

***CITY OF JEFFERSON, OREGON  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2021***

**MAYOR**

Michael Myers

**CITY COUNCIL MEMBERS**

Dave Beyerl, President

David Kellogg

Patrick McKenzie Jr.

Walt Perry

Bob Rossiter

David Watkins

The above individuals may be contacted at the address below

**CITY ADMINISTRATION**

Sarah Cook, City Manager/Recorder

Speer Hoyt Law Firm  
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# GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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## ***INDEPENDENT AUDITOR'S REPORT***

Honorable Mayor and Members of the City Council  
City of Jefferson  
P.O. Box 83  
Jefferson, Oregon 97352-0083

### ***Report on the Financial Statements***

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Jefferson, Oregon (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in the notes to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jefferson, Oregon as of June 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in the notes to the financial statements.

## ***Basis of Accounting***

We draw attention to the notes to financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Report on Supplemental and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis, (budgetary comparison information, combining nonmajor fund financial statements, and other schedules,) which are the responsibility of management, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information as listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## ***Other Reporting Required by Legal and Regulatory Requirements***

### ***Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Reporting Required by Oregon Minimum Standards*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated September 24, 2021, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
\_\_\_\_\_  
Ryan T. Pasquarella, A Shareholder  
September 24, 2021

**CITY OF JEFFERSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

As management of the City of Jefferson, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021.

**FINANCIAL HIGHLIGHTS**

	June 30,		Change
	2021	2020	
Net position	\$ 7,071,767	\$ 6,670,260	\$ 401,507
Change in net position	401,507	260,176	141,331
Governmental net position	1,496,356	1,505,396	(9,040)
Proprietary net position	5,575,411	5,164,864	410,547
Change in governmental net position	(9,040)	382,041	(391,081)
Change in proprietary net position	410,547	(121,865)	532,412

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The *Statement of Net Position (Modified Cash Basis)*. The *statement of net position* presents information on all of the assets and liabilities of the City as of the date on the statement. Net position is what remains after the recognized liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities (Modified Cash Basis)*. The *statement of activities* presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position in total.

*Fund financial statements.* The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City

can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds.* The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on individual funds. Such information may be useful in evaluating a government’s near-term financing requirements.

*Proprietary funds.* The City charges customers for the services it provides. These services are generally reported in proprietary funds.

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

*Other information* - In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information*, including the budgetary comparison schedules, the combining nonmajor fund financial statements, and other schedules.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

***Statement of Net Position.*** The Statement of Net Position is provided on a comparative basis.

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$7.1 million as of June 30, 2021.

Net position - restricted represents resources that are subject to external restrictions on their use, such as debt service payments or construction of capital assets.

Net position - unrestricted is available for general operations of the City.

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<i>Assets</i>						
Cash and cash equivalents	\$ 1,496,356	\$ 5,608,071	\$ 7,104,427	\$ 1,505,396	\$ 5,198,791	\$ 6,704,187
<i>Liabilities</i>						
Deposits	-	32,660	32,660	-	33,927	33,927
<i>Net Position</i>						
Restricted	622,041	607,694	1,229,735	616,701	599,867	1,216,568
Unrestricted	874,315	4,967,717	5,842,032	888,695	4,564,997	5,453,692
Total Net Position	\$ 1,496,356	\$ 5,575,411	\$ 7,071,767	\$ 1,505,396	\$ 5,164,864	\$ 6,670,260

**Statement of Activities.** The City’s net position increased approximately \$402 thousand during the current fiscal year. The key elements of the change in the City’s net position for the year ended June 30, 2021 are as follows:

- Intergovernmental revenue increased by \$94 thousand primarily due to receiving \$96 thousand of Coronavirus Relief funding.
- Program revenue increased by \$540 thousand primarily due to grant funding related to the new water treatment plant in the current year.
- Overall expenses increased \$3.0 million primarily related to the ongoing construction of the new water treatment plant (WTP).
- General government expenses increased by \$108 thousand primarily due to community support expenses of \$92 thousand for providing aid to the community affected by the pandemic.

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program Revenues						
Fines, fees, and charges for service	\$ 64,552	\$ 1,640,502	\$ 1,705,054	\$ 159,470	\$ 1,583,066	\$ 1,742,536
Operating grants and contributions	259,892	-	259,892	262,661	-	262,661
Capital grants and contributions	15,831	1,012,914	1,028,745	148,291	297,796	446,087
General Revenues						
Property taxes	364,862	-	364,862	353,715	-	353,715
Franchise taxes	180,003	-	180,003	173,421	-	173,421
Intergovernmental	228,061	-	228,061	134,027	-	134,027
Miscellaneous	67,088	42,653	109,741	64,716	132,618	197,334
<i>Total Revenues</i>	<u>1,180,289</u>	<u>2,696,069</u>	<u>3,876,358</u>	<u>1,296,301</u>	<u>2,013,480</u>	<u>3,309,781</u>
<b>Expenses</b>						
General government	364,907	-	364,907	256,793	-	256,793
Court and police	368,918	-	368,918	387,915	-	387,915
Community services and development	330,161	-	330,161	278,997	-	278,997
Cemetery	16,491	-	16,491	19,932	-	19,932
Library	82,691	-	82,691	83,431	-	83,431
Water	-	5,620,156	5,620,156	-	2,731,801	2,731,801
Sewer	-	508,683	508,683	-	494,863	494,863
<i>Total Expenses</i>	<u>1,163,168</u>	<u>6,128,839</u>	<u>7,292,007</u>	<u>1,027,068</u>	<u>3,226,664</u>	<u>4,253,732</u>
Transfers	89,879	(89,879)	-	82,806	(82,806)	-
Proceeds from the sale of assets	-	-	-	69,067	-	69,067
Proceeds from issuance of debt	-	3,817,156	3,817,156	-	1,135,060	1,135,060
Interfund loan activity	(116,040)	116,040	-	(39,065)	39,065	-
<b>Change in Net Position</b>	<u>(9,040)</u>	<u>410,547</u>	<u>401,507</u>	<u>382,041</u>	<u>(121,865)</u>	<u>260,176</u>
Net Position, beginning of year	<u>1,505,396</u>	<u>5,164,864</u>	<u>6,670,260</u>	<u>1,123,355</u>	<u>5,286,729</u>	<u>6,410,084</u>
Net Position, end of year	<u>\$ 1,496,356</u>	<u>\$ 5,575,411</u>	<u>\$ 7,071,767</u>	<u>\$ 1,505,396</u>	<u>\$ 5,164,864</u>	<u>\$ 6,670,260</u>

## Financial Analysis of the City's Funds

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

The City's governmental funds reported combined ending fund balances of \$1.5 million at June 30, 2021 an decrease of \$9 thousand from the prior year.

*General Fund.* The General Fund is the primary operating fund of the City. The City follows GASB Statement No. 54 and reports the General Fund in the fund financial statements combined with other governmental funds that are primarily funded by General Fund transfers. Funds combined with the General Fund and shown on the Reconciliation of Budgetary Funds to Reporting Funds are the Library and Conser House Funds. Unassigned fund balance of the combined General Fund was \$482 thousand as of June 30, 2021. The overall fund balance decreased by \$11 thousand during the current fiscal year.

As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 61% of total General Fund expenditures.

*Street Fund.* The Street Fund is used to account for revenues and expenditures of State gas tax and other revenue related to streets. The fund balance was \$101 thousand as of June 30, 2021. The fund balance decreased by \$14 thousand during the current fiscal year. This decrease included a transfer out to the Street Improvement Fund of \$176 thousand.

**Proprietary (Enterprise) funds.** The focus of the City's proprietary funds is to provide water and sewer services to customers. As with the governmental funds, *net position* may serve as a useful measure of net resources available for spending at the end of a fiscal year.

The City's proprietary funds reported combined ending fund net position of \$5.6 million at June 30, 2021 an increase of \$411 thousand from the prior year.

*Water Operations.* The Water Operations Funds are used to account for revenues and expenses related to the operation of the City's water system. The fund net position was \$2.7 million as of June 30, 2021 which is an increase of \$97 thousand during the current fiscal year. The increase was due to operating revenues exceeding operating expenses, which is reserved for future expansion.

*Sewer Operations.* The Sewer Operations Funds are used to account for revenues and expenses related to the operation of the City's sewer system. The fund net position was \$2.8 million as of June 30, 2021 which is an increase of \$276 thousand during the current fiscal year. The increase was due to operating revenues exceeding operating expenses, which is reserved for future expansion.

## General Fund Budgetary Highlights

There were no changes to the General Fund budget during the fiscal year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** The City does not maintain historical cost and depreciation records for capital assets including infrastructure. Therefore, no information for capital assets is presented in the financial statements.

**Long-term debt.** The City's long-term debt is for water and sewer capital projects that is paid for from the net water and sewer revenues, respectively. The total long-term debt increased by \$3.2 million during the current year which was due to loan proceeds from the Oregon Business Development Department for the water treatment plant offset by \$646 thousand of principal repayments and reductions related to previously existing debt. The year-end balances for the City's long-term debt is as follows:

	City of Jefferson Outstanding Debt June 30,	
	Business-type Activities	
	2021	2020
1998 Water Revenue Bonds	\$ 224,647	\$ 292,926
2010 OECDD Wastewater Loan	1,727,686	2,305,499
2017 Safe Drinking Water Revolving Fund Loan	4,952,216	1,135,060
Total	<u>\$ 6,904,549</u>	<u>\$ 3,733,485</u>

State statutes limit the amount of general obligation debt a government entity may issue to 3 percent of its total assessed valuation. The City currently has no general obligation debt.

For more detailed information regarding debt please refer to pages 24-25 in the notes to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's Budget Committee considered all the following factors while preparing the budget for the 2021-22 fiscal year:

- Expected rates and consumption for business-type funds
- Staffing requirements and the desired level of service

## **REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Jefferson  
Attn: City Manager/Recorder  
150 North Second Street  
PO Box 83  
Jefferson, Oregon 97352  
(541) 327-2768, ext. 304

***BASIC FINANCIAL STATEMENTS***

**CITY OF JEFFERSON, OREGON**  
**STATEMENT OF NET POSITION (MODIFIED CASH BASIS)**  
**JUNE 30, 2021**

	<b><i>Governmental Activities</i></b>	<b><i>Business-type Activities</i></b>	<b><i>Totals</i></b>
<b><i>ASSETS</i></b>			
Cash and cash equivalents	\$ 1,496,356	\$ 5,608,071	\$ 7,104,427
<b><i>LIABILITIES</i></b>			
Deposits	-	32,660	32,660
<b><i>NET POSITION</i></b>			
Restricted for:			
Capital acquisitions	111,506	-	111,506
Debt service	-	82,193	82,193
Streets	221,173	-	221,173
System development	289,362	525,501	814,863
Unrestricted	874,315	4,967,717	5,842,032
 <i>Total Net Position</i>	 <u>\$ 1,496,356</u>	 <u>\$ 5,575,411</u>	 <u>\$ 7,071,767</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF JEFFERSON, OREGON**  
**STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)**  
**YEAR ENDED JUNE 30, 2021**

	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expenses) Revenues and Changes in Net Position</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental activities</b>							
General government	\$ 364,907	\$ 14,173	\$ -	\$ -	\$ (350,734)	\$ -	\$ (350,734)
Court and police	368,918	21,607	-	-	(347,311)	-	(347,311)
Community services and development	330,161	-	238,830	15,831	(75,500)	-	(75,500)
Cemetery	16,491	27,730	-	-	11,239	-	11,239
Library	82,691	1,042	21,062	-	(60,587)	-	(60,587)
<i>Total Governmental activities</i>	1,163,168	64,552	259,892	15,831	(822,893)	-	(822,893)
<b>Business-type activities</b>							
Water	5,620,155	927,268	-	1,004,867	-	(3,688,020)	(3,688,020)
Sewer	508,684	677,100	-	7,942	-	176,358	176,358
Storm drainage	-	36,134	-	105	-	36,239	36,239
<i>Total Business-type activities</i>	6,128,839	1,640,502	-	1,012,914	-	(3,475,423)	(3,475,423)
<i>Total Activities</i>	\$ 7,292,007	\$ 1,705,054	\$ 259,892	\$ 1,028,745	(822,893)	(3,475,423)	(4,298,316)
<b>General Revenues</b>							
Property taxes					364,862	-	364,862
Franchise taxes					180,003	-	180,003
Intergovernmental					228,061	-	228,061
Miscellaneous					67,088	42,653	109,741
<i>Total General Revenues</i>					840,014	42,653	882,667
<b>Transfers</b>					89,879	(89,879)	-
<b>Proceeds from issuance of debt</b>					-	3,817,156	3,817,156
<b>Interfund loan repayment</b>					(116,040)	116,040	-
<b>Change in Net Position</b>					(9,040)	410,547	401,507
<b>Net Position - beginning of year</b>					1,505,396	5,164,864	6,670,260
<b>Net Position - end of year</b>					\$ 1,496,356	\$ 5,575,411	\$ 7,071,767

The accompanying notes are an integral part of the financial statements.

**CITY OF JEFFERSON, OREGON****BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS**

JUNE 30, 2021

	<u>Special Revenue</u>		<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Street Fund</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 530,909	\$ 101,357	\$ 864,090	\$ 1,496,356
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance</b>				
Restricted for:				
Capital acquisitions	-	-	111,506	111,506
Streets	-	101,357	119,816	221,173
System development	-	-	289,362	289,362
Committed to:				
Capital acquisitions	13,835	-	262,204	276,039
Cemetery	-	-	81,202	81,202
Library	35,399	-	-	35,399
Unassigned	481,675	-	-	481,675
<i>Total Fund Balance</i>	530,909	101,357	864,090	1,496,356
<i>Total Liabilities and Fund Balance</i>	\$ 530,909	\$ 101,357	\$ 864,090	\$ 1,496,356

The accompanying notes are an integral part of the financial statements.

**CITY OF JEFFERSON, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	<u>Special Revenue</u>			<u>Total</u>
	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	
<b>REVENUES</b>				
Taxes and assessments	\$ 364,862	\$ -	\$ 15,831	\$ 380,693
Fines and forfeitures	22,649	-	-	22,649
Licenses and permits	191,600	-	-	191,600
Charges for services	2,575	-	27,550	30,125
Intergovernmental	251,620	233,126	2,355	487,101
Miscellaneous	54,751	934	12,436	68,121
<i>Total Revenues</i>	888,057	234,060	58,172	1,180,289
<b>EXPENDITURES</b>				
Current				
General government	338,845	-	-	338,845
Court and police	368,918	-	-	368,918
Community services and development	46,743	72,198	446	119,387
Cemetery	-	-	16,491	16,491
Library	82,691	-	-	82,691
Debt payments				
Interest	1,149	-	-	1,149
Capital acquisitions	26,062	-	210,774	236,836
<i>Total Expenditures</i>	864,408	72,198	227,711	1,164,317
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	23,649	161,862	(169,539)	15,972
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan repayment	(114,891)	-	-	(114,891)
Transfers in	164,129	-	185,800	349,929
Transfers out	(84,250)	(175,800)	-	(260,050)
<i>Total Other Financing Sources (Uses)</i>	(35,012)	(175,800)	185,800	(25,012)
<b>NET CHANGE IN FUND BALANCE</b>	(11,363)	(13,938)	16,261	(9,040)
<b>FUND BALANCE, beginning of year</b>	542,272	115,295	847,829	1,505,396
<b>FUND BALANCE, end of year</b>	\$ 530,909	\$ 101,357	\$ 864,090	\$ 1,496,356

The accompanying notes are an integral part of the financial statements.

**CITY OF JEFFERSON, OREGON**

**STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) - PROPRIETARY FUNDS**

**JUNE 30, 2021**

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>(Non-major) Storm Drainage</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,674,780	\$ 2,860,316	\$ 72,975	\$ 5,608,071
<b>LIABILITIES</b>				
Deposits	16,300	16,360	-	32,660
<b>FUND NET POSITION:</b>				
Restricted for:				
Debt payments	82,193	-	-	82,193
System development	207,081	314,325	4,095	525,501
Unrestricted	2,369,206	2,529,631	68,880	4,967,717
<i>Total Fund Net Position</i>	<u>\$ 2,658,480</u>	<u>\$ 2,843,956</u>	<u>\$ 72,975</u>	<u>\$ 5,575,411</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF JEFFERSON, OREGON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
(MODIFIED CASH BASIS) - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>(Non-major) Storm Drainage</i>	<i>Total</i>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 927,268	\$ 677,100	\$ 36,134	\$ 1,640,502
Miscellaneous	1,505	249	-	1,754
<i>Total Operating Revenues</i>	928,773	677,349	36,134	1,642,256
<b>OPERATING EXPENSES</b>				
Personnel services	203,939	203,615	-	407,554
Materials and services	104,408	96,485	-	200,893
<i>Total Operating Expenses</i>	308,347	300,100	-	608,447
<b>OPERATING INCOME</b>	620,426	377,249	36,134	1,033,809
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	18,015	22,457	427	40,899
Capital acquisitions	(5,229,615)	(221)	-	(5,229,836)
Proceeds from issuance of debt	3,817,156	-	-	3,817,156
Debt payments				
Principal	(68,279)	(119,977)	-	(188,256)
Interest	(13,914)	(88,386)	-	(102,300)
<i>Total Nonoperating Revenues (Expenses)</i>	(1,476,637)	(186,127)	427	(1,662,337)
<b>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(856,211)	191,122	36,561	(628,528)
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	1,004,867	7,942	105	1,012,914
Repayment of interfund loan	-	116,040	-	116,040
Transfers out	(51,229)	(38,650)	-	(89,879)
<i>Total Contributions and Transfers</i>	953,638	85,332	105	1,039,075
<b>CHANGE IN NET POSITION</b>	97,427	276,454	36,666	410,547
<b>FUND NET POSITION, beginning of year</b>	2,561,053	2,567,502	36,309	5,164,864
<b>FUND NET POSITION, end of year</b>	\$ 2,658,480	\$ 2,843,956	\$ 72,975	\$ 5,575,411

The accompanying notes are an integral part of the financial statements.

**CITY OF JEFFERSON, OREGON**

**STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS) - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021**

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>(Non-major) Storm Drainage</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 927,471	\$ 675,630	\$ 36,134	\$ 1,639,235
Cash received from other sources	1,505	249	-	1,754
Cash paid to employees and others for salaries and benefits	(203,939)	(203,615)	-	(407,554)
Cash paid to suppliers and others	(104,408)	(96,485)	-	(200,893)
<i>Net Cash Provided by Operating Activities</i>	<u>620,629</u>	<u>375,779</u>	<u>36,134</u>	<u>1,032,542</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Payments to other funds for internal franchise fees	(46,229)	(33,650)	-	(79,879)
Transfers out	(5,000)	(5,000)	-	(10,000)
<i>Net Cash Used for Non-Capital Financing Activities</i>	<u>(51,229)</u>	<u>(38,650)</u>	<u>-</u>	<u>(89,879)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Repayment of interfund loan	-	116,040	-	116,040
Purchase of capital assets	(5,229,615)	(221)	-	(5,229,836)
Proceeds from issuance of debt	3,817,156	-	-	3,817,156
Principal paid on debt	(68,279)	(119,977)	-	(188,256)
Interest paid on debt	(13,914)	(88,386)	-	(102,300)
Capital contributions	1,004,867	7,942	105	1,012,914
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(489,785)</u>	<u>(84,602)</u>	<u>105</u>	<u>(574,282)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	18,015	22,457	427	40,899
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	<u>97,630</u>	<u>274,984</u>	<u>36,666</u>	<u>409,280</u>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>2,577,150</u>	<u>2,585,332</u>	<u>36,309</u>	<u>5,198,791</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 2,674,780</u>	<u>\$ 2,860,316</u>	<u>\$ 72,975</u>	<u>\$ 5,608,071</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 620,426	\$ 377,249	\$ 36,134	\$ 1,033,809
Adjustments				
Increase (decrease) in deposits	203	(1,470)	-	(1,267)
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 620,629</u>	<u>\$ 375,779</u>	<u>\$ 36,134</u>	<u>\$ 1,032,542</u>

The accompanying notes are an integral part of the financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Jefferson, Oregon (the City) is governed by an elected mayor and six council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of the City Recorder. All significant activities and organizations for which the City is financially accountable are included in the financial statements.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

*Basic Financial Statements*

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

*Government-wide financial statements* display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Position (Modified Cash Basis) presents information on assets and liabilities of the City. Net Position remains after all recorded liabilities have been satisfied. Because the City does not maintain cost capital asset records, no capital assets or associated debt is presented.

The Statement of Activities (Modified Cash Basis) 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*.

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental (general, special revenue, and capital projects) and proprietary type funds. Major individual governmental funds, major individual special revenue funds, major capital projects funds, and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information.

**CITY OF JEFFERSON, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation*

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures /expenses. The various funds are reported by generic classification within the financial statements.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/ expenses of either fund category or the government and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

*General Fund* - This is the City's primary operating fund. It accounts for all financial resources of the general government, except for those requiring separate accounting in another fund. Principal sources of revenues are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for police protection, community services and development and general administration.

*Street Fund* - Expenditures of this fund are restricted under Article IX of the Constitution of the State of Oregon for construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads and streets within the City. Principal revenues include state gas tax apportionments, federal and state grants, and other charges for services.

The proprietary (enterprise) funds are used to account for the acquisition, operation, and maintenance of the water and sewer systems. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following major enterprise funds:

*Water Operations* - Accounts for the operations, maintenance, debt service, and capital construction projects for water system, which is funded through utility fees, construction fees, and debt proceeds.

*Sewer Operations* - Accounts for the operations, maintenance, debt service, and capital construction projects for wastewater system, which is funded through utility fees, construction fees, and debt proceeds.

*Fund Balance*

In governmental funds, the City's policy is to first apply the disbursement toward restricted fund balance, and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

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.

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.

**CITY OF JEFFERSON, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Balance (Continued)*

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's City Recorder uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

*Definitions of Governmental Fund Types*

The General Fund is used to account for all financial resources not accounted for in another fund. In addition, certain Special Revenue Funds are reported as part of the General Fund because their source of funds is primarily transfers from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

*Measurement Focus and Basis of Accounting*

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

**CITY OF JEFFERSON, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2021*

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. Also, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, capital assets such as property and equipment are not reported, and long-term liabilities such as debt are only reported in the notes to the financial statements.

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

**CITY OF JEFFERSON, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Enterprise funds distinguish between operating revenues and expenses and nonoperating items. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, and materials and supplies. All revenues not considered operating are reported as nonoperating revenues.

*Cash and Cash Equivalents*

The City maintains cash and cash equivalents in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments in the Local Governmental Investment Pool are stated at cost, which approximates fair value.

*Property Taxes*

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

*Capital Assets*

The City does not maintain historical cost or depreciation records for capital assets. Therefore, capital assets are not reported on the government-wide Statement of Net Position, the Enterprise Fund Statement of Net Position, or in the notes to the financial statements.

*Long-Term Debt*

Long-term debt is presented only in the notes to the financial statements. Payments of principal and interest are recorded as expenditures/expenses when paid.

*Accrued Compensated Absences*

Accumulated unpaid vacation and sick pay is recorded as an expenditure/expense when paid.

**CITY OF JEFFERSON, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2021

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Budgets and Budgetary Accounting*

The City adopts the budget on a program basis. Therefore, expenditures/expenses of a fund may not legally exceed that fund's appropriations. The City Council may amend the budget to expend unforeseen items by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

*Use of Restricted Assets*

When expenditures/expenses are paid for purposes in which both restricted and unrestricted net position is available, the City deems restricted to be spent first.

*Use of Estimates*

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenditures/expenses as of and for the year ended June 30, 2021. Actual results may differ from such estimates.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are comprised of the following at June 30, 2021:

<b>Cash</b>	
Cash with financial institutions	\$ 269,735
Deposits with Xpress Pay	12,801
<b>Investments</b>	
Local Government Investment Pool	<u>6,821,891</u>
	<u>\$ 7,104,427</u>

*Deposits*

The City's deposits with various financial institutions had a bank balance of \$269,735 and a book balance of \$293,226 at June 30, 2021. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

*Local Government Investment Pool*

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations.

**CITY OF JEFFERSON, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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**CASH AND CASH EQUIVALENTS (Continued)**

*Local Government Investment Pool (Continued)*

The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2021, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

*Custodial Credit Risk - Deposits*

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2021, \$19,735 of the City's bank balances were covered by the PFCP.

*Interest Rate Risk*

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments through use of the Local Government Investment Pool.

*Custodial Risk – Investments*

For the LGIP, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. The LGIP is not rated for credit quality. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

**CITY OF JEFFERSON, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2021

**CASH AND CASH EQUIVALENTS (Continued)**

*Deposits with Xpress Pay*

The City contracts with Xpress Pay to facilitate online payments for utility customers. The amounts in this account are those payments received by Xpress Pay.

**INTERFUND RECEIVABLES AND PAYABLES**

In the current year, the General Fund paid off the capital loan from the Sewer Expansion Reserve Fund for the construction of City Hall.

**LONG-TERM DEBT**

As a result of the use of the modified cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Long-term transactions for the year ending June 30, 2021 were as follows:

*Business-type Activities*

	<i>Outstanding July 1, 2020</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Reductions</i>	<i>Outstanding June 30, 2021</i>	<i>Next Year Requirements</i>
<i>Direct Placement</i>						
1998 Water Revenue Bonds	\$ 292,926	\$ -	\$ (68,279)	\$ -	\$ 224,647	\$ 71,522
<i>Direct Borrowings</i>						
2010 OECCD Wastewater Loan	2,305,499	-	(119,977)	(457,836)	1,727,686	89,933
2017 Safe Drinking Water Revolving Fund Loan	1,135,060	3,817,156	-	-	4,952,216	-
	<u>\$ 3,733,485</u>	<u>\$ 3,817,156</u>	<u>\$ (188,256)</u>	<u>\$ (457,836)</u>	<u>\$ 6,904,549</u>	<u>\$ 161,455</u>

*1998 Water Revenue Bonds:*

On November 13, 1998, the City entered into a loan agreement through the United States Department of Agriculture (USDA) totaling \$1,187,930 related to the City's water system improvement project. The City will repay this amount in annual payments over 40 years with 4.75% interest and are secured by the net revenues of the water system. In the event of default, the note becomes immediately due and payable. The City is required to maintain a cash reserve in the amount of \$82,193 for the Water Revenue Bonds and was in compliance as of June 30, 2021.

**CITY OF JEFFERSON, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2021

**LONG-TERM DEBT (Continued)**

*2010 OECDW Wastewater Loan Payable:*

The August 2010 Special Public Works Fund Loan through the Oregon Economic and Community Development Department was signed on August 31, 2010 totaling \$3,325,500, with interest varying from 2.0% to 4.0% due annually on December 1 through the year 2034. The proceeds were used for wastewater system improvements. The note is secured by the full faith and credit of the City. In the event of default, the loan becomes immediately due and payable. The loan was refinanced through OECDW in the current year causing a principal reduction of \$457,836.

*2017 Safe Drinking Water Revolving Fund Loan:*

On November 14, 2017, the City entered into a loan agreement with the State of Oregon Business Development Department (OBDD) in the amount of \$5,985,000 for construction of a water treatment plant. The loan bears interest at 1.0% and is to be repaid in annual installments due December 1. The loan is unsecured and is a full faith and credit obligation. In the event of default, OBDD may declare all amounts immediately due and payable and pursue any remedies that are legally available. As of June 30, 2021, the City has drawn down \$4,952,216 of this loan. Repayment will begin once the loan is fully drawn or the water treatment plant project is completed.

Future debt service requirements are as follows:

<i><b>Fiscal Year Ending June 30,</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total</b></i>
2022	\$ 161,455	\$ 94,858	\$ 256,313
2023	165,601	87,237	252,838
2024	174,670	79,887	254,557
2025	102,288	72,045	174,333
2026	108,152	66,736	174,888
2027-2031	625,319	245,715	871,034
2032-2035	614,848	76,736	691,584
	<b>\$ 1,952,333</b>	<b>\$ 723,214</b>	<b>\$ 2,675,547</b>

The repayment terms of the 2017 Safe Drinking Water Loan have not been finalized since the loan is not fully drawn as of year-end. It is not included in the future debt payments schedule shown above.

**PENSION PLAN**

Plan Description - City employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hiring date and employment class (general service or police/fire). All City employees are eligible to participate after six months of covered employment.

**CITY OF JEFFERSON, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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**PENSION PLAN (Continued)**

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67%. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years and are eligible to retire at age 55. Tier One benefits are reduced if retirement occurs prior to age 58 with less than 30 years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58.

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50%. Employees are fully vested after completing 600 hours of service in each of five calendar years and are eligible to retire at age 58 with 30 years of service, or at age 65 otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2021 were 0.06% for Tier One/Tier Two employees, and 0.00% for OPSRP general service employees. The City's total contributions to PERS were \$5,147 for fiscal year ended June 30, 2021.

**CITY OF JEFFERSON, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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**PENSION PLAN (Continued)**

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2021 were based on the December 31, 2017 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2021, the City reported a net pension liability of \$-0- as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on a December 31, 2018 actuarial valuation, rolled forward to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.00% as of the June 30, 2020 and June 30, 2019 measurement dates.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2018 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.50%, projected salary increases of 3.50%, investment rate of return of 7.20%, and mortality rates based on the Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2018.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position – Detailed information about PERS' net position is available in its separately issued financial report.

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$21,736 for the year ended June 30, 2021. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP.

**CITY OF JEFFERSON, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2021

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**INTERFUND TRANSACTIONS**

In January 2012, the City Council passed an ordinance authorizing a 5% public utility fee on Water and Sewer revenues. These payments are recorded as revenues to the General Fund and expenditures for the Water and Sewer Funds in the budgetary comparison schedules and recorded as transfers out in the enterprise funds and transfers in to the General Fund in the financial statements. Payments related to the public utility fee during the fiscal year were as follows:

	<u>Public Utility Fee</u>
Water	\$ 46,229
Sewer	33,650
	<u>\$ 79,879</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the debt service fund as debt service payments become due, (3) for repayment of interfund loans, (4) for internal franchise fees and (5) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	<u>Budgetary Basis</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 84,250
Street	-	175,800
Street Improvement	175,800	-
Library	59,250	-
Conser House Rehab Grant	25,000	-
Utility Reserve	10,000	-
Water	-	496,950
Sewer	-	301,800
Sewer Expansion Reserve	296,800	-
Water Reservoir Debt Service	80,205	-
Water SDC	491,950	80,205
	<u>\$ 1,139,005</u>	<u>\$ 1,139,005</u>

**CONTINGENCIES**

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

***SUPPLEMENTAL INFORMATION***

**CITY OF JEFFERSON, OREGON**

**RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUNDS - GENERAL FUND**

**BALANCE SHEET (MODIFIED CASH BASIS)**

**JUNE 30, 2021**

	<u>General Fund</u>	<u>Library</u>	<u>Conser House</u>	<u>Total (reported as General Fund)</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 481,675	\$ 35,399	\$ 13,835	\$ 530,909
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance</b>				
Committed to:				
Capital acquisitions	-	-	13,835	13,835
Library	-	35,399	-	35,399
Unassigned	481,675	-	-	481,675
<i>Total Fund Balance</i>	<u>481,675</u>	<u>35,399</u>	<u>13,835</u>	<u>530,909</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 481,675</u>	<u>\$ 35,399</u>	<u>\$ 13,835</u>	<u>\$ 530,909</u>

**CITY OF JEFFERSON, OREGON**

**RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUNDS - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2021**

	<i>Budgetary funds</i>			<i>Total (reported as General Fund)</i>
	<i>General Fund</i>	<i>Library</i>	<i>Conser House</i>	
<b>REVENUES</b>				
Taxes and assessments	\$ 364,862	\$ -	\$ -	\$ 364,862
Fines and forfeitures	21,607	1,042	-	22,649
Licenses and permits	191,600	-	-	191,600
Fees for services	2,575	-	-	2,575
Intergovernmental	228,061	20,210	3,349	251,620
Miscellaneous	53,649	1,102	-	54,751
<i>Total Revenues</i>	<u>862,354</u>	<u>22,354</u>	<u>3,349</u>	<u>888,057</u>
<b>EXPENDITURES</b>				
Current				
General government	338,845	-	-	338,845
Court and police	368,918	-	-	368,918
Community services and development	46,743	-	-	46,743
Library	-	82,691	-	82,691
Debt payments				
Interest	1,149	-	-	1,149
Capital acquisitions	2,125	19	23,918	26,062
<i>Total Expenditures</i>	<u>757,780</u>	<u>82,710</u>	<u>23,918</u>	<u>864,408</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>104,574</u>	<u>(60,356)</u>	<u>(20,569)</u>	<u>23,649</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan repayment	(114,891)	-	-	(114,891)
Transfers in	79,879	59,250	25,000	164,129
Transfers out	(84,250)	-	-	(84,250)
<i>Total Other Financing Sources (Uses)</i>	<u>(119,262)</u>	<u>59,250</u>	<u>25,000</u>	<u>(35,012)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(14,688)</u>	<u>(1,106)</u>	<u>4,431</u>	<u>(11,363)</u>
<b>FUND BALANCE, beginning of year</b>	<u>496,363</u>	<u>36,505</u>	<u>9,404</u>	<u>542,272</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 481,675</u>	<u>\$ 35,399</u>	<u>\$ 13,835</u>	<u>\$ 530,909</u>

**CITY OF JEFFERSON, OREGON**  
**COMBINING BALANCE SHEET (MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	<i>Special Revenue</i>				<i>Capital Projects</i>			<i>Total</i>
	<i>Municipal Parks</i>	<i>Boat Ramp</i>	<i>Cemetery</i>	<i>Bike/ Footpath</i>	<i>Street Improvement</i>	<i>Cemetery Equipment</i>	<i>Utility Reserve</i>	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 169,031	\$ -	\$ 55,446	\$ 45,309	\$ 306,344	\$ 25,756	\$ 262,204	\$ 864,090
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance</b>								
Restricted for:								
Capital acquisitions	111,506	-	-	-	-	-	-	111,506
Streets	-	-	-	45,309	74,507	-	-	119,816
System development	57,525	-	-	-	231,837	-	-	289,362
Committed to:								
Capital acquisitions	-	-	-	-	-	-	262,204	262,204
Cemetery	-	-	55,446	-	-	25,756	-	81,202
<b>Total Fund Balance</b>	<b>169,031</b>	<b>-</b>	<b>55,446</b>	<b>45,309</b>	<b>306,344</b>	<b>25,756</b>	<b>262,204</b>	<b>864,090</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 169,031</b>	<b>\$ -</b>	<b>\$ 55,446</b>	<b>\$ 45,309</b>	<b>\$ 306,344</b>	<b>\$ 25,756</b>	<b>\$ 262,204</b>	<b>\$ 864,090</b>

**CITY OF JEFFERSON, OREGON**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (MODIFIED CASH BASIS) -

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	<i>Special Revenue</i>				<i>Capital Projects</i>			<i>Total</i>
	<i>Municipal Parks</i>	<i>Boat Ramp</i>	<i>Cemetery</i>	<i>Bike/ Footpath</i>	<i>Street Improvement</i>	<i>Cemetery Equipment</i>	<i>Utility Reserve</i>	
<b>REVENUES</b>								
Taxes and assessments	\$ -	\$ -	\$ -	\$ 15,831	\$ -	\$ -	\$ -	\$ 15,831
Licenses and permits	-	-	-	-	-	-	-	-
Charges for services	-	-	27,550	-	-	-	-	27,550
Intergovernmental	-	-	-	2,355	-	-	-	2,355
Miscellaneous	1,767	-	4,421	321	1,953	204	3,770	12,436
<i>Total Revenues</i>	1,767	-	31,971	18,507	1,953	204	3,770	58,172
<b>EXPENDITURES</b>								
Current								
Community services and development	333	113	-	-	-	-	-	446
Cemetery	-	-	16,491	-	-	-	-	16,491
Capital acquisitions	100,134	-	-	-	78,169	-	32,471	210,774
<i>Total Expenditures</i>	100,467	113	16,491	-	78,169	-	32,471	227,711
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(98,700)	(113)	15,480	18,507	(76,216)	204	(28,701)	(169,539)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	175,800	-	10,000	185,800
<b>NET CHANGE IN FUND BALANCE</b>	(98,700)	(113)	15,480	18,507	99,584	204	(18,701)	16,261
<b>FUND BALANCE, beginning of year</b>	267,731	113	39,966	26,802	206,760	25,552	280,905	847,829
<b>FUND BALANCE, end of year</b>	\$ 169,031	\$ -	\$ 55,446	\$ 45,309	\$ 306,344	\$ 25,756	\$ 262,204	\$ 864,090

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND**

**YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 348,000	\$ 348,000	\$ 364,862	\$ 16,862
Fines and forfeitures	40,000	40,000	21,607	(18,393)
Licenses and permits	353,550	353,550	271,479	(82,071)
Charges for services	2,000	2,000	2,575	575
Intergovernmental	143,100	143,100	228,061	84,961
Miscellaneous	33,425	33,425	53,649	20,224
<i>Total Revenues</i>	920,075	920,075	942,233	22,158
<b>EXPENDITURES</b>				
Administration	295,150	295,150	338,845	(43,695)
Court	17,900	17,900	7,125	10,775
Planning	124,720	124,720	46,743	77,977
Police services	380,100	380,100	361,793	18,307
Debt service				
Principal	114,890	114,890	114,891	(1)
Interest	1,150	1,150	1,149	1
Capital outlay	41,500	41,500	2,125	39,375
Contingency	299,415	299,415	-	299,415
<i>Total Expenditures</i>	1,274,825	1,274,825	872,671	402,154
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(354,750)	(354,750)	69,562	424,312
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(85,250)	(85,250)	(84,250)	1,000
<b>NET CHANGE IN FUND BALANCE</b>	(440,000)	(440,000)	(14,688)	425,312
<b>FUND BALANCE, beginning of year</b>	440,000	440,000	496,363	56,363
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 481,675	\$ 481,675

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - LIBRARY FUND**

**YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 2,400	\$ 2,400	\$ 1,042	\$ (1,358)
Intergovernmental	19,700	19,700	20,210	510
Miscellaneous	800	800	1,102	302
<i>Total Revenues</i>	22,900	22,900	22,354	(546)
<b>EXPENDITURES</b>				
Library	102,150	102,150	82,691	19,459
Capital outlay	4,000	4,000	19	3,981
<i>Total Expenditures</i>	106,150	106,150	82,710	23,440
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(83,250)	(83,250)	(60,356)	22,894
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	59,250	59,250	59,250	-
<b>NET CHANGE IN FUND BALANCE</b>	(24,000)	(24,000)	(1,106)	22,894
<b>FUND BALANCE, beginning of year</b>	24,000	24,000	36,505	12,505
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 35,399	\$ 35,399

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - CONSER HOUSE REHABILITATION GRANT FUND**

**YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 3,349	\$ (11,651)
Miscellaneous	100	100	-	(100)
<i>Total Revenues</i>	15,100	15,100	3,349	(11,751)
<b>EXPENDITURES</b>				
Conser House rehab	52,100	52,100	23,918	28,182
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(37,000)	(37,000)	(20,569)	16,431
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,000	25,000	25,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(12,000)	(12,000)	4,431	16,431
<b>FUND BALANCE, beginning of year</b>	12,000	12,000	9,404	(2,596)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 13,835	\$ 13,835

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - STREET FUND**

**YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 222,000	\$ 222,000	\$ 233,126	\$ 11,126
Miscellaneous	1,600	1,600	934	(666)
<i>Total Revenues</i>	223,600	223,600	234,060	10,460
<b>EXPENDITURES</b>				
Streets	125,900	125,900	72,198	53,702
Contingency	11,900	11,900	-	11,900
<i>Total Expenditures</i>	137,800	137,800	72,198	65,602
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	85,800	85,800	161,862	76,062
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(175,800)	(175,800)	(175,800)	-
<b>NET CHANGE IN FUND BALANCE</b>	(90,000)	(90,000)	(13,938)	76,062
<b>FUND BALANCE, beginning of year</b>	90,000	90,000	115,295	25,295
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 101,357	\$ 101,357

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - MUNICIPAL PARKS FUND**

**YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 149,000	\$ 149,000	\$ -	\$ (149,000)
Intergovernmental	25,000	25,000	-	(25,000)
Miscellaneous	3,100	3,100	1,767	(1,333)
<i>Total Revenues</i>	177,100	177,100	1,767	(175,333)
<b>EXPENDITURES</b>				
Parks	500	500	333	167
Capital outlay	438,600	438,600	100,134	338,466
<i>Total Expenditures</i>	439,100	439,100	100,467	338,633
<b>NET CHANGE IN FUND BALANCE</b>	(262,000)	(262,000)	(98,700)	163,300
<b>FUND BALANCE, beginning of year</b>	262,000	262,000	267,731	5,731
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 169,031	\$ 169,031

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - BOAT RAMP FUND**

**YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 2,400	\$ 2,400	\$ -	\$ (2,400)
Miscellaneous	100	100	-	(100)
<i>Total Revenues</i>	2,500	2,500	-	(2,500)
<b>EXPENDITURES</b>				
Boat ramp	3,600	3,600	113	3,487
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,100)	(1,100)	(113)	987
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000	1,000	-	(1,000)
<b>NET CHANGE IN FUND BALANCE</b>	(100)	(100)	(113)	(13)
<b>FUND BALANCE, beginning of year</b>	100	100	113	13
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - CEMETERY FUND**

**YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 12,000	\$ 12,000	\$ 27,550	\$ 15,550
Miscellaneous	5,300	5,300	4,421	(879)
<i>Total Revenues</i>	17,300	17,300	31,971	14,671
<b>EXPENDITURES</b>				
Cemetery	23,175	23,175	16,491	6,684
Capital outlay	29,425	29,425	-	29,425
Contingency	1,700	1,700	-	1,700
<i>Total Expenditures</i>	54,300	54,300	16,491	37,809
<b>NET CHANGE IN FUND BALANCE</b>	(37,000)	(37,000)	15,480	52,480
<b>FUND BALANCE, beginning of year</b>	37,000	37,000	39,966	2,966
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 55,446	\$ 55,446

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - BIKE/FOOTPATH FUND**

**YEAR ENDED JUNE 30, 2021**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 4,000	\$ 4,000	\$ 15,831	\$ 11,831
Intergovernmental	2,220	2,220	2,355	135
Miscellaneous	800	800	321	(479)
<i>Total Revenues</i>	7,020	7,020	18,507	11,487
<b>EXPENDITURES</b>				
Bike/footpath	9,520	9,520	-	9,520
<b>NET CHANGE IN FUND BALANCE</b>	(2,500)	(2,500)	18,507	21,007
<b>FUND BALANCE, beginning of year</b>	2,500	2,500	26,802	24,302
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 45,309	\$ 45,309

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**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(BUDGETARY BASIS) - BUDGET AND ACTUAL - STREET IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Miscellaneous	3,000	3,000	1,953	(1,047)
<i>Total Revenues</i>	103,000	103,000	1,953	(101,047)
<b>EXPENDITURES</b>				
Street improvements	448,800	448,800	78,169	370,631
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(345,800)	(345,800)	(76,216)	269,584
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	175,800	175,800	175,800	-
<b>NET CHANGE IN FUND BALANCE</b>	(170,000)	(170,000)	99,584	269,584
<b>FUND BALANCE, beginning of year</b>	170,000	170,000	206,760	36,760
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 306,344	\$ 306,344

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(BUDGETARY BASIS) - BUDGET AND ACTUAL - CEMETERY EQUIPMENT FUND  
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 400	\$ 400	\$ 204	\$ (196)
<b>EXPENDITURES</b>				
Cemetery equipment	25,400	25,400	-	25,400
<b>NET CHANGE IN FUND BALANCE</b>	(25,000)	(25,000)	204	25,204
<b>FUND BALANCE, beginning of year</b>	25,000	25,000	25,552	552
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 25,756	\$ 25,756

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - UTILITY RESERVE FUND**

**YEAR ENDED JUNE 30, 2021**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 3,770	\$ (1,230)
<b>EXPENDITURES</b>				
Utility reserve	295,000	295,000	32,471	262,529
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(290,000)	(290,000)	(28,701)	261,299
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	10,000	-
<b>CHANGE IN FUND BALANCE</b>	(280,000)	(280,000)	(18,701)	261,299
<b>FUND BALANCE, beginning of year</b>	280,000	280,000	280,905	905
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 262,204	\$ 262,204

**CITY OF JEFFERSON, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
WATER OPERATIONS FUNDS  
JUNE 30, 2021**

	<u>Water</u>	<u>Water System Development</u>	<u>Water Reservoir Debt Service</u>	<u>Eliminations</u>	<u>Total Water Operations</u>
<b>REVENUES</b>					
Charges for services	\$ 927,268	\$ -	\$ -	\$ -	\$ 927,268
Intergovernmental	-	1,004,867	-	-	1,004,867
Miscellaneous	3,984	14,918	618	-	19,520
<i>Total Revenues</i>	931,252	1,019,785	618	-	1,951,655
<b>EXPENDITURES</b>					
Water					
Personnel services	203,939	-	-	-	203,939
Materials and services	150,637	-	-	-	150,637
Debt service					
Principal	-	-	68,279	-	68,279
Interest	-	-	13,914	-	13,914
Capital outlay	8,975	5,220,640	-	-	5,229,615
<i>Total Expenditures</i>	363,551	5,220,640	82,193	-	5,666,384
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	567,701	(4,200,855)	(81,575)	-	(3,714,729)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	491,950	80,205	(572,155)	-
Transfers out	(496,950)	(80,205)	-	572,155	(5,000)
Proceeds from issuance of debt	-	3,817,156	-	-	3,817,156
<i>Total Other Financing Sources (Uses)</i>	(496,950)	4,228,901	80,205	-	3,812,156
<b>CHANGE IN FUND BALANCE</b>	70,751	28,046	(1,370)	-	97,427
<b>FUND BALANCE, beginning of year</b>	260,277	2,216,969	83,807	-	2,561,053
<b>FUND BALANCE, end of year</b>	\$ 331,028	\$ 2,245,015	\$ 82,437	\$ -	\$ 2,658,480

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - WATER FUND**

**YEAR ENDED JUNE 30, 2021**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 805,500	\$ 805,500	\$ 927,268	\$ 121,768
Miscellaneous	4,100	4,100	3,984	(116)
<i>Total Revenues</i>	809,600	809,600	931,252	121,652
<b>EXPENDITURES</b>				
Water	427,150	427,150	354,576	72,574
Capital outlay	14,500	14,500	8,975	5,525
Contingency	81,000	81,000	-	81,000
<i>Total Expenditures</i>	522,650	522,650	363,551	159,099
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	286,950	286,950	567,701	280,751
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(496,950)	(496,950)	(496,950)	-
<b>CHANGE IN FUND BALANCE</b>	(210,000)	(210,000)	70,751	280,751
<b>FUND BALANCE, beginning of year</b>	210,000	210,000	260,277	50,277
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 331,028	\$ 331,028

**CITY OF JEFFERSON, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(BUDGETARY BASIS) - BUDGET AND ACTUAL - WATER SYSTEM DEVELOPMENT FUND****YEAR ENDED JUNE 30, 2021**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Licenses and permits	\$ 167,800	\$ 167,800	\$ -	\$ (167,800)
Intergovernmental	1,004,867	1,004,867	1,004,867	-
Miscellaneous	50,000	50,000	14,918	(35,082)
<i>Total Revenues</i>	1,222,667	1,222,667	1,019,785	(202,882)
<b>EXPENDITURES</b>				
Water system	7,594,545	7,594,545	5,220,640	2,373,905
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	(6,371,878)	(6,371,878)	(4,200,855)	2,171,023
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	491,950	491,950	491,950	-
Transfers out	(80,205)	(80,205)	(80,205)	-
Proceeds from issuance of debt	3,860,133	3,860,133	3,817,156	(42,977)
<i>Total Other Financing Sources (Uses)</i>	4,271,878	4,271,878	4,228,901	(42,977)
<b>CHANGE IN FUND BALANCE</b>	(2,100,000)	(2,100,000)	28,046	2,128,046
<b>FUND BALANCE, beginning of year</b>	2,100,000	2,100,000	2,216,969	116,969
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 2,245,015	\$ 2,245,015

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - WATER RESERVOIR DEBT SERVICE FUND**

**YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 1,200	\$ 1,200	\$ 618	\$ (582)
<b>EXPENDITURES</b>				
Debt service				
Principal	65,185	65,185	68,279 *	(3,094)
Interest and fees	17,020	17,020	13,914	3,106
<i>Total Expenditures</i>	<u>82,205</u>	<u>82,205</u>	<u>82,193</u>	<u>12</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(81,005)	(81,005)	(81,575)	(570)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>80,205</u>	<u>80,205</u>	<u>80,205</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	(800)	(800)	(1,370)	(570)
<b>FUND BALANCE, beginning of year</b>	<u>83,000</u>	<u>83,000</u>	<u>83,807</u>	<u>807</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 82,200</u>	<u>\$ 82,200</u>	<u>\$ 82,437</u>	<u>\$ 237</u>

\* Expenditures are appropriated at the fund level. This is not a budget violation.

**CITY OF JEFFERSON, OREGON****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
SEWER OPERATIONS FUNDS  
YEAR ENDED JUNE 30, 2021**

	<u>Sewer</u>	<u>Sewer Expansion Reserve</u>	<u>Eliminations</u>	<u>Total Sewer Operations</u>
<b>REVENUES</b>				
Charges for services	\$ 677,100	\$ -	\$ -	\$ 677,100
Licenses and permits	-	7,942	-	7,942
Miscellaneous	2,513	20,193	-	22,706
<i>Total Revenues</i>	679,613	28,135	-	707,748
<b>EXPENDITURES</b>				
Sewer				
Personnel services	203,615	-	-	203,615
Materials and services	130,135	-	-	130,135
Debt service				
Principal	-	119,977	-	119,977
Interest	-	88,386	-	88,386
Capital outlay	-	221	-	221
<i>Total Expenditures</i>	333,750	208,584	-	542,334
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	345,863	(180,449)	-	165,414
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	296,800	(296,800)	-
Transfers out	(301,800)	-	296,800	(5,000)
Repayment of interfund loan	-	116,040	-	116,040
<i>Total Other Financing Sources (Uses)</i>	(301,800)	412,840	-	111,040
<b>CHANGE IN FUND BALANCE</b>	44,063	232,391	-	276,454
<b>FUND BALANCE, beginning of year</b>	211,991	2,355,511	-	2,567,502
<b>FUND BALANCE, end of year</b>	\$ 256,054	\$ 2,587,902	\$ -	\$ 2,843,956

**CITY OF JEFFERSON, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(BUDGETARY BASIS) - BUDGET AND ACTUAL - SEWER FUND****YEAR ENDED JUNE 30, 2021**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 652,500	\$ 652,500	\$ 677,100	\$ 24,600
Miscellaneous	4,100	4,100	2,513	(1,587)
<i>Total Revenues</i>	656,600	656,600	679,613	23,013
<b>EXPENDITURES</b>				
Sewer	429,100	429,100	333,750	95,350
Capital outlay	25,000	25,000	-	25,000
Contingency	65,700	65,700	-	65,700
<i>Total Expenditures</i>	519,800	519,800	333,750	186,050
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	136,800	136,800	345,863	209,063
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(301,800)	(301,800)	(301,800)	-
<b>CHANGE IN FUND BALANCE</b>				
<b>FUND BALANCE, beginning of year</b>	165,000	165,000	211,991	46,991
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 256,054	\$ 256,054

**CITY OF JEFFERSON, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(BUDGETARY BASIS) - BUDGET AND ACTUAL - SEWER EXPANSION RESERVE FUND****YEAR ENDED JUNE 30, 2021**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Licenses and permits	\$ 138,900	\$ 138,900	\$ 7,942	\$ (130,958)
Miscellaneous	35,000	35,000	20,193	(14,807)
<i>Total Revenues</i>	173,900	173,900	28,135	(145,765)
<b>EXPENDITURES</b>				
Sewer expansion	2,678,360	2,678,360	221	2,678,139
Debt service				
Principal	119,990	119,990	119,977	13
Interest	88,390	88,390	88,386	4
<i>Total Expenditures</i>	2,886,740	2,886,740	208,584	2,678,156
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(2,712,840)	(2,712,840)	(180,449)	2,532,391
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	296,800	296,800	296,800	-
Repayment of interfund loan	116,040	116,040	116,040	-
<i>Total Other Financing Sources (Uses)</i>	412,840	412,840	412,840	-
<b>CHANGE IN FUND BALANCE</b>	(2,300,000)	(2,300,000)	232,391	2,532,391
<b>FUND BALANCE, beginning of year</b>	2,300,000	2,300,000	2,355,511	55,511
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 2,587,902	\$ 2,587,902

**CITY OF JEFFERSON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - STORM DRAINAGE FUND**

**YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 31,000	\$ 31,000	\$ 36,134	\$ 5,134
Licenses and permits	3,700	3,700	105	(3,595)
Miscellaneous	200	200	427	227
<i>Total Revenues</i>	34,900	34,900	36,666	1,766
<b>EXPENDITURES</b>				
Storm Water	69,900	69,900	-	69,900
<b>CHANGE IN FUND BALANCE</b>	(35,000)	(35,000)	36,666	71,666
<b>FUND BALANCE, beginning of year</b>	35,000	35,000	36,309	1,309
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 72,975	\$ 72,975

***OTHER SCHEDULES***

**CITY OF JEFFERSON, OREGON**

*COMPARATIVE SCHEDULES OF FUND NET POSITION (MODIFIED CASH BASIS) - WATER FUNDS*

*JUNE 30, 2021 AND 2020*

	<i>Water</i>		<i>Water System Development</i>		<i>Water Reservoir Debt Service</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 347,328	\$ 276,374	\$ 2,245,015	\$ 2,216,969	\$ 82,437	\$ 83,807
<b>LIABILITIES</b>						
Deposits	16,300	16,097	-	-	-	-
<b>FUND NET POSITION</b>						
Restricted for:						
Debt service	-	-	-	-	82,193	82,193
System development	-	-	207,081	207,081	-	-
Unrestricted	331,028	260,277	2,037,934	2,009,888	244	1,614
<i>Total Fund Net Position</i>	<i>\$ 331,028</i>	<i>\$ 260,277</i>	<i>\$ 2,245,015</i>	<i>\$ 2,216,969</i>	<i>\$ 82,437</i>	<i>\$ 83,807</i>

**CITY OF JEFFERSON, OREGON**  
**COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**(MODIFIED CASH BASIS) - WATER FUNDS**  
**JUNE 30, 2021 AND 2020**

	<i>Water</i>		<i>Water System Development</i>		<i>Water Reservoir Debt Service</i>	
	2021	2020	2021	2020	2021	2020
<b>REVENUES</b>						
Charges for services	\$ 927,268	\$ 873,403	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,004,867	-	-	-
Miscellaneous	3,984	8,502	14,918	67,972	618	1,726
<i>Total Revenues</i>	931,252	881,905	1,019,785	67,972	618	1,726
<b>EXPENSES</b>						
Personal services	203,939	198,070	-	-	-	-
Materials and services	150,637	146,863	-	-	-	-
Capital acquisitions	8,975	-	5,220,640	2,347,430	-	-
Debt payments	-	-	-	-	82,193	82,193
<i>Total Expenses</i>	363,551	344,933	5,220,640	2,347,430	82,193	82,193
<b>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	567,701	536,972	(4,200,855)	(2,279,458)	(81,575)	(80,467)
Transfers in	-	-	491,950	494,250	80,205	79,896
Transfers out	(496,950)	(499,250)	(80,205)	(79,896)	-	-
Capital contributions	-	-	-	159,212	-	-
Proceeds from issuance of debt	-	-	3,817,156	1,135,060	-	-
<i>Net Contributions and transfers</i>	(496,950)	(499,250)	4,228,901	1,708,626	80,205	79,896
<b>CHANGE IN FUND NET POSITION</b>	70,751	37,722	28,046	(570,832)	(1,370)	(571)
<b>FUND NET POSITION, beginning of year</b>	260,277	222,555	2,216,969	2,787,801	83,807	84,378
<b>FUND NET POSITION, end of year</b>	\$ 331,028	\$ 260,277	\$ 2,245,015	\$ 2,216,969	\$ 82,437	\$ 83,807

***COMPLIANCE SECTION***



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Honorable Mayor and Members of the City Council  
City of Jefferson  
P.O. Box 83  
Jefferson, Oregon 97352-0083

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the basic financial statements of the City of Jefferson, Oregon as of and for the year ended June 30, 2021, and have issued our report thereon dated September 24, 2021.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

***Internal Control Over Financial Reporting***

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

See the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for additional comments.

***Restriction on Use***

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

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
\_\_\_\_\_  
Ryan T. Pasquarella, A Shareholder  
September 24, 2021

**CITY OF JEFFERSON, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

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<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
<i>Passed through Oregon Business Development Department</i>			
Drinking Water State Revolving Fund Cluster	66.468	S18001	\$ 5,220,155
<b><u>U.S. Department of the Treasury</u></b>			
<i>Passed through Oregon Department of Administrative Services</i>			
Coronavirus Relief Funds	21.019	1076	<u>95,977</u>
<i>Total Federal Expenditures</i>			<u>\$ 5,316,132</u>

**CITY OF JEFFERSON, OREGON**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2021**

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***Purpose of the Schedule***

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the activities of the City, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds’ revenues and expenditures for the City.

***SIGNIFICANT ACCOUNTING POLICIES***

***Basis of Presentation***

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

***Indirect Cost Rate***

The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

***Federal Financial Assistance***

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

***Major Programs***

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the City of Jefferson are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

***Reporting Entity***

The reporting entity is fully described in the notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the City for the year ended June 30, 2021.

***Revenue and Expenditure Recognition***

The receipt and expenditure of federal awards are accounted for under the modified cash basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

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

Honorable Mayor and Members of the City Council  
City of Jefferson  
P.O. Box 83  
Jefferson, Oregon 97352-0083

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jefferson (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 24, 2021.

#### ***Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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



CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2021



## GROVE, MUELLER & SWANK, P.C.

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### ***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE***

Honorable Mayor and Members of the City Council  
City of Jefferson  
P.O. Box 83  
Jefferson, Oregon 97352-0083

#### ***Report on Compliance for Each Major Federal Program***

We have audited the City of Jefferson, Marion County, Oregon (the City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### ***Report on Internal Control over Compliance***

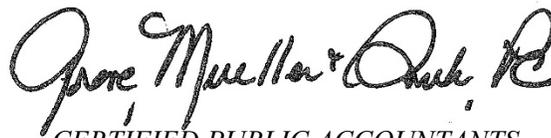
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2021

**CITY OF JEFFERSON, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2021**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major federal program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	Drinking Water State Revolving Fund Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.