUND BALANCE, Ending	<u>\$ 5,937</u>	<u>\$ 5,937</u>	<u>\$ 5,892</u>	<u>\$ (45)</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)
URBAN RENEWAL DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 445,000	\$ 445,000	\$ 405,554	\$ (39,446)
Interest on investments	200	200	4,324	4,124
Miscellaneous	-	-	63	63
TOTAL REVENUES	<u>445,200</u>	<u>445,200</u>	<u>409,941</u>	<u>(35,259)</u>
EXPENDITURES				
Debt service	<u>296,175</u>	<u>296,175</u>	<u>287,962</u>	<u>8,213</u>
TOTAL EXPENDITURES	<u>296,175</u>	<u>296,175</u>	<u>287,962</u>	<u>8,213</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>149,025</u>	<u>149,025</u>	<u>121,979</u>	<u>(27,046)</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan repayment	<u>(150,000)</u>	<u>(710,000)</u>	<u>(560,000)</u>	<u>150,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(150,000)</u>	<u>(710,000)</u>	<u>(560,000)</u>	<u>150,000</u>
NET CHANGE IN FUND BALANCE	(975)	(560,975)	(438,021)	122,954
FUND BALANCE, Beginning	<u>751,488</u>	<u>751,488</u>	<u>745,597</u>	<u>(5,891)</u>
FUND BALANCE, Ending	<u>\$ 750,513</u>	<u>\$ 190,513</u>	<u>\$ 307,576</u>	<u>\$ 117,063</u>

See auditor's report.

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

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 8,000	\$ 8,000	\$ 14,351	\$ 6,351
Charges for services	947,900	947,900	1,086,762	138,862
Intergovernmental	-	-	8,969	8,969
Interest on investments	8,000	8,000	10,021	2,021
Miscellaneous	-	-	93	93
TOTAL REVENUES	<u>963,900</u>	<u>963,900</u>	<u>1,120,196</u>	<u>156,296</u>
EXPENDITURES				
Current:				
Personal services	359,522	359,522	347,829	11,693
Materials and services	347,672	377,672	369,154	8,518
Capital outlay	352,950	352,950	12,339	340,611
Contingency	<u>117,865</u>	<u>87,865</u>	-	<u>87,865</u>
TOTAL EXPENDITURES	<u>1,178,009</u>	<u>1,178,009</u>	<u>729,322</u>	<u>448,687</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(214,109)</u>	<u>(214,109)</u>	<u>390,874</u>	<u>604,983</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	500	500	-	(500)
Transfers out	<u>(9,400)</u>	<u>(9,400)</u>	<u>(9,400)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,900)</u>	<u>(8,900)</u>	<u>(9,400)</u>	<u>(500)</u>
NET CHANGE IN FUND BALANCE	(223,009)	(223,009)	381,474	604,483
FUND BALANCE, Beginning	<u>1,775,307</u>	<u>1,775,307</u>	<u>1,824,259</u>	<u>48,952</u>
FUND BALANCE, Ending	<u>\$ 1,552,298</u>	<u>\$ 1,552,298</u>	<u>\$ 2,205,733</u>	<u>\$ 653,435</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 250,000	\$ 250,000	\$ 437,757	\$ 187,757
Interest on investments	12,000	12,000	11,674	(326)
TOTAL REVENUES	<u>262,000</u>	<u>262,000</u>	<u>449,431</u>	<u>187,431</u>
EXPENDITURES				
Current:				
Materials and services	75,000	75,000	64,870	10,130
Capital outlay	97,800	402,800	307,904	94,896
TOTAL EXPENDITURES	<u>172,800</u>	<u>477,800</u>	<u>372,774</u>	<u>105,026</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>89,200</u>	<u>(215,800)</u>	<u>76,657</u>	<u>292,457</u>
NET CHANGE IN FUND BALANCE	89,200	(215,800)	76,657	292,457
FUND BALANCE, Beginning	<u>1,925,010</u>	<u>1,925,010</u>	<u>2,332,706</u>	<u>407,696</u>
FUND BALANCE, Ending	<u>\$ 2,014,210</u>	<u>\$ 1,709,210</u>	<u>\$ 2,409,363</u>	<u>\$ 700,153</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, 2022**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Water	\$ 2,205,733
Water SDC	<u>2,409,363</u>
	4,615,096

Adjustments:

Capital assets, net of depreciation	8,956,749
Net OPEB asset	2,344
Deferred outflows related to pension	157,262
Deferred outflows related to OPEB	1,425
Deferred inflows related to pension	(186,943)
Deferred inflows related to OPEB	(3,671)
Net pension liability	(205,894)
Net OPEB liability	(10,507)
Compensated absences	<u>(15,734)</u>

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

\$ 13,310,127

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 8,000	\$ 8,000	\$ 14,410	\$ 6,410
Charges for services	1,181,650	1,181,650	1,328,767	147,117
Intergovernmental	154,536	154,536	442,104	287,568
Interest on investments	8,000	8,000	8,530	530
Miscellaneous	11,000	11,000	86,777	75,777
TOTAL REVENUES	<u>1,363,186</u>	<u>1,363,186</u>	<u>1,880,588</u>	<u>517,402</u>
EXPENDITURES				
Current:				
Personal services	355,501	355,501	334,542	20,959
Materials and services	321,822	321,822	324,228	(2,406)
Capital outlay	353,000	514,000	471,123	42,877
Debt service	332,245	332,245	332,245	-
Contingency	112,886	112,886	-	112,886
TOTAL EXPENDITURES	<u>1,475,454</u>	<u>1,636,454</u>	<u>1,462,138</u>	<u>174,316</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(112,268)</u>	<u>(273,268)</u>	<u>418,450</u>	<u>691,718</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	12,702	12,702
Transfers out	(13,300)	(13,300)	(13,300)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,300)</u>	<u>(13,300)</u>	<u>(598)</u>	<u>12,702</u>
NET CHANGE IN FUND BALANCE	(125,568)	(286,568)	417,852	704,420
FUND BALANCE, Beginning	<u>1,670,821</u>	<u>1,670,821</u>	<u>1,758,098</u>	<u>87,277</u>
FUND BALANCE, Ending	<u>\$ 1,545,253</u>	<u>\$ 1,384,253</u>	<u>\$ 2,175,950</u>	<u>\$ 791,697</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 300,000	\$ 300,000	\$ 566,220	\$ 266,220
Interest on investments	10,000	10,000	12,941	2,941
TOTAL REVENUES	<u>310,000</u>	<u>310,000</u>	<u>579,161</u>	<u>269,161</u>
EXPENDITURES				
Current:				
Materials and services	75,000	75,000	50,766	24,234
Debt service	76,495	76,495	76,495	-
TOTAL EXPENDITURES	<u>151,495</u>	<u>151,495</u>	<u>127,261</u>	<u>24,234</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>158,505</u>	<u>158,505</u>	<u>451,900</u>	<u>293,395</u>
NET CHANGE IN FUND BALANCE	158,505	158,505	451,900	293,395
FUND BALANCE, Beginning	<u>2,323,798</u>	<u>2,323,798</u>	<u>2,396,739</u>	<u>72,941</u>
FUND BALANCE, Ending	<u>\$ 2,482,303</u>	<u>\$ 2,482,303</u>	<u>\$ 2,848,639</u>	<u>\$ 366,336</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, 2022**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 2,175,950
Sewer SDC	<u>2,848,639</u>
	5,024,589

Adjustments:

Capital assets, net of depreciation	16,128,750
Earned assessments receivable	2,994
Net OPEB asset	2,227
Deferred outflows related to pension	149,459
Deferred outflows related to OPEB	1,395
Deferred inflows related to pension	(177,668)
Deferred inflows related to OPEB	(3,605)
Net pension liability	(195,683)
Net OPEB liability	(10,387)
Compensated absences	(15,611)
Accrued interest payable	(14,777)
Unearned revenue	(2,990)
Long-term debt	(4,433,000)
Bond premium	<u>(410,008)</u>

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

\$ 16,045,685

THIS PAGE INTENTIONALLY LEFT BLANK



OTHER FINANCIAL SCHEDULES

**CITY OF THE SISTERS, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2022**

	Interest Rates	Date of Issue	Original Amount	Principal			Outstanding June 30, 2022	Interest Matured and Paid
				Outstanding July 1, 2021	Transfers/ Adjustments	Matured and Paid		
<u>Governmental Funds</u>								
Urban Renewal Agency	3.22%	11/24/2014	\$ 1,253,318	\$ 282,464	\$ -	\$ 282,464	\$ -	\$ 5,498
US Bank- National	2.00%	1/28/2016	535,000	359,000	-	42,000	317,000	13,310
				<u>641,464</u>	<u>-</u>	<u>324,464</u>	<u>317,000</u>	<u>18,808</u>
<u>Enterprise Funds</u>								
US Bank Refunding Bonds	2.00%	1/28/2016	776,000	523,000	-	57,000	466,000	19,495
US Bank Refunding Bonds	2.00%	1/28/2016	4,869,000	4,138,000	-	171,000	3,967,000	161,245
				<u>4,661,000</u>	<u>-</u>	<u>228,000</u>	<u>4,433,000</u>	<u>180,740</u>
Total				<u>\$ 5,302,464</u>	<u>\$ -</u>	<u>\$ 552,464</u>	<u>\$ 4,750,000</u>	<u>\$ 199,548</u>

See auditor's report.

**CITY OF THE SISTERS, OREGON
 SCHEDULE OF GOVERNMENTAL ACTIVITIES
 DEBT SERVICE FUTURE REQUIREMENTS -
 BONDS PAYABLE
 June 30, 2022**

Year Ending June 30	Bond Payable		Totals	
	Principal	Interest	Principal	Interest
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>\$ 317,000</u>	<u>\$ 46,780</u>	<u>\$ 317,000</u>	<u>\$ 46,780</u>

See auditor's report.

CITY OF THE SISTERS, OREGON
SCHEDULE OF BUSINESS-TYPE ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS -
BONDS PAYABLE
June 30, 2022

Year Ending June 30	Sewer Bond Payable		Totals	
	Principal	Interest	Principal	Interest
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>\$ 4,433,000</u>	<u>\$ 1,659,220</u>	<u>\$ 4,433,000</u>	<u>\$ 1,659,220</u>

See auditor's report.

STATISTICAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental Activities:										
Net investment in capital assets	\$ 13,535	\$ 12,117	\$ 11,339	\$ 10,086	\$ 9,445	\$ 9,026	\$ 7,239	\$ 5,926	\$ 6,684	\$ 5,664
Restricted	3,626	3,530	2,542	1,869	1,639	1,639	1,492	1,738	1,032	1,509
Unrestricted	3,782	2,780	2,154	2,358	1,632	1,251	1,476	2,251	2,052	2,338
Total governmental activities net position	<u>\$ 20,943</u>	<u>\$ 18,427</u>	<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>
Business-Type Activities:										
Net investment in capital assets	\$ 20,243	\$ 19,111	\$ 16,845	\$ 15,804	\$ 8,625	\$ 13,953	\$ 14,200	\$ 14,305	\$ 13,453	\$ 14,137
Restricted	5,258	4,730	4,659	4,084	3,807	3,049	2,133	2,170	1,683	1,346
Unrestricted	3,855	3,043	2,801	2,506	8,599	1,826	1,560	1,037	1,507	630
Total business-type activities net position	<u>\$ 29,356</u>	<u>\$ 26,884</u>	<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>
Primary Government:										
Net investment in capital assets	\$ 33,778	\$ 31,228	\$ 28,184	\$ 25,890	\$ 18,070	\$ 22,979	\$ 21,439	\$ 20,231	\$ 20,137	\$ 19,801
Restricted	8,884	8,260	7,201	5,953	5,446	4,688	3,625	3,908	2,715	2,855
Unrestricted	7,637	5,823	4,955	4,864	10,231	3,077	3,036	3,288	3,559	2,968
Total primary government net position	<u>\$ 50,299</u>	<u>\$ 45,311</u>	<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>

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Program Revenues										
Governmental activities:										
Charges for services, fees and fines										
General government	\$ 287	\$ 258	\$ 303	\$ 282	\$ 261	\$ 376	\$ 430	\$ 551	\$ 441	\$ 249
Public safety	-	-	-	-	-	-	-	-	-	-
Culture and recreation	450	425	312	331	326	203	210	168	142	125
Community Development	-	-	-	-	-	-	-	-	-	-
Highways and streets	63	99	25	77	6	7	29	11	30	103
Operating grants and contributions	530	579	501	455	416	437	368	341	325	294
Capital grants and contributions	1,162	1,483	1,266	1,394	748	1,981	498	526	323	713
Total governmental activities program revenues	<u>2,492</u>	<u>2,844</u>	<u>2,407</u>	<u>2,539</u>	<u>1,757</u>	<u>3,004</u>	<u>1,535</u>	<u>1,597</u>	<u>1,261</u>	<u>1,484</u>
Business-type activities:										
Charges for services:										
Water	1,101	1,046	893	783	722	636	615	592	555	543
Refuse	-	-	-	-	-	-	-	-	-	-
Sewer	1,430	1,266	1,127	1,017	952	902	856	848	793	825
Operating grants	-	-	-	-	-	-	-	-	-	-
Capital grants	2,137	2,276	1,688	1,134	2,182	998	701	967	668	316
Total business-type activities program revenues	<u>4,668</u>	<u>4,588</u>	<u>3,708</u>	<u>2,934</u>	<u>3,856</u>	<u>2,536</u>	<u>2,172</u>	<u>2,407</u>	<u>2,016</u>	<u>1,684</u>
Total primary government program revenues	<u>7,160</u>	<u>7,432</u>	<u>6,115</u>	<u>5,473</u>	<u>5,613</u>	<u>5,540</u>	<u>3,707</u>	<u>4,004</u>	<u>3,277</u>	<u>3,168</u>
Expenses										
Governmental activities:										
General government	1,425	1,708	1,636	1,431	1,604	1,610	1,642	1,288	1,204	1,162
Public safety	714	641	612	588	566	566	544	523	487	468
Culture and recreation	393	361	314	295	305	282	330	252	246	195
Community development	12	12	15	4	6	4	32	103	84	4
Highways and streets	1,077	1,072	948	1,266	827	792	731	606	631	519
Interest on long term obligations	14	21	28	30	38	46	48	43	58	62
Depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>3,635</u>	<u>3,815</u>	<u>3,553</u>	<u>3,614</u>	<u>3,346</u>	<u>3,300</u>	<u>3,327</u>	<u>2,815</u>	<u>2,710</u>	<u>2,410</u>
Business-type activities:										
Water	1,031	931	845	736	743	701	687	557	570	540
Sewer	1,186	1,115	1,079	985	946	922	1,073	865	908	1,030
Total business-type activities expenses	<u>2,217</u>	<u>2,046</u>	<u>1,924</u>	<u>1,721</u>	<u>1,689</u>	<u>1,623</u>	<u>1,760</u>	<u>1,422</u>	<u>1,478</u>	<u>1,570</u>
Total primary government expenses	<u>5,852</u>	<u>5,861</u>	<u>5,477</u>	<u>5,335</u>	<u>5,035</u>	<u>4,923</u>	<u>5,087</u>	<u>4,237</u>	<u>4,188</u>	<u>3,980</u>
Net Expense										
Governmental activities	(1,142)	(972)	(1,147)	(1,075)	(1,532)	(297)	(1,792)	(1,217)	(1,449)	(926)
Business-type activities	2,452	2,541	1,785	1,212	2,167	914	412	984	538	114
Total primary government net expense	<u>\$ 1,310</u>	<u>\$ 1,569</u>	<u>\$ 638</u>	<u>\$ 137</u>	<u>\$ 635</u>	<u>\$ 617</u>	<u>\$ (1,380)</u>	<u>\$ (233)</u>	<u>\$ (911)</u>	<u>\$ (812)</u>

*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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position										
General revenues:										
Property taxes levied for:										
General purposes	\$ 1,367	\$ 1,248	\$ 1,173	\$ 1,093	\$ 975	\$ 919	\$ 878	\$ 816	\$ 781	\$ 768
Debt service	405	406	296	282	225	196	152	121	183	187
Franchise and public service taxes	1,786	1,586	1,222	1,163	1,072	813	973	772	688	646
Interest and investment earnings	56	51	111	103	59	34	22	22	20	23
Miscellaneous	21	51	47	19	35	22	8	21	14	7
Contributed Revenue	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of asset	-	-	-	-	-	-	-	(139)	-	-
Transfers	23	22	21	11	22	22	50	21	20	52
Total governmental activities	<u>3,658</u>	<u>3,364</u>	<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>
Business-type activities:										
Contributed Revenue	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	43	59	147	162	84	43	20	13	12	11
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(23)	(22)	(21)	(11)	(22)	(22)	(50)	(21)	(20)	(52)
Total business-type activities	<u>20</u>	<u>37</u>	<u>126</u>	<u>151</u>	<u>62</u>	<u>21</u>	<u>(30)</u>	<u>(8)</u>	<u>(8)</u>	<u>(41)</u>
Total primary government	<u>3,678</u>	<u>3,401</u>	<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>
Change in Net Position										
Governmental activities	2,516	2,392	1,723	1,597	855	1,710	291	416	257	757
Business-type activities	2,472	2,578	1,910	1,363	2,230	935	381	977	530	74
Total primary government change in net position	<u>4,988</u>	<u>4,970</u>	<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>
Net Position Beginning										
Governmental activities	18,427	16,035	12,716	12,716	11,861	10,206	9,915	9,499	9,511	8,754
Business-type activities	26,884	24,305	21,031	21,031	18,801	17,893	17,512	16,535	16,113	16,039
Total primary government net position-beginning	<u>45,311</u>	<u>40,340</u>	<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>
Net Position Ending										
Governmental activities	20,943	18,427	16,035	14,313	12,716	11,916	10,207	9,915	9,768	9,511
Business-type activities	29,356	26,884	24,305	22,394	21,031	18,828	17,893	17,512	16,643	16,113
Total Primary Government Net Position	<u>\$ 50,299</u>	<u>\$ 45,311</u>	<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>

*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
Fund Balances, Governmental Funds
Last Ten Fiscal Years ¹
(modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Combined General Fund										
Advance to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 848,818	\$ 36,000
Restricted	13,422	13,422	13,422	35,267	32,582	35,267	37,169	58,492	14,694	19,848
Assigned for Police,Capital & Streets	378,918	245,477	245,477	242,017	230,834	242,017	176,949	150,615	708,323	1,381,126
Unassigned	<u>2,788,817</u>	<u>2,124,188</u>	<u>1,516,516</u>	<u>1,275,374</u>	<u>1,042,302</u>	<u>995,005</u>	<u>1,219,059</u>	<u>1,645,881</u>	<u>940,539</u>	<u>894,895</u>
Total general fund	<u>3,181,157</u>	<u>2,383,087</u>	<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>
All Other Governmental Funds										
Restricted: Debt Service	313,468	751,458	482,539	337,284	254,062	211,329	215,674	264,987	13,005	454,762
Sys Dev, Paths, Streets	3,298,493	2,765,369	2,046,122	1,496,539	1,638,782	1,392,477	1,216,962	1,414,207	1,004,934	1,034,154
Assigned	1,481,793	1,304,946	1,112,787	840,768	616,989	468,195	295,901	506,628	-	-
Unreserved/Unassigned	<u>(1,445)</u>								<u>(625,759)</u>	<u>-</u>
Total all other governmental funds	<u>5,092,309</u>	<u>4,821,773</u>	<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>
Total governmental funds	<u>\$ 8,273,466</u>	<u>\$ 7,204,860</u>	<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>

¹ 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 Years¹
(modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Property taxes	\$ 1,773,342	\$ 1,658,301	\$ 1,468,027	\$ 1,370,878	\$ 1,201,327	\$ 1,112,868	\$ 1,031,320	\$ 944,861	\$ 972,429	\$ 971,237
Other taxes	1,263,577	1,105,477	798,753	838,550	781,087	721,951	627,772	568,135	503,369	478,725
Intergovernmental	457,131	577,543	564,525	846,242	331,255	526,700	465,183	522,945	298,151	658,070
Franchise Fees	610,663	571,747	508,783	439,101	386,744	343,790	324,542	308,032	268,228	259,467
Licenses and Fines	686,245	650,375	577,508	572,303	545,558	555,359	611,019	688,968	567,295	426,179
Fines and forfeitures	7,360	1,539	1,560	1,010	2,138	1,750	2,746	3,838	3,577	3,157
System development charges	660,877	776,850	590,898	252,600	290,518	272,505	87,974	101,376	95,657	42,022
Charges for services	46,143	38,305	36,161	37,361	34,200	25,977	24,875	23,533	23,066	25,619
Rental income	11,400	9,000	9,000	9,000	9,000	-	4,500	9,000	9,000	9,000
Interest on Investments	55,806	51,447	111,059	103,229	58,620	34,634	22,178	22,054	19,836	22,450
Miscellaneous Revenues	67,415	133,686	62,476	81,067	94,957	24,749	32,800	25,303	23,856	20,014
Total revenues	<u>5,639,959</u>	<u>5,574,270</u>	<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>
Expenditures										
Current:										
General Government	1,352,454	1,531,748	1,387,716	1,328,888	1,389,947	1,417,302	1,379,928	1,304,765	1,116,749	1,066,934
Public safety	714,408	640,635	611,849	588,316	565,688	565,688	543,930	523,010	486,678	467,960
Culture and recreation	373,771	315,532	291,899	284,517	291,776	264,472	278,802	276,400	239,416	189,724
Community development	96,125	11,831	15,626	3,891	3,933	3,794	4,352	6,288	22,398	4,308
Highways and streets	709,891	692,342	578,999	525,668	563,651	558,015	474,973	492,042	499,545	384,973
Capital outlay	1,006,974	418,595	460,671	1,201,794	224,507	392,441	1,203,769	652,972	812,123	257,564
Debt service										
Principal	324,464	171,158	180,670	190,904	202,989	197,916	281,717	58,714	134,905	163,444
Interest	18,808	25,937	33,021	35,370	43,211	59,692	43,728	41,786	62,611	62,969
Total expenditures	<u>4,596,895</u>	<u>3,807,778</u>	<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>
Revenues over (under) expenditures	<u>1,043,064</u>	<u>1,766,492</u>	<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>
Other Financing Sources (Uses)										
Issuance of debt	-	-	-	-	-	-	567,525	1,253,318	710,126	-
Sale of fixed assets	2,836	-	-	8,503	-	-	1,250	-	-	-
Bond Premium	-	-	-	-	-	-	62,644	-	-	-
Payment to refund debt	-	-	-	-	-	-	(584,130)	-	-	-
Operating transfers in	615,300	52,500	52,000	20,000	53,320	53,320	331,777	80,900	2,634,319	156,780
Operating transfers out	(592,600)	(31,000)	(30,680)	(8,800)	(31,760)	(31,760)	(281,835)	(60,031)	(2,614,025)	(99,780)
Total other financing sources (uses)	<u>25,536</u>	<u>21,500</u>	<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>
Special Item										
Payment for early extinguishment of debt	-	-	-	-	-	-	-	-	(1,056,690)	-
Net change in fund balances	<u>\$ 1,068,600</u>	<u>\$ 1,787,992</u>	<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>
Debt service as a percentage of noncapital expenditures	<u>9.9%</u>	<u>5.9%</u>	<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>

¹ 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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
General government	\$ 355,755	\$ 401,226	\$ 426,986	\$ 351,999	\$ 271,578	\$ 385,290	\$ 539,547	\$ 621,802	\$ 613,203	\$ 254,252
Public safety	-	-	-	-	28,897	90,566	28,832	26,215	26,208	21,808
Culture and recreation	688,797	677,326	580,160	545,311	520,964	417,308	259,752	316,955	199,428	145,968
Highways and streets	1,448,113	1,764,776	1,399,361	1,641,590	992,365	2,110,158	707,578	632,146	422,079	1,062,293
Total governmental activities	2,492,665	2,843,328	2,406,507	2,538,900	1,813,804	3,003,322	1,535,709	1,597,118	1,260,918	1,484,321
Business-type activities										
Water	1,953,559	2,013,858	1,704,340	1,333,217	1,918,279	1,071,855	927,672	1,104,184	888,023	730,442
Refuse	-	-	-	-	-	-	-	-	-	-
Sewer	2,715,046	2,573,199	2,003,996	1,600,450	1,938,411	1,464,692	1,244,171	1,302,664	1,127,910	953,535
Total business-type activities	4,668,605	4,587,057	3,708,336	2,933,667	3,856,690	2,536,547	2,171,843	2,406,848	2,015,933	1,683,977
Total Primary government	\$ 7,161,270	\$ 7,430,385	\$ 6,114,843	\$ 5,472,567	\$ 5,670,494	\$ 5,539,869	\$ 3,707,552	\$ 4,003,966	\$ 3,276,851	\$ 3,168,298

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

Year	General Fund Property Taxes	Transient Room Taxes
2013	782,387	330,912
2014	787,762	355,306
2015	821,193	406,944
2016	878,897	448,523
2017	917,960	537,629
2018	976,048	594,874
2019	1,090,298	648,398
2020	1,172,697	616,987
2021	1,252,392	902,256
2022	1,367,788	1,063,023

Source: Current and prior year's financial statements

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

Fiscal Year Ended June 30,	Real Property	Manufactured Structures	Personal Property	Public Utility	Total Taxable Assessed Value	Total Direct Tax Rate	Measure 5 Real Market Value (RMV)
2013	301,988,249	171,390	7,728,030	2,474,000	312,361,669	2.6417	386,590,358
2014	306,870,940	209,820	6,945,910	2,799,800	316,826,470	2.6417	375,985,330
2015	314,574,619	234,790	7,944,760	3,454,400	326,208,569	2.6417	389,737,373
2016	342,164,332	287,830	7,816,100	4,380,500	354,648,762	2.6417	438,553,487
2017	360,681,270	253,060	8,320,750	4,148,900	373,403,980	2.6417	499,843,058
2018	381,849,486	279,105	9,173,430	3,692,100	394,994,121	2.6417	559,333,811
2019	420,121,862	263,560	10,550,190	4,998,800	435,934,412	2.6417	669,725,583
2020	455,701,658	275,560	11,798,560	4,650,600	472,426,378	2.6417	761,685,129
2021	497,961,758	305,090	12,306,540	5,287,300	515,860,688	2.6417	862,235,060
2022	542,463,099	349,537	13,484,830	5,287,300	561,584,766	2.6417	1,014,296,975

From Tax and Assessment Summary District tax summaries, see workpapers

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 ₁ District #6	COCC ₂	SPRD ₃	Camp Sherman Fire Dist	
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
2020	2.53	0.65	3.18	3.09	6.11	0.70	0.36	2.80	16.24
2021	2.49	0.83	3.32	3.04	5.97	0.69	0.36	2.79	16.17
2022	2.64	0.76	3.40	3.45	5.98	0.69	0.36	2.78	16.66

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

₁ School District #6 includes Sisters School District and Education Service District (ESD)

₂ COCC - Central Oregon Community College

₃ SPRD - Sisters Parks and Recreation District

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

Fiscal Year Ended June 30,	Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	981,366	927,418	94.50%	53,914	981,332	100.00%
2014	989,983	943,355	95.29%	46,584	989,938	100.00%
2015	962,333	919,535	95.55%	42,709	962,244	99.99%
2016	1,064,203	1,012,770	95.17%	51,433	1,064,203	100.00%
2017	1,150,311	1,097,521	95.41%	52,575	1,150,096	99.98%
2018	1,231,814	1,183,488	96.08%	47,327	1,230,815	99.92%
2019	1,411,002	1,355,617	96.07%	19,252	1,374,869	97.44%
2020	1,491,890	1,434,618	96.16%	16,616	1,451,233	97.27%
2021	1,698,455	1,636,053	96.33%	10,103	1,646,156	96.92%
2022	1,820,719	1,755,936	96.44%	-	1,755,936	96.44%

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

CITY OF SISTERS, OREGON
Principal Taxpayers
City of Sisters
June 30, 2022 and June 30, 2012

June 30, 2022			
Taxpayer	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
BEND-THIRD LLC ETAL	\$ 7,714,560	1	1.42%
THRIVIFY LLC	8,512,990	2	1.57%
WILLITTS LLC	5,777,400	3	1.06%
BEST WESTERN PONDEROSA LODGE INC	5,031,760	4	0.93%
PENN STREET LLC	4,621,270	5	0.85%
RICHARD G PATTERSON REVEOCABLE	1,350,000	6	0.25%
SECORIO LLC	2,962,610	7	0.55%
MT HOOD SISTERS LLC	2,938,330	8	0.54%
HIGH COUNTRY DEVELOPMENT	2,839,810	9	0.52%
SISTERS SELF STORAGE LLC	2,747,730	10	0.51%
	<u>\$ 44,496,460</u>		
Total Assessed Valuation	<u>\$ 542,763,099</u>		

June 30, 2012			
Taxpayer	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
SISTERS CORPORATION	\$ 7,760,220	1	N/A
3 SISTERS PARTNERS LLC	4,485,690	2	N/A
BEST WESTERN PONDEROSA LODGE INC	4,074,220	3	N/A
SISTERS COMMERCIAL II LLC	3,095,350	4	N/A
THREEWIND ASSOCIATES LLC	3,088,280	5	N/A
WILLITTS LLC	3,080,480	6	N/A
CARPENTER, RICHARD & JELINDA S	2,124,960	7	N/A
JAQUA, STEPHEN	2,047,580	8	N/A
FIVE PINE LLC	1,979,470	9	N/A
TEHAN, JOHN & PEGGY	1,536,600	10	N/A
	<u>\$ 33,272,850</u>		
Total Assessed Valuation (estimated)	<u>\$ 311,781,487</u>		

**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			
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	545,656	1,072,843	6,237,293	-	7,855,792	7.63%	2,472
2017	561,835	881,184	6,075,912	16,892	7,535,823	6.78%	2,502
2018	523,015	719,695	5,839,531	-	7,082,241	5.83%	2,540
2019	482,195	557,291	5,660,150	5,959	6,705,595	4.83%	2,725
2020	438,375	415,622	5,353,769	4,509	6,212,275	3.69%	2,985
2021	395,555	282,464	5,101,389	-	5,779,408	2.87%	3,286
2022	348,735	-	4,834,009	-	5,182,744	2.19%	3,489

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

Fiscal Year	Population	General Obligation Bonds	Total Taxable Assessed Value (000)'s	Percentage of Debt to Value of Property	Net Bonded Debt Per Capita Value (000)'s
2013	2,115	1,191,595	312,362	0.38%	563
2014	2,115	0	316,826	0.00%	-
2015	2,190	0	326,209	0.00%	-
2016	2,472	0	354,649	0.00%	-
2017	2,502	0	373,404	0.00%	-
2018	2,540	0	394,994	0.00%	-
2019	2,725	0	435,934	0.00%	-
2020	2,985	0	472,426	0.00%	-
2021	3,286	0	515,861	0.00%	-
2022	3,489	0	561,585	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.

Fiscal Year	Real Market Value	Debt Limit Rate	Debt Limit	Less: General Obligation Debt	Legal Debt Margin	Total GO Debt as % of Debt Limit
2013	386,590,358	3%	11,597,711	1,191,595	10,406,116	10.27%
2014	375,985,330	3%	11,279,560	-	11,279,560	0.00%
2015	389,737,373	3%	11,692,121	-	11,692,121	0.00%
2016	438,553,487	3%	13,156,605	-	13,156,605	0.00%
2017	499,843,058	3%	14,995,292	-	14,995,292	0.00%
2018	559,333,811	3%	16,780,014	-	16,780,014	0.00%
2019	669,725,583	3%	20,091,767	-	20,091,767	0.00%
2020	761,685,129	3%	22,850,554	-	22,850,554	0.00%
2021	862,235,060	3%	25,867,052	-	25,867,052	0.00%
2022	1,014,296,975	3%	30,428,909	-	30,428,909	0.00%

CITY OF SISTERS, OREGON
Computation of Direct and Overlapping Debt
Last Ten fiscal Years
(unaudited)

CITY OF SISTERS, OREGON

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
For the fiscal year ended June 30, 2022

<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	\$ 5,191,744	100%	\$ 5,191,744
Overlapping Debt:			
Central Oregon Community College	41,835,000	1.52%	634,888
Central Oregon Regional Housing Authority	1,650,200	1.80%	29,631
Deschutes County	26,155,000	1.80%	469,639
Deschutes County SD (Sisters)	45,189,472	24.50%	11,073,047
Deschutes County Public Library	192,640,000	1.80%	3,459,044
High Desert ESD	2,526,324	1.64%	41,406
Sisters RFPD (Camp Sherman)	1,055,000	40.20%	424,110
	311,050,996	5.19%	16,131,765
Total Direct and Overlapping Debt:	\$ 316,242,740	6.74%	\$ 21,323,509

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 Nine Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Revenues:										
Charges for Services	\$ 686,731	\$ 715,963	\$ 810,622	\$ 839,625	\$ 883,605	\$ 933,380	\$ 970,331	\$ 1,095,941	\$ 1,189,785	\$ 1,328,767
Licenses and Fees	1,588	9,227	11,061	2,800	6,200	4,842	8,753	10,578	19,330	14,410
Rental Income	48,000	48,000	24,000	13,000	12,000	13,000	10,000	16,000	125	-
Interest on Investments	4,414	4,074	3,893	4,785	10,845	18,078	33,348	31,434	12,271	8,530
Miscellaneous ^①	88,831	19,503	1,869	1,194	1,793	6,685	29,078	5,337	63,192	86,777
Total Operating Revenues	\$ 829,564	\$ 796,767	\$ 851,445	\$ 861,404	\$ 914,443	\$ 975,985	\$ 1,051,511	\$ 1,159,289	\$ 1,284,703	\$ 1,438,483
Operating Expenditures										
Personal Services	\$ 196,038	\$ 183,905	\$ 153,970	\$ 179,186	\$ 195,525	\$ 227,329	\$ 251,979	\$ 286,617	\$ 300,977	\$ 334,539
Materials and Services	218,024	190,220	208,291	323,166	239,787	240,103	250,473	290,202	288,250	324,229
Total Operating Expenditures	\$ 414,062	\$ 374,125	\$ 362,261	\$ 502,352	\$ 435,312	\$ 467,432	\$ 502,452	\$ 576,819	\$ 589,227	\$ 658,768
Net Operating Revenues	415,502	422,642	489,184	359,052	479,131	508,553	549,059	582,470	695,476	779,715
Other Resources:										
Beginning Sewer Fund Balances	\$ 944,417	\$ 942,064	\$ 896,919	\$ 997,382	\$ 1,086,518	\$ 1,203,402	\$ 1,328,250	\$ 1,532,422	\$ 1,743,825	\$ 1,758,098
Total Resources	\$ 1,359,919	\$ 1,364,706	\$ 1,386,103	\$ 1,356,434	\$ 1,565,649	\$ 1,711,955	\$ 1,877,309	\$ 2,114,892	\$ 2,439,301	\$ 2,537,813
Debt Service ^{②③}										
Coverage with Net Operating Revenues	406,065	409,800	368,940	363,475	334,679	339,051	333,284	334,153	335,974	332,245
Coverage with Total Resources	1.02	1.03	1.33	0.99	1.43	1.50	1.65	1.74	2.07	2.35
	3.35	3.33	3.76	3.73	4.68	5.05	5.63	6.33	7.26	7.64

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

Fiscal Year	Population¹	Personal Income²	Per Capita Personal Income³	School Enrollment⁴	Unemployment Rate⁵
2013	2,115	53,498,925	25,295	1,148	9.60%
2014	2,115	67,696,920	32,008	1,141	7.80%
2015	2,190	86,408,640	39,456	1,105	6.20%
2016	2,472	103,020,600	41,675	1,736	5.00%
2017	2,502	111,176,370	44,435	1,684	3.80%
2018	2,540	121,434,860	47,809	1,100	3.80%
2019	2,725	138,852,375	50,955	1,109	3.90%
2020	2,985	168,494,295	56,447	1,115	12.30%
2021	3,286	201,155,776	61,216	1,076	5.20%
2022	3,489	236,355,327	67,743	1,115	3.40%

Data Sources

¹ Center for Population Research and Census, Portland State University

² Estimation; Calculated, Population multiplied by Per Capita Personal Income

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

⁴ Sisters School District #6

⁵ Unemployment Rate is at the Deschutes County level.

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

2022		
Employer	Employees	Rank
Sisters School District	150	1
Laird Superfood	142	2
Sisters Coffee Company	80	3
Ray's Food Place	41	4
Five Pine Lodge & Conf. Center	41	5
Metabolic Maintenance	40	6
Personalized Nutrients	40	7
Three Creeks Brewing	35	8
ESI Solutions	34	9
McDonald's Sisters	33	10
	636	
2011-2012		
Sisters School District	152	1
USFS(Sisters Ranger District)	80	2
Ray's Food Place	66	3
Three Creeks Brewing	46	4
Sisters Athletic Club	37	5
Bimart	31	6
	412	

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities:										
General government	1.10	1.10	1.30	1.30	1.40	1.90	1.98	2.65	2.52	2.53
Culture and recreation	1.70	1.60	1.30	1.30	1.35	1.63	1.75	1.70	1.66	1.50
Community development	2.40	1.65	1.85	1.85	1.65	1.80	1.75	1.65	0.90	0.85
Tourism	0.30	0.30	-	-	-	-	-	-	-	-
Streets and highways	2.70	2.65	2.55	2.55	2.65	2.41	2.45	2.85	2.03	1.90
Total governmental activities	8.20	7.30	7.00	7.00	7.05	7.74	7.93	8.85	7.11	6.78
Business-type activities:										
Water	2.55	2.50	2.65	2.65	2.50	2.43	2.56	2.20	2.14	2.00
Sewer	2.25	2.20	2.35	2.35	2.20	2.13	2.26	1.70	1.50	1.97
Refuse									-	-
Total business-type activities	4.80	4.70	5.00	5.00	4.70	4.56	4.82	3.90	3.64	3.97
Total primary government budgeted FTE	13.00	12.00	12.00	12.00	11.75	12.30	12.75	12.75	10.75	10.75
City of Sisters										
Management and exempt	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	5.00	6.00
Temporary employees	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.50	0.50
Total Employees	18.50	17.50	17.50	17.50	17.25	17.80	18.75	17.75	17.25	17.25

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

FUNCTION/PROGRAM	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Street										
Street miles	29.9	29.7	29.3	29.1	29.1	28.6	28.4	28.4	28.4	28.2
Street resurfing miles	0.47	0.45	0.6	0.4	1	1	0.45	0.22	1.5	1.5
Culture and recreation										
Parks	8	8	8	8	8	8	8	8	7	7
Special event permits issued	36	3	2	48	38	51	49	43	43	56
Business-type Activities:										
Water										
Water mains (miles)	40.7	40.4	39.8	39.3	39.1	38.4	30.3	30.3	30.3	30.3
Average daily water consumption -CCF ¹	109,284	110,512	94,189	98,919	90,260	77,160	77,568	76,515	69,599	75,166
Sewer										
Sanitary sewers (miles)	31.15	30.9	30.9	30.6	30.4	30	29.5	28.9	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	218,000	216,000	204,000	203,000 gpd	197,000 gpd	197,000 gpd	197,000 gpd	195,000 gpd	189,000 gpd	196,000 gpd

¹1,000 cubic feet

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

FUNCTION/PROGRAM	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
General Government										
Buildings owned-all structures	24	24	24	24	24	24	23	23	21	21
Vehicles/Equip (i.e. trailers, mowers)	12	11	11	10	10	10	9	9	8	8
Vehicles (i.e. cars & pick ups)-excluding police	12	12	11	10	12	12	12	12	12	12
Vehicles (i.e. dump trucks & bucket trucks)-excluding fire	7	7	7	7	8	8	8	8	8	8
Heavy Equipment (i.e. CAT, grader, etc.)	12	12	12	11	11	10	10	10	9	8
Streets and Highways										
Miles of streets maintained by City:										
Paved	28.4	28.2	27.8	27.6	27.6	27.1	26.9	26.9	26.9	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
Business-type Activities										
Water										
Reservoirs	1	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3
Wastewater										
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**



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

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, 2022 and have issued our report thereon dated April 24, 2023. 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 2021-2022 budget in the following amount:

Sewer Fund:

Materials and services	<u>\$ 2,406</u>
------------------------	-----------------

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 April 24, 2023.

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

Dickey and Tremper, LLP

April 24, 2023

THIS PAGE INTENTIONALLY LEFT BLANK



SISTERS URBAN RENEWAL AGENCY
(A Component Unit of the City of Sisters, Oregon)

Annual Financial Report

For the Fiscal Year Ended June 30, 2022

SISTERS URBAN REWAL AGENCY
(A Component Unit of the City of Sisters, Oregon)

TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2022

	<u>Page</u>
OFFICIALS OF THE AGENCY	i
INDEPENDENT AUDITOR'S REPORT	A-C
MANAGEMENT'S DISCUSSION AND ANALYSIS	a-e
BASIC FINANCIAL STATEMENTS:	
Agency-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet-Governmental Funds	3
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Urban Renewal Project Fund	6
Notes to the Basic Financial Statements	7-15
SUPPLEMENTAL INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Urban Renewal Debt Service Fund	16
AUDITOR'S COMMENTS AND REPORTS:	
Independent Auditor's Comments	17-18



SISTERS URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SISTERS, OREGON)

OFFICIALS OF THE AGENCY
JUNE 30, 2022

BOARD OF DIRECTORS

<u>Name</u>		<u>Term Expires</u>
Michael Preedin	Chairman	December 2022
Nancy Connolly	Board Member	December 2022
Andrea Blum	Board Member	December 2024
Jennifer Letz	Board Member	December 2024
Gary Ross	Board Member	December 2022

AGENCY ADDRESS
SISTERS URBAN RENEWAL AGENCY
520 E. Cascade Ave.
P.O. Box 39
Sisters, Oregon 97759

www.ci.sisters.or.us



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sisters Urban Renewal Agency
Sisters, Oregon

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sisters Urban Renewal Agency (*a component unit of the City of Sisters, Oregon*) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Sisters Urban renewal Agency (a component unit of the City of Sisters, Oregon), as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the Urban Renewal Project Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the of Sisters Urban Renewal Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a to e be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sisters Urban Renewal Agency's, basic financial statements. The supplementary budget schedule for the Debt Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 April 24, 2023, on our consideration of the Agency's 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

Dickey and Tremper, LLP
Certified Public Accountants and Consultants

Pendleton, Oregon
April 24, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

SISTERS URBAN RENEWAL AGENCY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

The Management's Discussion and Analysis (MD&A) section of the Agency of Sisters Urban Renewal Agency (Agency) financial statements presents a narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Agency'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* presents information of the Agency'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 Agency is improving or deteriorating.

The *statement of activities* presents information on how the Agency'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. An example of this is earned, but uncollected property taxes.

Both of the government-wide statements distinguish functions of the Agency that are principally supported by taxes and intergovernmental revenues, referred to as governmental activities. The Agency does not have other business-type activities.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or functions. The Agency, like other state and local governments, uses fund accounting to demonstrate compliance with legal requirements. All of the funds of the Agency are considered governmental funds.

SISTERS URBAN RENEWAL AGENCY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Governmental Funds are used to account for Agency 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.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation to facilitate the comparison between the governmental fund statements and governmental activities.

The Agency maintains two individual governmental funds, the Urban Renewal Project Fund and Urban Renewal Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance.

The Agency adopts an annual appropriated budget for both funds. A budgetary comparison has been provided for each fund to demonstrate compliance with the adopted budget.

Notes to the Basic Financial Statements. The 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 supplementary information including budgetary to actual comparisons for the Agency's two funds.

SISTERS URBAN RENEWAL AGENCY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position:

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

Table 1
Urban Renewal Agency - Net Position
as of June 30

	Governmental Activities		Total Change
	2022	2021	+ (-)
Current and other assets	\$ 312,166	\$ 841,279	\$ (529,113)
Capital Assets	-	410	(410)
Total assets	<u>312,166</u>	<u>841,689</u>	<u>(529,523)</u>
Noncurrent liabilities	-	282,464	(282,464)
Other liabilities	-	1,039	(1,039)
Total liabilities	<u>-</u>	<u>283,503</u>	<u>(283,503)</u>
Net position:			
Unrestricted	312,166	558,186	(246,020)
Total net position	<u>\$ 312,166</u>	<u>\$ 558,186</u>	<u>\$ (246,020)</u>

SISTERS URBAN RENEWAL AGENCY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Statement of Activities:

The following table compares revenues and expenses for the government activities.

Table 2
Urban Renewal Agency - Changes in Net Position
as of June 30

	Governmental Activities		Total Change
	<u>2022</u>	<u>2021</u>	+ (-)
Revenues:			
General revenues:			
Taxes	\$ 405,428	\$ 405,755	\$ (327)
Interest and investment earnings	4,604	5,099	(495)
Other revenue	63	-	63
Total revenues	<u>410,095</u>	<u>410,854</u>	<u>(759)</u>
Expenses:			
Community development	650,746	11,831	638,915
Interest Expense	5,369	11,305	(5,936)
Total expenses	<u>656,115</u>	<u>23,136</u>	<u>632,979</u>
Change in net position	(246,020)	387,718	(633,738)
Net position, July 1	<u>558,186</u>	<u>170,468</u>	<u>387,718</u>
Net position, June 30	<u>\$ 312,166</u>	<u>\$ 558,186</u>	<u>\$ (246,020)</u>

FINANCIAL HIGHLIGHTS

The *Urban Renewal Debt Service Fund* accounts for the accumulation of resources and payments for long-term debt related to the Urban Renewal Plan. Tax increment revenues are deposited to the debt service fund. Consistent with state law, the tax revenues are used to leverage debt proceeds, which are placed in the project fund for project construction.

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

The Agency's net position decreased by \$246,020 during the fiscal year primarily due to the purchase of assets pursuant to the Urban Renewal Plan.

As of the end of the current fiscal year, the Agency's funds reported combined ending fund balance of \$306,131 for future discretionary spending.

**SISTERS URBAN RENEWAL AGENCY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

BUDGETARY HIGHLIGHTS

The Project Fund explored remaining obligations for rehabilitation grants and evaluated an appropriate method to utilize the existing fund balance. The project fund also embarked on the design for street improvement to Adams Avenue.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Agency's investment in capital assets for June 30, 2022 is zero, however the respective fiscal year saw the completion of the Adams Avenue Streetscape project and the proportional purchase of the East Portal Property.

Long-term debt. The Agency continues to service a loan originated in November 2014. In addition to the current construction in progress, the Agency plans to complete improvements to the building currently rented by the Sisters Area Chamber of Commerce and to issue additional small business improvement grants.

The outstanding balance of the note payable at the end of the fiscal year is \$0. All scheduled debt service payments were met.

**Table 3
Urban Renewal Agency - Outstanding Debt
as of June 30**

	Government Activities		Total Change
	2022	2021	+ (-)
Notes Payable	\$ -	\$ 282,593	\$ (282,593)
Total	\$ -	\$ 282,593	\$ (282,593)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

After an adjustment to property values within the district in FY 21/22 and the loss of Sisters School District Bonds eligible for Urban Renewal tax increment income, the Agency expects property tax revenues to decrease slightly in FY 2022/23 when compared to the FY 2021/22 budget.

REQUESTS FOR INFORMATION

The Agency's financial statements are designed to provide readers with a general overview of the Agency's finances. For questions about the report or additional information, contact the City of Sisters' 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.

BASIC FINANCIAL STATEMENTS

SISTERS URBAN RENEWAL AGENCY
(A Component Unit of the City of Sisters, Oregon)

STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 304,413
Receivables:	
Property taxes	7,753
Total assets	312,166
 LIABILITIES	
Long-term obligations	
Due within one year	-
Total liabilities	-
 NET POSITION	
Unrestricted	312,166
Total Net Position	\$ 312,166

SISTERS URBAN RENEWAL AGENCY
(A Component Unit of the City of Sisters, Oregon)

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Community development	\$ 650,746	\$ -	\$ -	\$ -	\$ (650,746)
Interest on long-term obligations	5,369				(5,369)
Total governmental activities	<u>\$ 656,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (656,115)</u>
General revenues:					
Property taxes levied for:					
Debt service					405,428
Interest and investment earnings					4,604
Miscellaneous					63
Total general revenues					<u>410,095</u>
Change in net position					(246,020)
Net position, beginning					<u>558,186</u>
Net position, ending					<u>\$ 312,166</u>

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

SISTERS URBAN RENEWAL AGENCY
(A Component Unit of the City of Sisters, Oregon)

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	Urban Renewal Project Fund	Urban Renewal Debt Service Fund	Totals
ASSETS			
Cash and cash equivalents	\$ -	\$ 304,413	\$ 304,413
Receivables:			
Property taxes	-	7,753	7,753
Advances to other funds	-	1,445	1,445
Total assets	\$ -	\$ 313,611	\$ 313,611
LIABILITIES			
Advances from other funds	\$ 1,445	\$ -	\$ 1,445
Total liabilities	1,445	-	1,445
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	6,035	6,035
Total deferred inflows of resources	-	6,035	6,035
FUND BALANCES			
Restricted	-	307,576	307,576
Unassigned	(1,445)	-	(1,445)
Total fund balances	(1,445)	307,576	306,131
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 313,611	\$ 313,611
Fund balance at end of year - governmental funds			\$ 306,131
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Long-term assets that are not available to pay for current-period expenditures are deferred in the funds.			6,035
Net position of governmental activities			\$ 312,166

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

SISTERS URBAN RENEWAL AGENCY
(A Component Unit of the City of Sisters, Oregon)

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

For the Fiscal Year Ended June 30, 2022

	<u>Urban Renewal Project Fund</u>	<u>Urban Renewal Debt Service Fund</u>	<u>Totals</u>
REVENUES			
Property taxes	\$ -	\$ 405,554	\$ 405,554
Interest on investments	280	4,324	4,604
Miscellaneous	-	63	63
TOTAL REVENUES	<u>280</u>	<u>409,941</u>	<u>410,221</u>
EXPENDITURES			
Current:			
Community development	96,125	-	96,125
Capital Outlay	554,212	-	554,212
Debt service	-	287,962	287,962
TOTAL EXPENDITURES	<u>650,337</u>	<u>287,962</u>	<u>938,299</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(650,057)</u>	<u>121,979</u>	<u>(528,078)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	560,000	-	560,000
Transfers out	-	(560,000)	(560,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>560,000</u>	<u>(560,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	(90,057)	(438,021)	(528,078)
FUND BALANCE, Beginning	<u>88,612</u>	<u>745,597</u>	<u>834,209</u>
FUND BALANCE, Ending	<u>\$ (1,445)</u>	<u>\$ 307,576</u>	<u>\$ 306,131</u>

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

SISTERS URBAN RENEWAL AGENCY
(A Component Unit of the 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, 2022**

Net change in fund balance - governmental funds	\$	(528,078)
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes		(126)
<p>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.</p>		
		282,464
<p>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.</p>		
Change in accrued interest payable		129
<p>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.</p>		
Additions to capital assets		<u>(409)</u>
Change in net position - governmental activities	\$	<u><u>(246,020)</u></u>

SISTERS URBAN RENEWAL AGENCY
(A Component Unit of the 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, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive / (Negative)
REVENUES				
Interest on investments	\$ 2,000	\$ 2,000	\$ 280	\$ (1,720)
TOTAL REVENUES	<u>2,000</u>	<u>2,000</u>	<u>280</u>	<u>(1,720)</u>
EXPENDITURES				
Current:				
Community development:				
Materials and services	144,200	144,200	96,125	48,075
Capital Outlay	-	560,000	554,212	5,788
Contingency	145,113	145,113	-	145,113
TOTAL EXPENDITURES	<u>289,313</u>	<u>849,313</u>	<u>650,337</u>	<u>198,976</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(287,313)</u>	<u>(847,313)</u>	<u>(650,057)</u>	<u>197,256</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	200,000	760,000	560,000	(200,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,000</u>	<u>760,000</u>	<u>560,000</u>	<u>(200,000)</u>
NET CHANGES IN FUND BALANCE	(87,313)	(87,313)	(90,057)	(2,744)
FUND BALANCE, Beginning	87,313	87,313	88,612	1,299
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,445)</u>	<u>\$ (1,445)</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

SISTERS URBAN RENEWAL AGENCY
(A Component Unit of the City of Sisters, Oregon)

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Sisters Urban Renewal Agency (the Agency), a component unit of the City of Sisters, Oregon, is the urban renewal agency of, and controlled by, the City of Sisters (the City). It was established on July 24, 2003 to assist in the redevelopment of blighted and deteriorated areas within the City through tax increment financing. The governing body consists of a five member advisory committee, which makes its recommendations to the Board of Directors. The Board of Directors is composed of the Mayor and City Council of the City of Sisters.

B. Inclusion of the Agency in Sisters, Oregon, Comprehensive Annual Financial Report

All significant activities and organizations for which the City exercises oversight responsibility have been included in the City's combined financial statements. The following criteria from Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 34 and 61, regarding manifestation of oversight were considered by the City in its evaluation of City organizations and activities:

- Financial interdependency – the City provides a financial benefit or burden relationship to the organization.
- Authoritative appointment of governing authority – Sisters City Council is the organization's governing authority.

City management has determined that the Agency meets the criteria set forth above, and, therefore, is a component unit of the City. This report is issued solely to meet a State of Oregon, Department of Revenue interpretation of Oregon Revised Statutes that requires a separate audit report.

C. Agency-wide and Fund Financial Statements

The agency-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

D. Measurement Focus, Basis of Accounting and Basis of Presentation

The agency-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

Governmental 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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 to be measurable and available when received by the Agency. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgment, are recorded only when payment is due.

The Agency reports the following major governmental funds:

The *Project Fund* is the Agency's primary operation fund. It accounts for all financial resources of the Agency, which could be restricted, committed, or assigned, except those required to be accounted for in another fund. Principal sources of revenue are Bond/Loan Proceeds. Expenditures are primarily for construction projects related to the downtown core area of the Urban Renewal District.

The *Debt Service* fund accounts for the financial resources that are restricted, committed, or assigned to expenditures for repayment of principal and interest on long-term obligations used to finance construction projects related to the downtown core area of the Urban Renewal District. The principal source of revenue is Urban Renewal Tax collections.

E. Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Cash and Cash Equivalents

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

The Agency's bank accounts and investments are maintained in a central pool of cash and investments with the City of Sisters that is available for use by all funds. Each fund's portion of this pool is reported on the combined balance sheet as cash and cash equivalents.

The investment policy of the Agency is to invest in the Local Government Investment Pool (LGIP), U.S. Government Obligations, 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 Agency allocates earnings on investments to each fund based on the average monthly balances throughout the year.

Investments in the LGIP are reported at amortized cost, which approximates fair value in accordance with GASB Statement Number 31, and are considered cash equivalents for financial reporting purposes. All other investments are reported at fair value.

G. Receivables and Payables

Receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in paragraph D above.

H. 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 Board passes a resolution that places specific constraints on how the resources may be used. The Board 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 Board 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 Agency'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.

I. Long-Term Obligation

In the agency-wide financial statements, long-term debt obligations are reported as liabilities in the Statement of Net Position.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets, except Oregon Budget Law requires the repayment of interfund loans in a subsequent year to be budgeted. All annual appropriations lapse at fiscal year-end.

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

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The Agency established the levels of budgetary control at the materials and services, capital outlay, debt service, and all other requirement levels for all funds.

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 Board. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain Board authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2022, no appropriation increases and transfers were approved and one supplemental budget was adopted. Appropriations are limited to a single fiscal year; therefore, all spending authority of the Agency lapses as of year-end.

B. Deficit Fund Balance

The Urban Renewal Capital Projects Fund had a deficit fund balance of \$1,445 at year end. Management expects the deficit to be reversed in future years through loan proceeds and loan fees.

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 Agency at June 30, 2022. If bank deposits at year end are not entirely insured or collateralized with securities held by the district or by its agent in the Agency's name, the Agency must disclose the custodial credit risk that exists.

The Agency maintains a cash pool with the City of Sisters that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as cash and cash equivalents. Please refer to the City's basic financial statements, issued under a separate cover, for additional information pertaining to the nature and collateralization of the City's deposits and investments.

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

Investments. In connection with their shared funds with the City of Sisters, the Agency 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 form 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 Agency's cash position.

Investments in the Oregon State Treasury LGIP are made under the provision of ORS 194.180. These funds are held in the Agency's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

Credit risk. State statutes authorize the Agency 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 Agency has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The Agency is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 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 Agency has no such investments.

Interest Rate Risk. The Agency 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.

The Agency's cash and cash equivalents by fund on June 30, 2022, are shown below:

Governmental activities:	
Debt Service	<u>\$ 304,413</u>
Total Cash and cash equivalents	<u>\$ 304,413</u>

B. Receivables

On June 30, 2022, the Agency's receivables are as follows:

Receivables	
Property taxes	<u>\$ 7,753</u>
Total receivables	<u>\$ 7,753</u>

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 are billed and collected by Deschutes County and remittance to the Agency is made at periodic intervals. The Agency levied taxes at its maximum taxing authority. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$416,431.

Following is a summary of property tax transactions for the year ended June 30, 2022:

Agency	Balances		Adjustments	Interest (Discounts)	Collections	Balances
	July 1, 2022	2021-22 Levy				
2021-22	\$ -	\$ 416,431	\$ (242)	\$ (10,933)	\$ (401,614)	\$ 3,642
2020-21	3,981	-	(166)	133	(2,482)	1,466
2019-20	1,258	-	(25)	80	(680)	633
2018-19	649	-	(3)	102	(562)	186
2017-18	186	-	(1)	36	(170)	51
2016-17	38	-	-	7	(25)	20
2015-16	(5)	-	-	5	(14)	(14)
2014-15	12	-	-	1	(2)	11
2013-14	8	-	-	1	(1)	8
2012-13	7	-	-	-	-	7
2011-12	4	-	-	-	-	4
2010-11	7	-	-	1	(2)	6
2009-10	6	-	-	-	-	6
2008-09	6	-	-	-	-	6
2007-08	3	-	-	-	-	3
	<u>\$ 6,160</u>	<u>\$ 416,431</u>	<u>\$ (437)</u>	<u>\$ (10,567)</u>	<u>\$ (405,552)</u>	<u>\$ 6,035</u>
				Cash with County		<u>1,718</u>
				Total Receivable		<u>\$ 7,753</u>

C. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental fund balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The unavailable revenues reported in the governmental funds included \$6,035 in property taxes.

D. Fund Balance

Restricted Fund Balance represents amounts that are constrained for Urban Renewal capital projects and the Urban Renewal Debt Service Fund. Generally the purpose for each is indicated by the account title on the face of the balance sheet.

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

unassigned resources. Fund balance by classification for the year ended June 30, 2022, is as follows:

Fund Balance	<u>URA Project Fund</u>	<u>URA Debt Service Fund</u>
Restricted for:		
Debt Service	\$ -	\$ 307,576
Unassigned	<u>(1,445)</u>	<u>-</u>
Total Fund Balance	<u>\$ (1,445)</u>	<u>\$ 307,576</u>

E. Capital Assets

The Agency constructs and refurbishes assets for the benefit of the City and businesses in the local area, and any assets constructed or improved would be property of the benefiting entity. During the current year the Agency incurred \$638,856 costs on city projects and contributed total improvements of \$639,266 to the city. The Agency had no capital assets at year end.

F. Long – Term Obligations

A Full Faith and Credit loan was issued on November 24, 2014 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 \$8,789 for seven years with a balloon payment of \$319,005 due February 25, 2022, including interest at 3.22%. In the prior years, the URA paid an additional principal payment of \$67,270, \$52,500, and \$36,541 to reduce the outstanding balance of the loan. As of June 30, 2022, the loan is paid off.

Changes in long-term obligations for the fiscal year ended June 30, 2022, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
FF&C Loan					
2014	<u>\$282,464</u>	<u>\$ -</u>	<u>\$ 282,464</u>	<u>\$ -</u>	<u>\$ -</u>

G. Risk Management

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

H. Construction in Progress

In the Urban Renewal Project fund there are no construction in progress ongoing as of June 30, 2022.

I. Commitments and Contingencies

No significant commitments and contingencies at June 30, 2022.

J. Subsequent Events

No significant subsequent events occurred after fiscal year-end through the date of issuance of financial statements.

SUPPLEMENTAL INFORMATION

SISTERS URBAN RENEWAL AGENCY
(A Component Unit of the 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, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive / (Negative)
REVENUES				
Property taxes	\$ 445,000	\$ 445,000	\$ 405,554	\$ (39,446)
Interest on investments	200	200	4,324	4,124
Miscellaneous	-	-	63	63
TOTAL REVENUES	<u>445,200</u>	<u>445,200</u>	<u>409,941</u>	<u>(35,259)</u>
EXPENDITURES				
Debt service	<u>296,175</u>	<u>296,175</u>	<u>287,962</u>	<u>8,213</u>
TOTAL EXPENDITURES	<u>296,175</u>	<u>296,175</u>	<u>287,962</u>	<u>8,213</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>149,025</u>	<u>149,025</u>	<u>121,979</u>	<u>(27,046)</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan repayment	<u>(150,000)</u>	<u>(710,000)</u>	<u>(560,000)</u>	<u>150,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(150,000)</u>	<u>(710,000)</u>	<u>(560,000)</u>	<u>150,000</u>
NET CHANGES IN FUND BALANCE	(975)	(560,975)	(438,021)	122,954
FUND BALANCE, Beginning	<u>751,488</u>	<u>751,488</u>	<u>745,597</u>	<u>(5,891)</u>
FUND BALANCE, Ending	<u>\$ 750,513</u>	<u>\$ 190,513</u>	<u>\$ 307,576</u>	<u>\$ 117,063</u>

AUDITOR'S COMMENTS AND REPORTS



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

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of Sisters Urban Renewal Agency as of and for the year ended June 30, 2022 and have issued our report thereon dated April 24, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Sisters Urban Renewal Agency 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.**
- **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 that the City of Sisters Urban Renewal Agency 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.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Agency 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 Agency internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency internal control over financial reporting.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of the Agency 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

Dickey and Tremper, LLP

April 24, 2023