

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

CITY OFFICIALS

June 30, 2021

MAYOR

Sue Wilson
1190 Francis Street
Rockaway Beach, Oregon 97136

CITY COUNCIL

Tom Martine
1234 Lake Boulevard
Rockaway Beach, Oregon 97136

Kristine Hayes
663 S. Beacon Street
Rockaway Beach, Oregon 97136

Terry Walhood
P.O. Box 21
Rockaway Beach, Oregon 97136

Penelope Cheek
P.O. Box 294
Rockaway Beach, Oregon 97136

CITY MANAGER

Luke Shepard
P.O. Box 5
Rockaway Beach, Oregon 97136

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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FINANCIAL SECTION

KOONTZ, BLASQUEZ
ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Sue Wilson, Mayor
and Members of the City Council
City of Rockaway Beach
Rockaway Beach, Oregon 97136

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockaway Beach, Tillamook County, Oregon, 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

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockaway Beach, Tillamook County, Oregon as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of changes in the City's total OPEB liability and related ratios, schedule of the proportionate share of the net OPEB liability (asset), schedule of contributions – other postemployment benefits, and budgetary comparison information on pages 4 through 11, 67, 68, 69, 70, 71, and 72 through 74, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of changes in the City's total OPEB liability and related ratios, schedule of the proportionate share of the net OPEB liability (asset), and schedule of contributions – other postemployment benefits in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of changes in the City's total OPEB liability and related ratios, schedule of the proportionate share of the net OPEB liability (asset), or schedule of contributions – other postemployment benefits because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

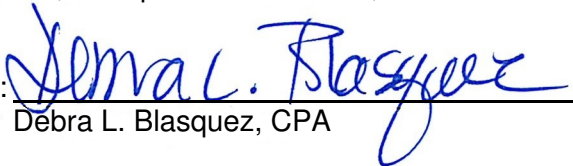
The combining statements and individual fund schedules are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of property tax transactions 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2021 on our consideration of 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.

Koontz, Blasquez & Associates, P.C.

By: 
Debra L. Blasquez, CPA

Albany, Oregon
December 21, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of the City of Rockaway Beach, Tillamook County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2021, total net position of the City of Rockaway Beach amounted to \$21,794,078. Of this amount, \$12,389,131 was invested in capital assets, net of related debt. The remaining balance included \$3,887,807 restricted for various purposes and \$5,517,140 of unrestricted net position.
- At June 30, 2021, the City's governmental funds reported combined ending fund balances of \$6,430,030.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of the City's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 12 through 14 of this report.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the City of Rockaway Beach can be divided into two categories: governmental funds and proprietary funds.

□ **Governmental Funds**

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

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

The City maintains 13 governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Roads and Streets, and Transient Room Tax Funds, all of which are considered to be major governmental funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Rockaway Beach adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains four enterprise funds.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its water and sewer utility operations.

Information is presented separately in the proprietary funds statement of net position, proprietary funds statement of revenues, expenses, and changes in fund net position, and the proprietary funds statement of cash flows for the Water Operating, Sewer Operating, and Sewer SDC Funds, all of which are considered to be major proprietary funds, as well as for the Water SDC Fund, which is considered to be a nonmajor proprietary fund.

The City of Rockaway Beach adopts an annual appropriated budget for all of its proprietary funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic proprietary fund financial statements can be found on pages 19 through 23 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 24 through 66 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of changes in the City's total OPEB liability and related ratios, schedule of the proportionate share of the net OPEB liability (asset), schedule of contributions – other postemployment benefits, and budgetary comparison information for the General, Roads and Streets, and Transient Room Tax Funds. This required supplementary information can be found on pages 67 through 74 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 75 through 90 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At June 30, 2021, the City's assets exceeded liabilities by \$21,794,078.

A large portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

City's Net Position

At the end of the current fiscal year, the City was able to report positive balances in all categories of net position. The City's net position increased by \$1,794,262 during the current fiscal year.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets and deferred outflows of resources						
Current assets	\$ 4,668,017	\$ 3,259,355	\$ 2,824,109	\$ 2,201,962	\$ 7,492,126	\$ 5,461,317
Restricted assets	1,879,546	1,556,831	2,021,969	1,845,717	3,901,515	3,402,548
Net capital assets	7,447,095	8,065,949	7,454,463	7,791,732	14,901,558	15,857,681
Deferred outflows of resources	<u>423,849</u>	<u>398,283</u>	<u>348,309</u>	<u>318,160</u>	<u>772,158</u>	<u>716,443</u>
Total assets and deferred outflows of resources	<u>14,418,507</u>	<u>13,280,418</u>	<u>12,648,850</u>	<u>12,157,571</u>	<u>27,067,357</u>	<u>25,437,989</u>
Liabilities and deferred inflows of resources						
Current liabilities	452,693	565,548	40,320	219,651	493,013	785,199
Noncurrent liabilities	3,449,445	2,844,197	1,096,630	1,662,716	4,546,075	4,506,913
Deferred inflows of resources	<u>126,640</u>	<u>79,868</u>	<u>107,551</u>	<u>66,193</u>	<u>234,191</u>	<u>146,061</u>
Total liabilities and deferred inflows of resources	<u>4,028,778</u>	<u>3,489,613</u>	<u>1,244,501</u>	<u>1,948,560</u>	<u>5,273,279</u>	<u>5,438,173</u>
Net position						
Net investment in capital assets	4,934,668	6,201,628	7,454,463	6,913,345	12,389,131	13,114,973
Restricted for various purposes	1,865,838	1,549,465	2,021,969	1,845,717	3,887,807	3,395,182
Unrestricted	<u>3,589,223</u>	<u>2,039,712</u>	<u>1,927,917</u>	<u>1,449,949</u>	<u>5,517,140</u>	<u>3,489,661</u>
Total net position	<u>\$ 10,389,729</u>	<u>\$ 9,790,805</u>	<u>\$ 11,404,349</u>	<u>\$ 10,209,011</u>	<u>\$ 21,794,078</u>	<u>\$ 19,999,816</u>

City's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Program revenues						
Charges for services	\$ 994,584	\$ 918,486	\$ 2,135,456	\$ 2,100,375	\$ 3,130,040	\$ 3,018,861
Operating grants and contributions	62,651	190,209	-	-	62,651	190,209
Capital grants and contributions	<u>254,654</u>	<u>156,275</u>	<u>174,608</u>	<u>321,661</u>	<u>429,262</u>	<u>477,936</u>
Total program revenues	<u>1,311,889</u>	<u>1,264,970</u>	<u>2,310,064</u>	<u>2,422,036</u>	<u>3,621,953</u>	<u>3,687,006</u>
General revenues						
Property taxes	439,700	424,722	-	-	439,700	424,722
Transient room taxes	1,827,185	1,160,623	-	-	1,827,185	1,160,623
Alcohol, cigarette, and other taxes	90,811	82,467	-	-	90,811	82,467
Investment earnings	41,393	94,843	9,798	24,666	51,191	119,509
Miscellaneous	<u>105,922</u>	<u>88,345</u>	<u>30,618</u>	<u>43,195</u>	<u>136,540</u>	<u>131,540</u>
Total general revenues	<u>2,505,011</u>	<u>1,851,000</u>	<u>40,416</u>	<u>67,861</u>	<u>2,545,427</u>	<u>1,918,861</u>
Total revenues	<u>3,816,900</u>	<u>3,115,970</u>	<u>2,350,480</u>	<u>2,489,897</u>	<u>6,167,380</u>	<u>5,605,867</u>
Program expenses						
General government	1,182,528	1,359,909	-	-	1,182,528	1,359,909
Public safety	710,167	631,848	-	-	710,167	631,848
Roads and streets	549,094	561,268	-	-	549,094	561,268
Parks and recreation	3,700	33,000	-	-	3,700	33,000
Interest on long-term debt	38,615	53,374	-	-	38,615	53,374
Water	-	-	963,143	889,881	963,143	889,881
Sewer	<u>-</u>	<u>-</u>	<u>925,871</u>	<u>880,455</u>	<u>925,871</u>	<u>880,455</u>
Total program expenses	<u>2,484,104</u>	<u>2,639,399</u>	<u>1,889,014</u>	<u>1,770,336</u>	<u>4,373,118</u>	<u>4,409,735</u>
Transfers and contributed capital	<u>(733,872)</u>	<u>259,795</u>	<u>733,872</u>	<u>(259,795)</u>	<u>-</u>	<u>-</u>
Change in net position	598,924	736,366	1,195,338	459,766	1,794,262	1,196,132
Net position - beginning of year, as restated	<u>9,790,805</u>	<u>9,054,439</u>	<u>10,209,011</u>	<u>9,749,245</u>	<u>19,999,816</u>	<u>18,803,684</u>
Net position - end of year	<u>\$ 10,389,729</u>	<u>\$ 9,790,805</u>	<u>\$ 11,404,349</u>	<u>\$ 10,209,011</u>	<u>\$ 21,794,078</u>	<u>\$ 19,999,816</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

At the end of the current fiscal year, the City's major governmental funds reported combined fund balances of \$2,767,901. This amount included \$11,085 of nonspendable amounts related to prepaid expenses, \$306,745 restricted for street maintenance, and \$1,376,724 assigned to special projects. The remaining \$1,073,347 constitutes unassigned fund balance, which is available for spending at the City's discretion.

Significant Changes in Major Governmental Fund Balances

- General Fund: The 80.2% increase in unassigned fund balance can be attributed to higher than estimated revenues and expenditure reductions. The decrease in restricted fund balance can be attributed to no longer needing to hold these funds in restricted reserve.
- Transient Room Tax Fund: The 60.2% increase in amounts assigned to special projects can be attributed to budgeting to do more special projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the major enterprise funds amounted to \$10,946,801 at year-end. Of this amount, \$7,454,463 was invested in capital assets, net of related debt. The remaining balance included \$1,564,421 restricted for system development and \$1,927,917 of unrestricted net position.

Significant Changes in Proprietary Fund Net Position

- Water Operating Fund: The 55.1% increase in unrestricted net position can be attributed to a recent rate increase and the addition of new connections.
- Sewer Operating Fund: The 48.4% increase in net position invested in capital assets, net of related debt, can be attributed to funding of a large capital improvement project.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUDGETARY HIGHLIGHTS: GENERAL FUND

Significant variances between budgeted and actual amounts in the General Fund for the year ended June 30, 2021 include:

- Alcohol taxes were budgeted for \$18,000. Actual revenue was \$26,814 (49% over budget) due to unanticipated sales growth.
- Other taxes were budgeted for \$40,420. Actual revenue was \$62,687 (55.1% over budget) due to unanticipated sales growth.
- Grant revenue was budgeted for \$107,019. Actual revenue was \$59,105 (44.8% under budget) due to reimbursements received in the budget year after the money was expended.
- Investment earnings were budgeted for \$18,800. Actual revenue was \$25,724 (36.8% over budget) due to higher than anticipated interest rates.
- Other revenue was budgeted for \$11,000. Actual revenue was \$357,211 (3147.4% over budget) due to the sale of a building.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2021 amounted to \$7,447,095 and \$7,454,463, net of accumulated depreciation, respectively. This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, intangibles, vehicles, and infrastructure. The total depreciation expense related to the City's investment in capital assets for its governmental activities and business-type activities during the current fiscal year amounted to \$541,476 and \$472,882, respectively.

Additional information on the City's capital assets can be found in Note III-B on pages 36 through 38 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$2,310,000. This amount is comprised of loans and bonds payable. The City's total debt decreased by \$432,708 during the current fiscal year. Additional information on the City's long-term debt can be found in Note III-F on pages 41 through 43 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the City was aware of the following circumstances that could affect its future financial health:

- Health insurance benefits will continue to increase above inflation.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

- PERS rates have increased significantly for the 2021-2022 period.
- Potential judgments from pending litigation not covered by CIS.
- Funds will need to be held in reserve for potential leave payouts in the General Fund, which will reduce funds available for operations.

These factors were considered in preparing the City's budget for fiscal year 2021-2022.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the City Manager at the following address: P.O. Box 5, Rockaway Beach, Oregon 97136.

BASIC FINANCIAL STATEMENTS

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and cash equivalents	\$ 4,141,763	\$ 2,325,201	\$ 6,466,964
Accounts receivable, net	497,373	370,988	868,361
Property taxes receivable	17,796	-	17,796
Inventories	-	111,347	111,347
Prepays and deposits	11,085	16,573	27,658
	4,668,017	2,824,109	7,492,126
Total current assets			
Restricted assets			
Cash and cash equivalents	1,815,159	2,021,969	3,837,128
Accounts receivable, net	64,387	-	64,387
	1,879,546	2,021,969	3,901,515
Total restricted assets			
Capital assets			
Land and construction in progress	2,117,788	158,352	2,276,140
Capital assets, net of accumulated depreciation	5,329,307	7,296,111	12,625,418
	7,447,095	7,454,463	14,901,558
Total capital assets			
	13,994,658	12,300,541	26,295,199
Total assets			
Deferred outflows of resources			
Net deferred outflow of pension related resources	418,779	346,870	765,649
Net deferred outflow of OPEB related resources	5,070	1,439	6,509
	423,849	348,309	772,158
Total deferred outflows of resources			
	14,418,507	12,648,850	27,067,357
Total assets and deferred outflows of resources			

(Continued)

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF NET POSITION

June 30, 2021

(Continued)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	\$ 62,107	\$ 7,534	\$ 69,641
Accrued payroll liabilities	29,182	20,160	49,342
Accrued interest payable	40,984	-	40,984
Compensated absences payable, current portion	7,322	12,626	19,948
Loans payable, current portion	60,000	-	60,000
Bonds payable, current portion	245,000	-	245,000
Bond premium, current portion	8,098	-	8,098
	<u>452,693</u>	<u>40,320</u>	<u>493,013</u>
Total current liabilities			
Noncurrent liabilities			
Compensated absences payable, less current portion	29,290	50,503	79,793
Loans payable, less current portion	60,000	-	60,000
Bonds payable, less current portion	1,945,000	-	1,945,000
Bond premium, less current portion	194,329	-	194,329
Net pension liability	1,210,818	1,002,905	2,213,723
Net OPEB liability	10,008	43,222	53,230
	<u>3,449,445</u>	<u>1,096,630</u>	<u>4,546,075</u>
Total noncurrent liabilities			
Total liabilities			
	<u>3,902,138</u>	<u>1,136,950</u>	<u>5,039,088</u>
Deferred inflows of resources			
Net deferred inflow of pension related resources	112,487	93,172	205,659
Net deferred inflow of OPEB related resources	14,153	14,379	28,532
	<u>126,640</u>	<u>107,551</u>	<u>234,191</u>
Total deferred inflows of resources			
Total liabilities and deferred inflows of resources			
	<u>4,028,778</u>	<u>1,244,501</u>	<u>5,273,279</u>
NET POSITION			
Net investment in capital assets	4,934,668	7,454,463	12,389,131
Restricted for:			
Debt service	1,384,303	-	1,384,303
Street maintenance	306,745	-	306,745
Donated purpose	19,828	-	19,828
System development	154,962	2,021,969	2,176,931
Unrestricted	3,589,223	1,927,917	5,517,140
	<u>5,149,628</u>	<u>3,949,896</u>	<u>9,099,524</u>
Total net position			
	<u>\$ 10,389,729</u>	<u>\$ 11,404,349</u>	<u>\$ 21,794,078</u>

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities				
General government	\$ 1,182,528	\$ 730,480	\$ 57,172	\$ -
Public safety	710,167	164,929	5,479	-
Roads and streets	549,094	99,175	-	95,834
Parks and recreation	3,700	-	-	158,820
Interest on long-term debt	38,615	-	-	-
Total governmental activities	<u>\$ 2,484,104</u>	<u>\$ 994,584</u>	<u>\$ 62,651</u>	<u>\$ 254,654</u>
Business-type activities				
Water	\$ 963,143	\$ 1,270,709	\$ -	\$ 116,886
Sewer	925,871	864,747	-	57,722
Total business-type activities	<u>\$ 1,889,014</u>	<u>\$ 2,135,456</u>	<u>\$ -</u>	<u>\$ 174,608</u>
General revenues				
Property taxes				
Transient room taxes				
Alcohol, cigarette, and other taxes				
Investment earnings				
Miscellaneous				
Total general revenues				
Transfers and contributed capital				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (394,876)	\$ -	\$ (394,876)
(539,759)	-	(539,759)
(354,085)	-	(354,085)
155,120	-	155,120
<u>(38,615)</u>	<u>-</u>	<u>(38,615)</u>
<u>(1,172,215)</u>	<u>-</u>	<u>(1,172,215)</u>
-	424,452	424,452
<u>-</u>	<u>(3,402)</u>	<u>(3,402)</u>
<u>-</u>	<u>421,050</u>	<u>421,050</u>
439,700	-	439,700
1,827,185	-	1,827,185
90,811	-	90,811
41,393	9,798	51,191
<u>105,922</u>	<u>30,618</u>	<u>136,540</u>
<u>2,505,011</u>	<u>40,416</u>	<u>2,545,427</u>
<u>(733,872)</u>	<u>733,872</u>	<u>-</u>
598,924	1,195,338	1,794,262
<u>9,790,805</u>	<u>10,209,011</u>	<u>19,999,816</u>
<u>\$ 10,389,729</u>	<u>\$ 11,404,349</u>	<u>\$ 21,794,078</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Special Revenue Funds	
		Roads and Streets	Transient Room Tax
ASSETS			
Cash and cash equivalents	\$ 1,125,714	\$ 320,453	\$ 885,026
Accounts receivable, net	4,103	-	493,270
Property taxes receivable	17,796	-	-
Prepays and deposits	9,189	1,896	-
 Total assets	 \$ 1,156,802	 \$ 322,349	 \$ 1,378,296
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 21,193	\$ 11,355	\$ 1,572
Accrued payroll liabilities	26,829	2,353	-
 Total liabilities	 48,022	 13,708	 1,572
 Deferred inflows of resources			
Unavailable revenue - property taxes	26,244	-	-
 Fund balances			
Nonspendable	9,189	1,896	-
Restricted	-	306,745	-
Assigned	-	-	1,376,724
Unassigned	1,073,347	-	-
 Total fund balances	 1,082,536	 308,641	 1,376,724
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 1,156,802	 \$ 322,349	 \$ 1,378,296

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,625,729	\$ 5,956,922
64,387	561,760
-	17,796
-	11,085
<u>\$ 3,690,116</u>	<u>\$ 6,547,563</u>

\$ 27,987	\$ 62,107
-	29,182
<u>27,987</u>	<u>91,289</u>

-	26,244
---	--------

-	11,085
1,559,093	1,865,838
2,103,036	3,479,760
-	1,073,347
<u>3,662,129</u>	<u>6,430,030</u>

<u>\$ 3,690,116</u>	<u>\$ 6,547,563</u>
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CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

June 30, 2021

Total fund balances		\$ 6,430,030
<p>Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Cost	15,577,307	
Accumulated depreciation	<u>(8,130,212)</u>	7,447,095
<p>Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.</p>		
		26,244
<p>Liabilities not due or payable in the current period are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:</p>		
Accrued interest payable	(40,984)	
Compensated absences payable	(36,612)	
Loans payable	(120,000)	
Bonds payable	(2,190,000)	
Bond premium	<u>(202,427)</u>	(2,590,023)
<p>Pension assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement of net position:</p>		
Net pension liability	(1,210,818)	
Deferred outflows of pension related resources	418,779	
Deferred inflows of pension related resources	<u>(112,487)</u>	(904,526)
<p>OPEB assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement of net position:</p>		
Net OPEB liability	(10,008)	
Deferred outflows of OPEB related resources	5,070	
Deferred inflows of OPEB related resources	<u>(14,153)</u>	<u>(19,091)</u>
Net position of governmental activities		<u>\$ 10,389,729</u>

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General Fund	Special Revenue Funds	
		Roads and Streets	Transient Room Tax
REVENUES			
Taxes			
Property	\$ 439,700	\$ -	\$ -
Alcohol	26,814	-	-
Cigarette	1,310	-	-
Other taxes	62,687	-	-
Transient room taxes	-	-	1,827,185
Licenses, permits, and fees	490,706	-	-
Grants	59,105	95,834	-
Debt service fees	-	-	-
Charges for services	39,500	-	-
State revenue sharing	25,238	99,175	-
Investment earnings	25,724	3,358	2,180
Other revenue	40,549	-	-
Total revenues	<u>1,211,333</u>	<u>198,367</u>	<u>1,829,365</u>
EXPENDITURES			
Current			
Administration	397,792	-	-
General services	-	-	113,012
Public safety	544,728	-	-
Fire protection	265,817	-	-
Highways and streets	-	214,921	-
Debt service	26,965	-	-
Capital outlay	85,594	77,752	-
Total expenditures	<u>1,320,896</u>	<u>292,673</u>	<u>113,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(109,563)</u>	<u>(94,306)</u>	<u>1,716,353</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale	316,662	-	-
Bond proceeds	-	-	-
Debt refunding	(153,360)	-	-
Transfers in	505,100	143,794	-
Transfers out	(145,800)	-	(861,843)
Contributed capital out	-	-	-
Total other financing sources (uses)	<u>522,602</u>	<u>143,794</u>	<u>(861,843)</u>
Net change in fund balances	413,039	49,488	854,510
Fund balances - beginning, as restated	<u>669,497</u>	<u>259,153</u>	<u>522,214</u>
Fund balances - ending	<u>\$ 1,082,536</u>	<u>\$ 308,641</u>	<u>\$ 1,376,724</u>

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

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 439,700
-	26,814
-	1,310
-	62,687
-	1,827,185
6,300	497,006
162,645	317,584
398,759	398,759
-	39,500
-	124,413
10,131	41,393
-	40,549
<u>577,835</u>	<u>3,816,900</u>
-	397,792
-	113,012
-	544,728
-	265,817
-	214,921
116,260	143,225
<u>157,138</u>	<u>320,484</u>
<u>273,398</u>	<u>1,999,979</u>
<u>304,437</u>	<u>1,816,921</u>
-	316,662
2,392,427	2,392,427
(1,591,560)	(1,744,920)
595,749	1,244,643
(92,235)	(1,099,878)
<u>(878,637)</u>	<u>(878,637)</u>
<u>425,744</u>	<u>230,297</u>
730,181	2,047,218
<u>2,931,948</u>	<u>4,382,812</u>
<u>\$ 3,662,129</u>	<u>\$ 6,430,030</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

For the Year Ended June 30, 2021

Net change in fund balances		\$ 2,047,218
Amounts reported for governmental activities on the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, on the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.		
Disposal of capital assets	(501,109)	
Related accumulated depreciation	203,406	
Increase in capital outlay	220,325	
Less current year depreciation expense	<u>(541,476)</u>	(618,854)
Long-term debt proceeds are reported as other financing sources in the governmental funds. On the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability on the statement of net position.		
Bond proceeds	(2,190,000)	
Bond premium	(202,427)	
Accrued interest	(17,477)	
Debt principal paid	<u>1,744,321</u>	(665,583)
Changes in the net pension assets and liabilities, as well as the related changes in deferred outflows and deferred inflows of resources, are not recognized as expenditures in the governmental funds.		
		(161,200)
Changes in the net OPEB assets and liabilities, as well as the related changes in deferred outflows and deferred inflows of resources, are not recognized as expenditures in the governmental funds.		
		<u>(2,657)</u>
Change in net position		<u>\$ 598,924</u>

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and cash equivalents	\$ 1,440,396	\$ 884,805	\$ -
Accounts receivable	203,099	167,889	-
Inventories	107,260	4,087	-
Prepays and deposits	<u>8,312</u>	<u>8,261</u>	<u>-</u>
Total current assets	<u>1,759,067</u>	<u>1,065,042</u>	<u>-</u>
Restricted assets			
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>1,564,421</u>
Capital assets			
Construction in progress	22,287	136,065	-
Capital assets, net of accumulated depreciation	<u>5,035,493</u>	<u>2,260,618</u>	<u>-</u>
Total capital assets	<u>5,057,780</u>	<u>2,396,683</u>	<u>-</u>
Total assets	<u>6,816,847</u>	<u>3,461,725</u>	<u>1,564,421</u>
Deferred outflows of resources			
Net deferred outflow of pension related resources	178,513	168,357	-
Net deferred outflow of OPEB related resources	<u>747</u>	<u>692</u>	<u>-</u>
Total deferred outflows of resources	<u>179,260</u>	<u>169,049</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>6,996,107</u>	<u>3,630,774</u>	<u>1,564,421</u>

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

<u>Business-Type Activities</u>	
<u>Enterprise Funds</u>	
<u>Nonmajor</u>	
<u>Water SDC</u>	<u>Total</u>
\$ -	\$ 2,325,201
-	370,988
-	111,347
-	<u>16,573</u>
-	<u>2,824,109</u>
<u>457,548</u>	<u>2,021,969</u>
-	158,352
-	<u>7,296,111</u>
-	<u>7,454,463</u>
<u>457,548</u>	<u>12,300,541</u>
-	346,870
-	<u>1,439</u>
-	<u>348,309</u>
<u>457,548</u>	<u>12,648,850</u>

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2021

(Continued)

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	\$ 4,382	\$ 3,152	\$ -
Accrued payroll liabilities	9,009	11,151	-
Compensated absences payable, current portion	7,075	5,551	-
Total current liabilities	<u>20,466</u>	<u>19,854</u>	<u>-</u>
Noncurrent liabilities			
Compensated absences payable, less current portion	28,301	22,202	-
Net pension liability	516,134	486,771	-
Net OPEB liability	22,107	21,115	-
Total noncurrent liabilities	<u>566,542</u>	<u>530,088</u>	<u>-</u>
Total liabilities	<u>587,008</u>	<u>549,942</u>	<u>-</u>
Deferred inflows of resources			
Net deferred inflow of pension related resources	47,950	45,222	-
Net deferred inflow of OPEB related resources	7,466	6,913	-
Total deferred inflows of resources	<u>55,416</u>	<u>52,135</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>642,424</u>	<u>602,077</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	5,057,780	2,396,683	-
Restricted for system development	-	-	1,564,421
Unrestricted	1,295,903	632,014	-
Total net position	<u>\$ 6,353,683</u>	<u>\$ 3,028,697</u>	<u>\$ 1,564,421</u>

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

<u>Business-Type Activities</u>	
<u>Enterprise Funds</u>	
<u>Nonmajor</u>	
<u>Water SDC</u>	<u>Total</u>
\$ -	\$ 7,534
-	20,160
-	<u>12,626</u>
-	<u>40,320</u>
-	50,503
-	1,002,905
-	<u>43,222</u>
-	<u>1,096,630</u>
-	<u>1,136,950</u>
-	93,172
-	<u>14,379</u>
-	<u>107,551</u>
-	<u>1,244,501</u>
-	7,454,463
457,548	2,021,969
-	<u>1,927,917</u>
<u>\$ 457,548</u>	<u>\$ 11,404,349</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
Operating revenues			
Charges for sales and services			
Water sales	\$ 1,270,709	\$ -	\$ -
Sewer charges	-	864,747	-
Total operating revenues	<u>1,270,709</u>	<u>864,747</u>	<u>-</u>
Operating expenses			
Administration	467,133	450,663	-
Materials and supplies	234,195	262,632	-
Capital outlay	754	755	-
Depreciation	261,061	211,821	-
Total operating expenses	<u>963,143</u>	<u>925,871</u>	<u>-</u>
Operating income (loss)	<u>307,566</u>	<u>(61,124)</u>	<u>-</u>
Nonoperating revenues (expenses)			
System development charges	-	-	57,722
Investment earnings	2,712	5,442	1,119
Other income (expense)	25,870	4,748	-
Total nonoperating revenues (expenses)	<u>28,582</u>	<u>10,190</u>	<u>58,841</u>
Income (loss) before transfers and contributed capital	<u>336,148</u>	<u>(50,934)</u>	<u>58,841</u>
Transfers in	138	92,097	-
Transfers out	(117,000)	(120,000)	-
Contributed capital in	-	878,637	-
Total transfers and contributed capital	<u>(116,862)</u>	<u>850,734</u>	<u>-</u>
Change in net position	219,286	799,800	58,841
Total net position - beginning	<u>6,134,397</u>	<u>2,228,897</u>	<u>1,505,580</u>
Total net position - ending	<u>\$ 6,353,683</u>	<u>\$ 3,028,697</u>	<u>\$ 1,564,421</u>

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

<u>Business-Type Activities</u>	
<u>Enterprise Funds</u>	
<u>Nonmajor</u>	
<u>Water SDC</u>	<u>Total</u>
\$ -	\$ 1,270,709
-	864,747
-	<u>2,135,456</u>
-	917,796
-	496,827
-	1,509
-	<u>472,882</u>
-	<u>1,889,014</u>
-	<u>246,442</u>
116,886	174,608
525	9,798
-	<u>30,618</u>
<u>117,411</u>	<u>215,024</u>
<u>117,411</u>	<u>461,466</u>
-	92,235
-	(237,000)
-	<u>878,637</u>
-	<u>733,872</u>
117,411	1,195,338
<u>340,137</u>	<u>10,209,011</u>
<u>\$ 457,548</u>	<u>\$ 11,404,349</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Business-Type Activities	
	Enterprise Funds	
	Water Operating	Sewer Operating
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,272,883	\$ 870,140
Cash payments to employees	(382,824)	(361,060)
Cash payments to suppliers	(248,714)	(274,967)
Net cash provided (used) by operating activities	641,345	234,113
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	2,712	5,442
Net cash provided (used) by investing activities	2,712	5,442
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(117,000)	(120,000)
Transfers from other funds	138	92,097
Other income (expense)	25,870	4,748
Net cash provided (used) by noncapital financing activities	(90,992)	(23,155)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development charges	-	-
Principal paid on capital debt	-	(77,520)
Interest paid on capital debt	-	(14,577)
Purchase of capital assets	(20,095)	(37,748)
Net cash provided (used) by capital and related financing activities	(20,095)	(129,845)
Net increase (decrease) in cash and cash equivalents	532,970	86,555
Cash and cash equivalents - beginning (including \$1,505,580 and \$340,137 for the Sewer SDC and Water SDC Funds, respectively, reported in restricted accounts)	907,426	798,250
Cash and cash equivalents - ending (including \$1,564,421 and \$457,548 for the Sewer SDC and Water SDC Funds, respectively, reported in restricted accounts)	\$ 1,440,396	\$ 884,805

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

Business-Type Activities		
Enterprise Funds		
Sewer SDC	Nonmajor Water SDC	Total
\$ -	\$ -	\$ 2,143,023
-	-	(743,884)
-	-	(523,681)
-	-	875,458
<u>1,119</u>	<u>525</u>	<u>9,798</u>
<u>1,119</u>	<u>525</u>	<u>9,798</u>
-	-	(237,000)
-	-	92,235
-	-	30,618
-	-	(114,147)
57,722	116,886	174,608
-	-	(77,520)
-	-	(14,577)
-	-	(57,843)
<u>57,722</u>	<u>116,886</u>	<u>24,668</u>
58,841	117,411	795,777
<u>1,505,580</u>	<u>340,137</u>	<u>3,551,393</u>
<u>\$ 1,564,421</u>	<u>\$ 457,548</u>	<u>\$ 4,347,170</u>

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

(Continued)

	Business-Type Activities	
	Enterprise Funds	
	Water	Sewer
	Operating	Operating
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 307,566	\$ (61,124)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	261,061	211,821
(Increase) decrease in:		
Accounts receivable	2,174	5,393
Inventories	(11,384)	1,195
Net deferred outflow of pension related resources	(13,313)	(17,800)
Net deferred outflow of OPEB related resources	496	468
Increase (decrease) in:		
Accounts payable	(2,381)	(12,775)
Accrued payroll liabilities	8,139	7,897
Net pension liability	68,743	79,036
Net OPEB liability	(572)	(540)
Net deferred inflow of pension related resources	19,347	19,155
Net deferred inflow of OPEB related resources	1,469	1,387
Net cash provided (used) by operating activities	\$ 641,345	\$ 234,113

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

Business-Type Activities		
Enterprise Funds		
Sewer SDC	Nonmajor Water SDC	Total
\$ -	\$ -	\$ 246,442
-	-	472,882
-	-	7,567
-	-	(10,189)
-	-	(31,113)
-	-	964
-	-	(15,156)
-	-	16,036
-	-	147,779
-	-	(1,112)
-	-	38,502
-	-	2,856
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,458</u>

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Rockaway Beach have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The community of Rockaway, located in Tillamook County, was established as a seaside resort in 1909 by the Rockaway Beach Group. In 1987, the name was changed to the City of Rockaway Beach. The City has a total area of 1.71 square miles, of which 1.6 square miles is land and 0.11 square miles is water. The City provides basic services to its 1,365 citizens within the city limits. The city council exercises legislative authority by ordinance, administrative authority by resolution, and quasi-judicial authority by order. The council consists of a mayor and five voting councilors nominated and elected from the community at large.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the City. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting; however, principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, investment earnings, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – The General Fund accounts for all financial resources of the City, except those required to be accounted for in another fund. The primary sources of revenue are property taxes, licenses, permits, and fees.

Special Revenue Funds

Roads and Streets Fund – The Roads and Streets Fund accounts for monies expended for maintenance and improvement of the City's roads and streets. The primary sources of revenue are state highway revenues and grants.

Transient Room Tax Fund – The Transient Room Tax Fund accounts for funds received and expended in connection with transient room tax.

The City reports the following major proprietary funds:

Enterprise Funds

Water Operating Fund – The Water Operating Fund accounts for the resources and expenses related to the supply, treatment, and distribution of water. The primary source of revenue is user fees.

Sewer Operating Fund – The Sewer Operating Fund accounts for the resources and expenses related to the collection and treatment of wastewater. The primary source of revenue is user fees.

Sewer SDC Fund – The Sewer SDC Fund is used to accumulate funds for future sewer system development costs. The primary source of revenue is system development charges.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Transportation SDC Fund – The Transportation SDC Fund is used to accumulate funds for future system development costs. The primary sources of revenue are licenses, permits, and fees.

Donation Reserve Fund – The Donation Reserve Fund is used to account for restricted donations received by the City. The primary source of revenue is grants.

Debt Service Funds

Debt Service Reserve Fund – The Debt Service Reserve Fund accounts for the repayment of the City's long-term debt. The primary use of revenue is for the payment of principal and interest due on long-term debt.

Water Improvements Debt Service Fund – The Water Improvements Debt Service Fund accounts for the repayment of the City's long-term debt. The primary use of revenue is for the payment of principal and interest due on long-term debt.

Sewer Improvements Debt Service Fund – The Sewer Improvements Debt Service Fund accounts for the repayment of the City's long-term debt. The primary use of revenue is for the payment of principal and interest due on long-term debt.

1981 Water Revenue Bond Fund – The 1981 Water Revenue Bond Fund accounts for the repayment of the City's long-term debt. The primary use of revenue is for the payment of principal and interest due on long-term debt.

Capital Projects Funds

Project and Equipment Reserve Fund – The Project and Equipment Reserve Fund accounts for the funding of equipment purchases. The primary sources of revenue are transfers from other funds and grants.

Fire Equipment Reserve Fund – The Fire Equipment Reserve Fund is used to accumulate funds for future fire equipment purchases. The primary source of revenue is transfers from other funds.

Water Master Plan Reserve Fund – The Water Master Plan Reserve Fund is used to account for major infrastructure projects benefitting the City's culinary water system. The primary source of revenue is transfers from other funds.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Capital Projects Funds (Continued)

Sewer Master Plan Reserve Fund – The Sewer Master Plan Reserve Fund accounts for major infrastructure projects in the wastewater collection and treatment system. The primary source of revenue is transfers from other funds.

The City reports the following nonmajor proprietary fund:

Enterprise Fund

Water SDC Fund – The Water SDC Fund is used to accumulate funds for future water system development costs. The primary source of revenue is system development charges.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers between the governmental funds and the proprietary funds. Elimination of these transactions would distort their respective financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity

1. Deposits and Investments

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

1. Deposits and Investments (Continued)

State statutes authorize the City to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

Uncollected property taxes are shown on the balance sheet of the governmental funds. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenue, while the remaining amount of taxes receivable are recorded as unavailable revenue because they are not deemed available to finance operations of the current period.

3. Accounts Receivable

Receivables are recorded as revenue when earned. The City records a bad debt expense when the receivable is determined to be uncollectible.

4. Inventories

Inventories of supplies are valued at cost using the first-in, first-out method. Inventories consist of materials for use in the water and sewer departments.

5. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

5. Capital Assets (Continued)

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets are computed on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	5-20
Fixtures and equipment	5-25
Buildings and improvements	10-50
Light and sewer systems	20-50
Water system	30-100

6. Compensated Absences

Amounts of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as current liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

7. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

8. Retirement Plan

Most of the City's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions are made on a current basis as required by the plan and are recorded as expenses or expenditures.

9. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and therefore, will not be recognized as an outflow of resources until that time. The City has two items that qualify for reporting in this category, which are deferred amounts related to pensions and deferred amounts related to other postemployment benefits. These amounts are deferred and recognized as outflows of resources when the City recognizes pension or other postemployment benefit expenses/expenditures. Deferred outflows of amounts related to pensions and other postemployment benefits are included in the government-wide statement of net position and proprietary funds statement of net position.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and therefore, will not be recognized as an inflow of resources until that time. The City has three items that qualify for reporting in this category, which are unavailable revenue from property taxes, deferred amounts related to pensions, and deferred amounts related to other postemployment benefits. Unavailable revenue from property taxes is deferred and recognized as inflows of resources in the period that the amounts become available. Unavailable revenue from property taxes is reported on the balance sheet. Deferred amounts related to pensions and other postemployment benefits are deferred and recognized as inflows of resources in the period when the City recognizes pension or other postemployment benefit income. Deferred inflows of amounts related to pensions and other postemployment benefits are included in the government-wide statement of net position and proprietary funds statement of net position.

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

9. Deferred Outflows and Inflows of Resources (Continued)

For purposes of measuring the implicit other postemployment benefits (OPEB) liability, the City has relied on actuarial reports. The net OPEB liability, deferred outflows of resources, and deferred inflows of resources are related to changes in assumptions for the covered active and inactive participants.

For purposes of measuring the net OPEB retirement health insurance account (RHIA) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense information about the net position of OPERS, and additions to/deductions from OPERS' net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund Equity

The City reports governmental fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., city council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the city council or by an official or body to which the city council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

10. Fund Equity (Continued)

Commitment of fund balance is accomplished through adoption of a resolution or ordinance by the city council. Further, commitments of fund balance may be modified or rescinded only through approval of the city council via resolution or ordinance. Authority to assign fund balances has been granted to the Budget Officer.

The City has not formally adopted a minimum fund balance policy.

E. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and enterprise funds. All funds are budgeted on the modified accrual basis of accounting.

The City begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the city council by resolution prior to the beginning of the City's fiscal year. The council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The General Fund has appropriations by department. Total personnel services, materials and services, debt service, capital outlay, transfers, and contingency are the levels of control for the other funds established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the city council at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the city council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the city council. During the year, there were no supplemental budgets. The City does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and two approved appropriation transfers.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Noncompliance with Oregon Budget Law

During the year ended June 30, 2021, capital outlay was expensed out of the material and services appropriation category in the Fire Equipment Reserve Fund. In accordance with ORS 294, capital outlay should be expensed out of the capital outlay appropriation category unless a departmental appropriation is used.

Also during the year ended June 30, 2021, a budget transfer resolution included a transfer from unappropriated to appropriated amounts. In accordance with ORS 294, budget transfer resolutions can only include transfers between appropriation categories.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The City of Rockaway Beach maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. 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. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The City has not adopted an investment policy regarding credit risk; however, investments comply with the state statutes.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Investments

As of June 30, 2021, the City had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 7,275,708

Interest Rate Risk

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

Concentration of Credit Risk

The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

Custodial Credit Risk – Investments

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

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the City’s deposits may not be returned. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered 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.

The City holds accounts at US Bank and Columbia Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and an additional \$250,000 for time and savings accounts per institution. At June 30, 2021, the City had \$295,877 insured by the FDIC and \$2,876,333 covered by the PFCP.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Deposits

The City's deposits and investments at June 30, 2021 are as follows:

Cash on hand	\$ 500
Checking and savings accounts	3,027,884
Total investments	<u>7,275,708</u>
Total deposits and investments	<u>\$ 10,304,092</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 1,125,714
Transient Room Tax Fund	885,026
Nonmajor governmental funds	<u>2,131,023</u>
Total governmental activities - unrestricted	<u>4,141,763</u>
Business-type activities - unrestricted	
Water Operating Fund	1,440,396
Sewer Operating Fund	<u>884,805</u>
Total business-type activities - unrestricted	<u>2,325,201</u>
Total unrestricted cash and investments	<u>6,466,964</u>
Governmental activities - restricted	
Roads and Streets Fund	320,453
Nonmajor governmental funds	<u>1,494,706</u>
Total governmental activities - restricted	<u>1,815,159</u>
Business-type activities - restricted	
Sewer SDC Fund	1,564,421
Nonmajor proprietary fund - Water SDC Fund	<u>457,548</u>
Total business-type activities - restricted	<u>2,021,969</u>
Total restricted cash and investments	<u>3,837,128</u>
Total cash and investments	<u>\$ 10,304,092</u>

Restricted cash is for future payments of debt principal and interest, as well as for future rural and system development improvements.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,172,873	\$ -	\$ 79,597	\$ 2,093,276
Construction in progress	624,389	9,993	609,870	24,512
Total capital assets not being depreciated	2,797,262	9,993	689,467	2,117,788
Capital assets being depreciated				
Buildings	2,466,709	-	206,666	2,260,043
Machinery and equipment	687,866	12,407	56,110	644,163
Intangibles	8,550	-	-	8,550
Vehicles	1,074,703	59,273	158,736	975,240
Infrastructure	8,823,001	748,522	-	9,571,523
Total capital assets being depreciated	13,060,829	820,202	421,512	13,459,519
Less accumulated depreciation for				
Buildings	(934,531)	(73,942)	(56,928)	(951,545)
Machinery and equipment	(405,722)	(37,800)	(26,239)	(417,283)
Intangibles	(8,265)	(285)	-	(8,550)
Vehicles	(874,408)	(45,820)	(120,239)	(799,989)
Infrastructure	(5,569,216)	(383,629)	-	(5,952,845)
Total accumulated depreciation	(7,792,142)	(541,476)	(203,406)	(8,130,212)
Total capital assets being depreciated, net	5,268,687	278,726	218,106	5,329,307
Governmental activities capital assets, net	\$ 8,065,949	\$ 288,719	\$ 907,573	\$ 7,447,095

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
(Continued)				
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 69,851	\$ 88,501	\$ -	\$ 158,352
Capital assets being depreciated				
Buildings	2,159,494	-	-	2,159,494
Machinery and equipment	259,336	31,095	-	290,431
Vehicles	132,580	-	-	132,580
Infrastructure	<u>11,642,689</u>	<u>16,017</u>	<u>-</u>	<u>11,658,706</u>
Total capital assets being depreciated	<u>14,194,099</u>	<u>47,112</u>	<u>-</u>	<u>14,241,211</u>
Less accumulated depreciation for				
Buildings	(525,812)	(44,351)	-	(570,163)
Machinery and equipment	(210,080)	(18,501)	-	(228,581)
Vehicles	(69,275)	(7,440)	-	(76,715)
Infrastructure	<u>(5,667,051)</u>	<u>(402,590)</u>	<u>-</u>	<u>(6,069,641)</u>
Total accumulated depreciation	<u>(6,472,218)</u>	<u>(472,882)</u>	<u>-</u>	<u>(6,945,100)</u>
Total capital assets being depreciated, net	<u>7,721,881</u>	<u>(425,770)</u>	<u>-</u>	<u>7,296,111</u>
Business-type activities capital assets, net	<u>\$ 7,791,732</u>	<u>\$ (337,269)</u>	<u>\$ -</u>	<u>\$ 7,454,463</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets (Continued)

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 2,093,276	\$ -	\$ 2,093,276
Construction in progress	24,512	-	24,512
Buildings	2,260,043	(951,545)	1,308,498
Machinery and equipment	644,163	(417,283)	226,880
Intangibles	8,550	(8,550)	-
Vehicles	975,240	(799,989)	175,251
Infrastructure	9,571,523	(5,952,845)	3,618,678
Total governmental activities capital assets	15,577,307	(8,130,212)	7,447,095
Business-type activities			
Construction in progress	158,352	-	158,352
Buildings	2,159,494	(570,163)	1,589,331
Machinery and equipment	290,431	(228,581)	61,850
Vehicles	132,580	(76,715)	55,865
Infrastructure	11,658,706	(6,069,641)	5,589,065
Total business-type activities capital assets	14,399,563	(6,945,100)	7,454,463
Total capital assets	\$ 29,976,870	\$ (15,075,312)	\$ 14,901,558

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

Governmental activities	
General government	\$ 146,838
Public safety	60,465
Roads and streets	334,173
Total governmental activities	\$ 541,476
Business-type activities	
Water	\$ 259,520
Sewer	213,362
Total business-type activities	\$ 472,882

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Interfund Transfers

Operating transfers are reflected as other financing sources (uses) in the governmental and proprietary funds. Interfund transfers during the year consisted of:

	Transfers in:					Total
	General Fund	Roads and Streets Fund	Nonmajor Governmental Funds	Water Operating Fund	Sewer Operating Fund	
Transfers out:						
Governmental activities						
General Fund	\$ -	\$ 36,000	\$ 109,800	\$ -	\$ -	\$ 145,800
Transient Room Tax Fund	415,100	107,794	338,949	-	-	861,843
Nonmajor governmental funds	-	-	-	138	92,097	92,235
Total governmental activities	<u>415,100</u>	<u>143,794</u>	<u>448,749</u>	<u>138</u>	<u>92,097</u>	<u>1,099,878</u>
Business-type activities						
Water Operating Fund	45,000	-	72,000	-	-	117,000
Sewer Operating Fund	45,000	-	75,000	-	-	120,000
Total business-type activities	<u>90,000</u>	<u>-</u>	<u>147,000</u>	<u>-</u>	<u>-</u>	<u>237,000</u>
Total	<u>\$ 505,100</u>	<u>\$ 143,794</u>	<u>\$ 595,749</u>	<u>\$ 138</u>	<u>\$ 92,097</u>	<u>\$ 1,336,878</u>

The principal purposes of the interfund transfers in are summarized below by fund:

General Fund: To fund city hall operations.

Roads and Streets Fund: To fund road and street improvements.

Nonmajor Governmental Funds

Debt Service Reserve Fund: To fund future debt payments.

Project and Equipment Reserve Fund: To fund future equipment purchases.

Fire Equipment Reserve Fund: To fund future fire equipment purchases.

Water Master Plan Reserve Fund: To support the Water Master Plan.

Sewer Master Plan Reserve Fund: To support the Sewer Master Plan.

Water Operating Fund: To support water operations and capital asset purchases.

Sewer Operating Fund: To support sewer operations and capital asset purchases.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 36,612	\$ -	\$ -	\$ 36,612	\$ 7,322
Business-type activities					
Compensated absences	\$ 63,129	\$ -	\$ -	\$ 63,129	\$ 12,626

The General, Roads and Streets, Water Operating, and Sewer Operating Funds have traditionally been used to liquidate compensated absences liabilities.

E. Operating Leases

1. Copier Lease

On November 29, 2017, the City entered into an operating lease with Pacific Office Automation to lease a copier. The lease term is 60 months and payments of \$325 are due monthly. A total of \$3,900 was paid for the fiscal year ended June 30, 2021.

2. Phone System Lease

On October 31, 2018, the City entered into an operating lease with Pacific Office Automation to lease a phone system. The lease term is 60 months and payments of \$963 are due monthly. A total of \$11,556 was paid for the fiscal year ended June 30, 2021.

3. Postage Machine and Letter Folder Machine Lease

On March 26, 2019, the City entered into an operating lease with Pacific Office Automation to lease a postage machine and letter folder machine. The lease term is 60 months and payments of \$530 are due monthly. A total of \$6,360 was paid for the fiscal year ended June 30, 2021.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Operating Leases (Continued)

4. Future Minimum Payments

Future minimum lease payments are as follows:

Year Ending June 30	
2022	\$ 21,816
2023	21,816
2024	19,541
2025	<u>8,622</u>
	<u>\$ 71,795</u>

F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Bonds							
Series 2020	3%	\$ 2,190,000	\$ -	\$ 2,190,000	\$ -	\$ 2,190,000	\$ 245,000
Bond premium	N/A	<u>202,427</u>	<u>-</u>	<u>202,427</u>	<u>-</u>	<u>202,427</u>	<u>8,098</u>
Total bonds		<u>2,392,427</u>	<u>-</u>	<u>2,392,427</u>	<u>-</u>	<u>2,392,427</u>	<u>253,098</u>
Loans							
USDA City Hall Loans							
Loan #97-03	4.5%	750,000	635,907	-	635,907	-	-
Loan #97-04	4.5%	398,300	337,713	-	337,713	-	-
Parking Lot Loan	6%	240,000	143,106	-	143,106	-	-
McMillan Creek Loan - US Bank	4.8%	900,000	180,000	-	60,000	120,000	60,000
Safe Drinking Water Revolving Loan	3%	615,030	410,898	-	410,898	-	-
Police Station Loan	3.9%	<u>188,000</u>	<u>156,697</u>	<u>-</u>	<u>156,697</u>	<u>-</u>	<u>-</u>
Total loans		<u>3,091,330</u>	<u>1,864,321</u>	<u>-</u>	<u>1,744,321</u>	<u>120,000</u>	<u>60,000</u>
Total governmental activities		5,483,757	1,864,321	2,392,427	1,744,321	2,512,427	313,098
Business-type activities							
DEQ Wastewater Outfall Loan							
Loan #R78281	2.94%	<u>2,700,000</u>	<u>878,387</u>	<u>-</u>	<u>878,387</u>	<u>-</u>	<u>-</u>
Total long-term liabilities		<u>\$ 8,183,757</u>	<u>\$ 2,742,708</u>	<u>\$ 2,392,427</u>	<u>\$ 2,622,708</u>	<u>\$ 2,512,427</u>	<u>\$ 313,098</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. Long-Term Liabilities (Continued)

2. Governmental Activity City Hall Loans

The City obtained two USDA loans to repay the 1997 lease purchase agreements. Proceeds are for the construction and acquisition of a multipurpose city hall building. Interest on both loans is fixed at 4.5%. Interest is due annually on June 24. The General Fund has traditionally been used to liquidate long-term debt related to the loans. As of June 30, 2021, these loans had been paid in full with proceeds from the Series 2020 bonds.

3. Governmental Activity Parking Lot Loan

On July 1, 2009, the City purchased a parking lot for \$310,000, of which \$240,000 was financed through the seller. Interest on the loan is fixed at 6%. Principal and interest are due semiannually on September 15 and March 15. The General Fund has traditionally been used to liquidate long-term debt related to the loan. As of June 30, 2021, this loan had been paid in full with proceeds from the Series 2020 bonds.

4. Governmental Activity McMillan Creek Loan

On May 15, 2008, the City entered into a loan agreement with US Bank for \$900,000. Proceeds were used to fund the McMillan Creek Reservoir project. Interest on the loan is fixed at 4.8%. Principal and interest payments are due semiannually on October 15 and April 15. The Water Improvements Debt Service Fund has traditionally been used to liquidate long-term debt related to the loan.

5. Governmental Activity Safe Drinking Water Revolving Loan

On August 27, 2009, the City entered into a loan agreement with the State of Oregon Business Development Department to finance the upgrade of the Rockaway Beach Jetty Creek Water Treatment Plant. Interest on the loan is fixed at 3%. Principal and interest payments are due annually on December 1. The Water Improvements Debt Service Fund has traditionally been used to liquidate long-term debt related to the loan. As of June 30, 2021, this loan had been paid in full with proceeds from the Series 2020 bonds.

6. Governmental Activity Police Station Loan

On February 28, 2014, the City entered into a loan agreement with TLC Federal Credit Union to finance the acquisition of the police station. Interest on the loan is fixed at 3.9%. Principal and interest payments are due semiannually on July 1 and January 1. The General Fund has traditionally been used to liquidate long-term debt related to the loan. As of June 30, 2021, this loan had been paid in full with proceeds from the sale of the police station.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. Long-Term Liabilities (Continued)

7. Governmental Activity Series 2020 Bonds

On December 8, 2020, the City issued Full Faith and Credit Refunding Obligations, Series 2020 in the amount of \$2,190,000 to pay off existing debt obligations. Interest is fixed at 3% and is payable semiannually on August 1 and February 1. The Debt Service Reserve Fund has traditionally been used to liquidate long-term debt related to the obligations.

8. Governmental Activity Future Maturities of Long-Term Liabilities

Year Ending June 30	Loans		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 60,000	\$ 5,040	\$ 245,000	\$ 71,698	\$ 305,000	\$ 76,738
2023	60,000	2,160	265,000	54,375	325,000	56,535
2024	-	-	270,000	46,350	270,000	46,350
2025	-	-	280,000	38,100	280,000	38,100
2026	-	-	75,000	32,775	75,000	32,775
2027-2031	-	-	385,000	128,175	385,000	128,175
2032-2036	-	-	215,000	82,575	215,000	82,575
2037-2041	-	-	210,000	52,950	210,000	52,950
2042-2046	-	-	245,000	18,675	245,000	18,675
	<u>\$ 120,000</u>	<u>\$ 7,200</u>	<u>\$ 2,190,000</u>	<u>\$ 525,673</u>	<u>\$ 2,310,000</u>	<u>\$ 532,873</u>

9. Business-Type Activity DEQ Wastewater Outfall Loan #R78281

On June 30, 2004, the City entered into a loan agreement with the Department of Environmental Quality to finance the Ocean Outfall and Wastewater Treatment Plant projects. Interest on the loan is fixed at 2.94%. Principal and interest are due semiannually on December 1 and June 1. The Sewer Improvements Debt Service Fund has traditionally been used to liquidate long-term debt related to the loan. As of June 30, 2021, this loan had been paid in full with proceeds from the Series 2020 bonds.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

G. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Roads and Streets Fund	Transient Room Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable - prepaids	\$ 9,189	\$ 1,896	\$ -	\$ -	\$ 11,085
Restricted for:					
Debt service	-	-	-	1,384,303	1,384,303
Street maintenance	-	306,745	-	-	306,745
System development	-	-	-	154,962	154,962
Donated purpose	-	-	-	19,828	19,828
Assigned to:					
Fire equipment	-	-	-	140,536	140,536
Future equipment purchases	-	-	-	623,673	623,673
Special projects	-	-	1,376,724	-	1,376,724
Debt service	-	-	-	137	137
System improvements	-	-	-	1,338,690	1,338,690
Unassigned	<u>1,073,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,073,347</u>
 Total fund balances	 <u>\$ 1,082,536</u>	 <u>\$ 308,641</u>	 <u>\$ 1,376,724</u>	 <u>\$ 3,662,129</u>	 <u>\$ 6,430,030</u>

IV. PENSION PLAN

A. Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer, defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement System Board to administer and manage the system. All benefits of the system are established by the legislature, pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available comprehensive annual financial report and actuarial valuation, both of which can be obtained at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

B. Benefits Provided

1. Tier One/Tier Two Retirement Benefit (ORS Chapter 238)

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees, 2.0% for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. Police and fire members may purchase increased benefits that are payable between the date of retirement and age 65.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

1. Tier One/Tier Two Retirement Benefit (ORS Chapter 238) (Continued)

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the fair value of underlying global equity investments of that account. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA). The COLA is capped at 2.0%.

2. Oregon Public Service Retirement Plan (OPSRP) Pension Program (Defined Benefit)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, or, if the pension program is terminated, the date on which termination becomes effective.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

**2. Oregon Public Service Retirement Plan (OPSRP) Pension Program (Defined Benefit)
(Continued)**

Death Benefits

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

Disability Benefits

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

3. OPSRP Individual Account Program (IAP)

Benefit Terms

The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death Benefits

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

Recordkeeping

OPERS contracts with Voya Financial to maintain IAP participant records.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

C. Contributions

PERS' funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on reemployed PERS retirees' salaries as if they were active members, excluding IAP contributions. Employer contributions for the year ended June 30, 2021 were \$188,026, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 23.41% for Tier One/Tier Two general service members, 23.41% for Tier One/Tier Two police and fire members, 16.92% for OPSRP Pension Program general service members, 21.55% for OPSRP Pension Program police and fire members, and 6% for OPSRP IAP.

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

At June 30, 2021, the City reported a liability of \$2,213,723 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan, relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was 0.0101% which decreased from its proportion of 0.0111% measured as of June 30, 2019.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

D. Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2021, the City recognized pension expense of \$316,367. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,431	\$ -
Changes in assumptions	118,803	4,163
Net difference between projected and actual earnings on investments	260,305	-
Changes in proportion	99,346	120,304
Differences between employer contributions and proportionate share of contributions	1,738	81,192
Total (prior to post measurement date contributions)	577,623	205,659
Contributions subsequent to the measurement date	188,026	-
Total	\$ 765,649	\$ 205,659

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization Period Ending June 30	Deferred Outflows	Deferred Inflows
2022	\$ 164,278	\$ 54,890
2023	178,102	50,458
2024	139,649	48,339
2025	93,259	40,405
2026	2,335	11,567
	\$ 577,623	\$ 205,659

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

E. Actuarial Assumptions

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

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

E. Actuarial Assumptions (Continued)

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Long-Term Expected Rate of Return	7.20%
Discount Rate	7.20%
Projected Salary Increases	3.50%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even-numbered years. The methods and assumptions shown above are based on the 2018 Experience Study.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

F. Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019, the Public Employees Retirement System Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

The table below displays the OIC-approved asset allocation policy, revised as of April 24, 2019.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00 %
Debt Securities	20.00 %
Public Equity	32.50 %
Private Equity	17.50 %
Real Estate	12.50 %
Alternatives Portfolio	15.00 %
Risk Parity	<u>2.50 %</u>
Total	<u>100.00 %</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

F. Long-Term Expected Rate of Return (Continued)

The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target asset allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Core Fixed Income	9.60 %	4.07 %
Short-Term Bonds	9.60 %	3.68 %
Bank/Leveraged Loans	3.60 %	5.19 %
High Yield Bonds	1.20 %	5.74 %
Large/Mid Cap US Equities	16.17 %	6.30 %
Small Cap US Equities	1.35 %	6.68 %
Micro Cap US Equities	1.35 %	6.79 %
Developed Foreign Equities	13.48 %	6.91 %
Emerging Market Equities	4.24 %	7.69 %
Non-US Small Cap Equities	1.93 %	7.25 %
Private Equity	17.50 %	8.33 %
Real Estate (Property)	10.00 %	5.55 %
Real Estate (REITS)	2.50 %	6.69 %
Hedge Fund of Funds - Diversified	1.50 %	4.06 %
Hedge Fund - Event-driven	0.38 %	5.59 %
Timber	1.12 %	5.61 %
Farmland	1.13 %	6.12 %
Infrastructure	2.25 %	6.67 %
Commodities	<u>1.10 %</u>	3.79 %
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.50 %

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

G. Depletion Date Projection

GASB Statement No. 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the individual entry age normal cost method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's net position (fair value of investment assets, all others at cost) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB Statement No. 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. The Governmental Accounting Standards Board does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

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

Based on these circumstances, it is OPERS' third-party actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 68 would clearly indicate that the net position is always projected to be sufficient to cover benefit payments and administrative expenses.

H. Discount Rate

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. PENSION PLAN (Continued)

I. Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 3,287,194	\$ 2,213,723	\$ 1,313,566

J. Pension Plan Net Position

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

K. Changes in Plan Provisions During Measurement Period

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

L. Changes in Plan Provisions Subsequent to Measurement Date

There have been no changes in plan provisions subsequent to the June 30, 2020 measurement date.

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Benefit Plans

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance continuation premiums, and a contribution to the State of Oregon's PERS cost-sharing, multiple-employer, defined health insurance benefit plan.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

B. Financial Statement Presentation

The amounts on the financial statements relate to the plans as follows:

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB
Net OPEB (asset) liability	\$ 67,236	\$ (14,006)	\$ 53,230
Deferred outflows of resources			
Change in proportionate share	-	2,290	2,290
Difference between projected and actual earnings on investments	-	1,558	1,558
Change in assumptions	2,207	-	2,207
Contributions after measurement date	296	158	454
Deferred inflows of resources			
Difference between expected and actual experience	(11,779)	(1,432)	(13,211)
Change in assumptions	(14,577)	(744)	(15,321)
OPEB expense	6,704	(938)	5,766
(Included in program expenses on statement of activities)			

C. Implicit Rate Subsidy

1. Plan Description

The City's healthcare plan is administered by Citycounty Insurance Services. The City has a health insurance continuation option available for most groups of retirees. It is a substantive postemployment benefits plan offered under Oregon Revised Statutes (ORS) 243. ORS 243.303 requires that the City provide retirees with an opportunity to participate in group health and dental insurance from the date of retirement to age 65, and the rate would be calculated using claims experience from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB. This single-employer plan is not a standalone plan and therefore does not issue its own financial statements.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

C. Implicit Rate Subsidy (Continued)

2. Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same healthcare coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2020, the following employees were covered by the benefit terms:

Active employees	14
Inactive employees or beneficiaries receiving benefits	-
Total	14

3. Total OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to the Implicit Rate Subsidy

The City's total OPEB liability of \$67,236 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2021, the City recognized OPEB expense from this plan of \$6,704. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,779
Change in assumptions	2,207	14,577
Benefit payments	296	-
Total	\$ 2,503	\$ 26,356

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

C. Implicit Rate Subsidy (Continued)

3. Total OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to the Implicit Rate Subsidy (Continued)

Deferred outflows of resources related to OPEB of \$296 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization Period Ending June 30	Deferred Outflows and Inflows
2022	\$ (2,962)
2023	(2,962)
2024	(2,962)
2025	(2,962)
2026	(2,962)
Thereafter	(9,339)
	\$ (24,149)

4. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Salary Increases	3.50%
Healthy Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees
Discount Rate	2.21% (change from 3.87% in previous measurement period)
Healthcare Cost Trend Rate	Medical and vision: 3.75% in 2020, varying between 5.75% and 4.00% in future years Dental: -1.25% for 2020, 4.00% per year thereafter

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

C. Implicit Rate Subsidy (Continued)

4. Actuarial Assumptions and Other Inputs (Continued)

The discount rate was based on Bond Buyer 20-Year General Obligation Municipal Bond Index.

5. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2020	\$ 69,866
Changes for the year:	
Service cost	7,015
Interest on total OPEB liability	2,651
Effect of economic/demographic gains or losses	(9,595)
Effect of assumption changes or inputs	(384)
Benefit payments	(2,317)
Balance as of June 30, 2021	\$ 67,236

Changes in assumptions is the result of the change in the discount rate from 3.87% to 2.21%.

6. Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	Discount Rate		
	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 75,327	\$ 67,236	\$ 59,742
	Healthcare Cost Trend		
	1% Decrease (1.5%)	Current Trend Rate (2.5%)	1% Increase (3.5%)
Total OPEB liability	\$ 55,289	\$ 67,236	\$ 81,999

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

D. PERS Retirement Health Insurance Account (RHIA)

1. Plan Description

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained at:
<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

2. Benefits Provided

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

3. Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The City's contribution rates for the period were 0.06% for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial accrued liability rate was assigned for the RHIA program as it was funded at 126.4% as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percentage of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. The City's total contributions for the year ended June 30, 2021 amounted to \$437.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

D. PERS Retirement Health Insurance Account (RHIA) (Continued)

4. OPEB Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to RHIA

At June 30, 2021, the City reported an asset of \$14,006 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2020, the City's proportionate share was 0.0069%, which decreased from its proportion of 0.0090% as of June 30, 2019.

For the year ended June 30, 2021, the City recognized OPEB expense from this plan of \$(938). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,432
Net differences between projected and actual earnings	1,558	-
Change in assumptions	-	744
Change in proportionate share	2,290	-
Total (prior to post measurement date contributions)	3,848	2,176
Contributions subsequent to the measurement date	158	-
Total	\$ 4,006	\$ 2,176

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

D. PERS Retirement Health Insurance Account (RHIA) (Continued)

4. OPEB Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to RHIA (Continued)

Deferred outflows of resources related to OPEB of \$158 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization Period Ending June 30	Deferred Outflows	Deferred Inflows
2022	\$ 1,333	\$ 1,476
2023	1,449	700
2024	575	-
2025	491	-
	\$ 3,848	\$ 2,176

5. Actuarial Methods and Assumptions

The RHIA plan is unaffected by healthcare cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums; consequently, the disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are consistent with those disclosed for the OPERS pension plan in Note IV-E.

6. Long-Term Expected Rate of Return

The long-term expected rate of return assumptions for the OPEB plan are consistent with those disclosed for the OPERS pension plan in Note IV-F.

7. Depletion Date Projection

The detailed depletion date projections outlined in GASB Statement No. 75, and allowance for alternative evaluations of projected solvency outlined in GASB Statement No. 75 (paragraph 39), are consistent with those disclosed for GASB Statement No. 68 in Note IV-G.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

D. PERS Retirement Health Insurance Account (RHIA) (Continued)

8. Discount Rate

The discount rate used to measure the total OPEB liability was 7.20% for the OPEB plan. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plan's 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 OPEB plan investments for the OPEB plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

9. Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net OPEB liability (asset)	\$ (11,307)	\$ (14,006)	\$ (16,313)

10. OPEB Plan Net Position

Detailed information about the other postemployment benefit plan's net position is available in the separately issued OPERS financial report.

11. Changes in Plan Provisions During Measurement Period

There were no changes in plan provisions during the July 1, 2019 through June 30, 2020 measurement period.

12. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes in plan provisions subsequent to the June 30, 2020 measurement date.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

VI. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Tax Abatements

The City had no tax abatements for the year ended June 30, 2021.

C. Pending Litigation

The City has pending litigation from an individual who resides in the City. The following case is pending judgment at the Court of Appeals:

<u>Case</u>	<u>Damages Requested</u>	<u>Potential of Loss*</u>
Dang v. City of Rockaway Beach	\$ 213,627	\$ 213,627

* Plus 9% interest

D. Contingencies

The City of Rockaway Beach's operations may be affected by the recent and ongoing outbreak of the Coronavirus Disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption that may be caused by the outbreak is uncertain; however, it may result in a material impact on the City's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption of the City's revenue, absenteeism in the City's labor workforce, and the unavailability of products and supplies used in operations.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

VI. OTHER INFORMATION (Continued)

E. Restatement

The City restated beginning net position and fund balance in order to reflect a change in accounting policy resulting from the incorrect recording of an allowance for doubtful accounts.

Government-Wide Statements	
	Governmental Activities
Net position - beginning, as originally reported	\$ 9,816,151
Effect of change in accounting policy	<u>(25,346)</u>
Net position - beginning, as restated	<u>\$ 9,790,805</u>
Budget and GAAP Basis Statements	
	Transient Room Tax Fund
Fund balance - beginning, as originally reported	\$ 547,560
Effect of change in accounting policy	<u>(25,346)</u>
Fund balance - beginning, as restated	<u>\$ 522,214</u>

F. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 87, *Leases*, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting of leases by governments.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objective of this statement is to simplify accounting for interest cost incurred before the end of a construction period, and enhance the relevance and comparability of capital asset information.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

VI. OTHER INFORMATION (Continued)

F. New Pronouncements (Continued)

GASB Statement No. 92, *Omnibus 2020*, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation of certain GASB statements.

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for the City beginning with its fiscal year ending June 30, 2023. The objective of this statement clarifies the definition of a conduit debt obligation and improves required note disclosures.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the City beginning with its fiscal year ending June 30, 2023. The requirements of this statement will improve financial reporting by establishing the definitions of public-private and public-public arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for the City beginning with its fiscal year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments.

G. Subsequent Events

Management has evaluated subsequent events through December 21, 2021, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

<u>Pension Plan</u>	(a) City's	(b) City's	(c) City's	(b/c) City's	Plan fiduciary
Year Ended June 30	proportion of the net pension liability (asset)	proportionate share of the net pension liability (asset)	covered payroll	proportionate share of the net pension liability (asset) as a percentage of its covered payroll	net position as a percentage of the total pension liability
2021	0.01014378%	\$ 2,213,722	\$ 1,039,294	213.00%	75.80%
2020	0.01112959%	1,925,153	985,173	195.41%	80.20%
2019	0.01101116%	1,668,046	1,046,607	159.38%	82.10%
2018	0.00974040%	1,313,010	872,539	150.48%	83.10%
2017	0.00799472%	1,200,193	852,821	140.73%	80.50%
2016	0.00917517%	526,789	784,187	67.18%	91.90%
2015	0.00734632%	(166,520)	768,898	(21.66)%	103.60%
2014	0.00734632%	374,893	710,228	52.78%	91.97%

Changes in Benefit Terms

The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015 reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future COLA through Senate Bills 822 and 861. This reversal increased the proportionate share of the net pension liability (asset) as of June 30, 2015 as compared to June 30, 2014.

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

Changes in Assumptions

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

*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF CONTRIBUTIONS

<u>Pension Plan</u>		(b)		(a-b)		(c)	(b/c)
Year Ended June 30	(a) Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll		
2021	\$ 188,026	\$ 188,026	\$ -	\$ 1,063,702	17.68%		
2020	181,607	181,607	-	1,039,294	17.47%		
2019	141,692	141,692	-	985,173	14.38%		
2018	139,921	139,921	-	1,046,607	13.37%		
2017	102,448	102,448	-	872,539	11.74%		
2016	87,043	87,043	-	852,821	10.21%		
2015	75,707	75,707	-	784,187	9.65%		
2014	82,150	82,150	-	768,898	10.68%		

Changes in Benefit Terms

The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015 reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future COLA through Senate Bills 822 and 861. This reversal increased the proportionate share of the net pension liability (asset) as of June 30, 2015 as compared to June 30, 2014.

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

Changes in Assumptions

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

*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

<u>Implicit Rate Subsidy</u>	2021	2020
Total OPEB Liability		
Service cost	\$ 7,015	\$ 6,285
Interest	2,651	2,516
Economic/demographic gains or losses	(9,595)	-
Change in assumptions	(384)	2,727
Benefit payments	(2,317)	(788)
Net change in total OPEB liability	(2,630)	10,740
Total OPEB liability - beginning	69,866	59,126
Total OPEB liability - ending	\$ 67,236	\$ 69,866
Covered employee payroll	\$ 1,063,702	\$ 1,039,294
Total OPEB liability as a percentage of covered employee payroll	6.32%	6.72%

Changes in Assumptions

For each valuation date, the following changes in assumptions are made:

Expected claims and premiums are updated to reflect changes in available benefits and premium levels. Expected retiree and dependent costs are updated to reflect current health cost guidelines.

The healthcare cost trend is updated to reflect changes in premium levels, as well as future expected economic and regulatory conditions.

Mortality, withdrawal, and retirement rates are updated to reflect assumptions used in the Oregon PERS actuarial valuation immediately preceding each implicit rate subsidy valuation date.

For June 30, 2020, the discount rate decreased to 2.21%. For June 30, 2019, the discount rate increased to 3.87% from 3.58% for June 30, 2018.

*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

<u>2019</u>	<u>2018</u>
\$ 10,071	\$ 10,697
2,740	2,031
(4,194)	-
(15,055)	(5,645)
<u>(1,794)</u>	<u>(550)</u>
(8,232)	6,533
<u>67,358</u>	<u>60,825</u>
<u>\$ 59,126</u>	<u>\$ 67,358</u>
\$ 985,173	\$ 1,046,607
6.00%	6.44%

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

<u>RHIA</u>	2021	2020
Proportion of the OPEB pension liability (asset)	0.68735400%	0.00899631%
Proportionate share of the net OPEB liability (asset)	\$ (14,006)	\$ (17,384)
Covered payroll	\$ 1,039,294	\$ 985,173
Proportionate share of the OPEB liability (asset) as a percentage of covered employee payroll	-1.35%	-1.76%
Plan net position as a percentage of the total OPEB liability	150.1%	144.4%

Changes in Assumptions

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50% to 7.20%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups.

No assets have been accumulated in a trust to pay for the related benefits.

*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.94245500%	0.96124200%	0.00861744%
\$ (10,520)	\$ (4,012)	\$ 2,340
\$ 1,046,607	\$ 872,539	\$ 852,821
-1.01%	-0.46%	0.27%
124.0%	108.9%	94.2%

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFITS

<u>RHIA</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 437	\$ 4,464
Contributions in relation to the contractually required contribution	<u>437</u>	<u>4,464</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,063,702	\$ 1,039,294
Contributions as a percentage of covered employee payroll	0.04%	0.43%

Changes in Assumptions

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50% to 7.20%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups.

No assets have been accumulated in a trust to pay for the related benefits.

*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 4,459	\$ 4,786	\$ 3,842
4,459	4,786	3,842
\$ -	\$ -	\$ -
\$ 985,173	\$ 1,046,607	\$ 872,539
0.45%	0.46%	0.44%

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)
REVENUES			
Taxes			
Property	\$ 386,810	\$ 386,810	\$ 58,006
Alcohol	18,000	18,000	8,814
Cigarette	1,500	1,500	(190)
Other taxes	40,420	40,420	22,267
Licenses, permits, and fees	421,600	421,600	69,106
Grants	89,437	107,019	(47,914)
Charges for services	40,500	40,500	(1,000)
State revenue sharing	20,680	20,680	4,558
Investment earnings	18,800	18,800	6,924
Other revenue	11,000	11,000	346,211
Total revenues	1,048,747	1,066,329	466,782
EXPENDITURES			
Current			
Administration	591,217	615,799	(132,413)
Public safety	567,277	639,077	(94,349)
Fire protection	277,783	277,783	(11,966)
Total current expenditures	1,436,277	1,532,659	(238,728)
Debt service*	64,300	52,300	128,025
Contingency	19,870	19,870	(19,870)
Total expenditures	1,520,447	1,604,829	(130,573)
Excess (deficiency) of revenues over (under) expenditures	(471,700)	(538,500)	597,355
OTHER FINANCING SOURCES (USES)			
Proceeds of sale	-	-	-
Debt refunding	-	-	-
Transfers in	505,100	505,100	-
Transfers out	(145,800)	(145,800)	-
Total other financing sources (uses)	359,300	359,300	-
Net change in fund balance	(112,400)	(179,200)	597,355
Fund balance - beginning	200,000	200,000	469,880
Fund balance - ending	\$ 87,600	\$ 20,800	\$ 1,067,235

* Amounts expended over appropriations in this category were due to the repayment of debt related to the sale of a building and are therefore not considered an over-expenditure in violation of Oregon Budget Law.

	Actual		
Budget Basis	Adjustments		GAAP Basis
\$ 444,816	\$ (5,116)	\$	439,700
26,814	-		26,814
1,310	-		1,310
62,687	-		62,687
490,706	-		490,706
59,105	-		59,105
39,500	-		39,500
25,238	-		25,238
25,724	-		25,724
<u>357,211</u>	<u>(316,662)</u>		<u>40,549</u>
<u>1,533,111</u>	<u>(321,778)</u>		<u>1,211,333</u>
483,386	-		483,386
544,728	-		544,728
<u>265,817</u>	<u>-</u>		<u>265,817</u>
1,293,931	-		1,293,931
180,325	(153,360)		26,965
<u>-</u>	<u>-</u>		<u>-</u>
<u>1,474,256</u>	<u>(153,360)</u>		<u>1,320,896</u>
<u>58,855</u>	<u>(475,138)</u>		<u>(109,563)</u>
-	(316,662)		316,662
-	(153,360)		(153,360)
505,100	-		505,100
<u>(145,800)</u>	<u>-</u>		<u>(145,800)</u>
<u>359,300</u>	<u>(470,022)</u>		<u>522,602</u>
418,155	(5,116)		413,039
<u>669,880</u>	<u>(383)</u>		<u>669,497</u>
<u>\$ 1,088,035</u>	<u>\$ (5,499)</u>	<u>\$</u>	<u>1,082,536</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

ROADS AND STREETS FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Grants	\$ 100,000	\$ (4,166)	\$ 95,834	\$ -	\$ 95,834
State revenue sharing	100,000	(825)	99,175	-	99,175
Investment earnings	<u>4,000</u>	<u>(642)</u>	<u>3,358</u>	<u>-</u>	<u>3,358</u>
Total revenues	<u>204,000</u>	<u>(5,633)</u>	<u>198,367</u>	<u>-</u>	<u>198,367</u>
EXPENDITURES					
Current					
Personnel services	142,975	(27,703)	115,272	-	115,272
Materials and services	111,950	(12,301)	99,649	-	99,649
Capital outlay	150,000	(72,248)	77,752	-	77,752
Contingency	<u>34,478</u>	<u>(34,478)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>439,403</u>	<u>(146,730)</u>	<u>292,673</u>	<u>-</u>	<u>292,673</u>
Excess (deficiency) of revenues over (under) expenditures	(235,403)	141,097	(94,306)	-	(94,306)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>143,794</u>	<u>-</u>	<u>143,794</u>	<u>-</u>	<u>143,794</u>
Net change in fund balance	(91,609)	141,097	49,488	-	49,488
Fund balance - beginning	<u>91,609</u>	<u>167,544</u>	<u>259,153</u>	<u>-</u>	<u>259,153</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 308,641</u>	<u>\$ 308,641</u>	<u>\$ -</u>	<u>\$ 308,641</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

TRANSIENT ROOM TAX FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Transient room taxes	\$ 941,880	\$ 885,305	\$ 1,827,185	\$ -	\$ 1,827,185
Investment earnings	4,000	(1,820)	2,180	-	2,180
Other revenue	<u>425</u>	<u>(425)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	946,305	883,060	1,829,365	-	1,829,365
EXPENDITURES					
Current					
Materials and services	<u>232,068</u>	<u>(119,056)</u>	<u>113,012</u>	<u>-</u>	<u>113,012</u>
Excess (deficiency) of revenues over (under) expenditures	714,237	1,002,116	1,716,353	-	1,716,353
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(861,843)</u>	<u>-</u>	<u>(861,843)</u>	<u>-</u>	<u>(861,843)</u>
Net change in fund balance	(147,606)	1,002,116	854,510	-	854,510
Fund balance - beginning, as restated	<u>194,513</u>	<u>327,701</u>	<u>522,214</u>	<u>-</u>	<u>522,214</u>
Fund balance - ending	<u>\$ 46,907</u>	<u>\$ 1,329,817</u>	<u>\$ 1,376,724</u>	<u>\$ -</u>	<u>\$ 1,376,724</u>

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	Special Revenue Funds		Debt Service Funds	
	Transportation SDC	Donation Reserve	Debt Service Reserve	Water Improvements Debt Service
ASSETS				
Cash and cash equivalents	\$ 154,962	\$ 19,828	\$ 129,400	\$ 465,088
Accounts receivable, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,491</u>
 Total assets	 <u>\$ 154,962</u>	 <u>\$ 19,828</u>	 <u>\$ 129,400</u>	 <u>\$ 487,579</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Fund balances				
Restricted for:				
Debt service	-	-	129,400	487,579
System development	154,962	-	-	-
Donated purpose	-	19,828	-	-
Assigned to:				
Fire equipment	-	-	-	-
Future equipment purchases	-	-	-	-
Debt service	-	-	-	-
System improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balances	 <u>154,962</u>	 <u>19,828</u>	 <u>129,400</u>	 <u>487,579</u>
 Total liabilities and fund balances	 <u>\$ 154,962</u>	 <u>\$ 19,828</u>	 <u>\$ 129,400</u>	 <u>\$ 487,579</u>

Debt Service Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
Sewer Improvements Debt Service	1981 Water Revenue Bond	Project and Equipment Reserve	Fire Equipment Reserve	Water Master Plan Reserve	Sewer Master Plan Reserve	
\$ 725,428	\$ 137	\$ 623,673	\$ 159,294	\$ 428,972	\$ 918,947	\$ 3,625,729
<u>41,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,387</u>
<u>\$ 767,324</u>	<u>\$ 137</u>	<u>\$ 623,673</u>	<u>\$ 159,294</u>	<u>\$ 428,972</u>	<u>\$ 918,947</u>	<u>\$ 3,690,116</u>
\$ -	\$ -	\$ -	\$ 18,758	\$ -	\$ 9,229	\$ 27,987
767,324	-	-	-	-	-	1,384,303
-	-	-	-	-	-	154,962
-	-	-	-	-	-	19,828
-	-	-	140,536	-	-	140,536
-	-	623,673	-	-	-	623,673
-	137	-	-	-	-	137
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,972</u>	<u>909,718</u>	<u>1,338,690</u>
<u>767,324</u>	<u>137</u>	<u>623,673</u>	<u>140,536</u>	<u>428,972</u>	<u>909,718</u>	<u>3,662,129</u>
<u>\$ 767,324</u>	<u>\$ 137</u>	<u>\$ 623,673</u>	<u>\$ 159,294</u>	<u>\$ 428,972</u>	<u>\$ 918,947</u>	<u>\$ 3,690,116</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	Special Revenue Funds		Debt Service Funds	
	Transportation SDC	Donation Reserve	Debt Service Reserve	Water Improvements Debt Service
REVENUES				
Licenses, permits, and fees	\$ 6,300	\$ -	\$ -	\$ -
Grants	-	3,825	-	-
Debt service fees	-	-	-	150,160
Investment earnings	286	-	-	344
	6,586	3,825	-	150,504
EXPENDITURES				
Debt service	-	-	-	109,244
Capital outlay	-	-	-	-
	-	-	-	109,244
Excess (deficiency) of revenues over (under) expenditures	6,586	3,825	-	41,260
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	2,392,427	-
Debt refunding	-	-	(1,591,560)	-
Transfers in	-	-	109,800	-
Transfers out	-	-	-	-
Contributed capital out	-	-	(800,867)	-
	-	-	109,800	-
Net change in fund balances	6,586	3,825	109,800	41,260
Fund balances - beginning	148,376	16,003	19,600	446,319
Fund balances - ending	\$ 154,962	\$ 19,828	\$ 129,400	\$ 487,579

Debt Service Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
Sewer Improvements Debt Service	1981 Water Revenue Bond	Project and Equipment Reserve	Fire Equipment Reserve	Water Master Plan Reserve	Sewer Master Plan Reserve	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,300
-	-	158,820	-	-	-	162,645
248,599	-	-	-	-	-	398,759
<u>849</u>	<u>-</u>	<u>402</u>	<u>283</u>	<u>4,976</u>	<u>2,991</u>	<u>10,131</u>
<u>249,448</u>	<u>-</u>	<u>159,222</u>	<u>283</u>	<u>4,976</u>	<u>2,991</u>	<u>577,835</u>
7,016	-	-	-	-	-	116,260
<u>-</u>	<u>-</u>	<u>70,893</u>	<u>71,680</u>	<u>14,565</u>	<u>-</u>	<u>157,138</u>
<u>7,016</u>	<u>-</u>	<u>70,893</u>	<u>71,680</u>	<u>14,565</u>	<u>-</u>	<u>273,398</u>
<u>242,432</u>	<u>-</u>	<u>88,329</u>	<u>(71,397)</u>	<u>(9,589)</u>	<u>2,991</u>	<u>304,437</u>
-	-	-	-	-	-	2,392,427
-	-	-	-	-	-	(1,591,560)
-	-	327,528	11,421	72,000	75,000	595,749
(92,097)	(138)	-	-	-	-	(92,235)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,770)</u>	<u>(878,637)</u>
<u>(92,097)</u>	<u>(138)</u>	<u>327,528</u>	<u>11,421</u>	<u>72,000</u>	<u>(2,770)</u>	<u>425,744</u>
150,335	(138)	415,857	(59,976)	62,411	221	730,181
<u>616,989</u>	<u>275</u>	<u>207,816</u>	<u>200,512</u>	<u>366,561</u>	<u>909,497</u>	<u>2,931,948</u>
<u>\$ 767,324</u>	<u>\$ 137</u>	<u>\$ 623,673</u>	<u>\$ 140,536</u>	<u>\$ 428,972</u>	<u>\$ 909,718</u>	<u>\$ 3,662,129</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

TRANSPORTATION SDC FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Licenses, permits, and fees	\$ 15,000	\$ (8,700)	\$ 6,300	\$ -	\$ 6,300
Investment earnings	<u>1,000</u>	<u>(714)</u>	<u>286</u>	<u>-</u>	<u>286</u>
Total revenues	16,000	(9,414)	6,586	-	6,586
EXPENDITURES					
Capital outlay	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(84,000)	90,586	6,586	-	6,586
Fund balance - beginning	<u>138,372</u>	<u>10,004</u>	<u>148,376</u>	<u>-</u>	<u>148,376</u>
Fund balance - ending	<u>\$ 54,372</u>	<u>\$ 100,590</u>	<u>\$ 154,962</u>	<u>\$ -</u>	<u>\$ 154,962</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

DONATION RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Grants	\$ 5,000	\$ (1,175)	\$ 3,825	\$ -	\$ 3,825
Investment earnings	<u>25</u>	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	5,025	(1,200)	3,825	-	3,825
EXPENDITURES					
Current					
Materials and services	<u>19,000</u>	<u>(19,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(13,975)	17,800	3,825	-	3,825
Fund balance - beginning	<u>16,680</u>	<u>(677)</u>	<u>16,003</u>	<u>-</u>	<u>16,003</u>
Fund balance - ending	<u>\$ 2,705</u>	<u>\$ 17,123</u>	<u>\$ 19,828</u>	<u>\$ -</u>	<u>\$ 19,828</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DEBT SERVICE RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 10	\$ (10)	\$ -	\$ -	\$ -
EXPENDITURES					
Debt service	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	<u>(99,990)</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	2,392,427	2,392,427	-	2,392,427
Debt refunding	-	(2,392,427)	(2,392,427)	800,867	(1,591,560)
Transfers in	109,800	-	109,800	-	109,800
Contributed capital out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(800,867)</u>	<u>(800,867)</u>
Total other financing sources (uses)	<u>109,800</u>	<u>-</u>	<u>109,800</u>	<u>-</u>	<u>109,800</u>
Net change in fund balance	9,810	(10)	109,800	-	109,800
Fund balance - beginning	<u>19,610</u>	<u>(10)</u>	<u>19,600</u>	<u>-</u>	<u>19,600</u>
Fund balance - ending	<u>\$ 29,420</u>	<u>\$ (20)</u>	<u>\$ 129,400</u>	<u>\$ -</u>	<u>\$ 129,400</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

WATER IMPROVEMENTS DEBT SERVICE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Debt service fees	\$ 140,000	\$ 10,160	\$ 150,160	\$ -	\$ 150,160
Investment earnings	<u>1,500</u>	<u>(1,156)</u>	<u>344</u>	<u>-</u>	<u>344</u>
Total revenues	141,500	9,004	150,504	-	150,504
EXPENDITURES					
Debt service	<u>115,000</u>	<u>(5,756)</u>	<u>109,244</u>	<u>-</u>	<u>109,244</u>
Excess (deficiency) of revenues over (under) expenditures	26,500	14,760	41,260	-	41,260
Fund balance - beginning	<u>430,676</u>	<u>15,643</u>	<u>446,319</u>	<u>-</u>	<u>446,319</u>
Fund balance - ending	<u>\$ 457,176</u>	<u>\$ 30,403</u>	<u>\$ 487,579</u>	<u>\$ -</u>	<u>\$ 487,579</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

SEWER IMPROVEMENTS DEBT SERVICE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Debt service fees	\$ 225,000	\$ 23,599	\$ 248,599	\$ -	\$ 248,599
Investment earnings	<u>100</u>	<u>749</u>	<u>849</u>	<u>-</u>	<u>849</u>
Total revenues	225,100	24,348	249,448	-	249,448
EXPENDITURES					
Debt service	<u>220,000</u>	<u>(120,887)</u>	<u>99,113</u>	<u>(92,097)</u>	<u>7,016</u>
Excess (deficiency) of revenues over (under) expenditures	5,100	145,235	150,335	92,097	242,432
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,097)</u>	<u>(92,097)</u>
Net change in fund balance	5,100	145,235	150,335	-	150,335
Fund balance - beginning	<u>588,747</u>	<u>28,242</u>	<u>616,989</u>	<u>-</u>	<u>616,989</u>
Fund balance - ending	<u>\$ 593,847</u>	<u>\$ 173,477</u>	<u>\$ 767,324</u>	<u>\$ -</u>	<u>\$ 767,324</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

1981 WATER REVENUE BOND FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(275)</u>	<u>137</u>	<u>(138)</u>	<u>-</u>	<u>(138)</u>
Net change in fund balance	(275)	137	(138)	-	(138)
Fund balance - beginning	<u>275</u>	<u>-</u>	<u>275</u>	<u>-</u>	<u>275</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ 137</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

PROJECT AND EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Grants	\$ 100,000	\$ 58,820	\$ 158,820	\$ -	\$ 158,820
Investment earnings	<u>800</u>	<u>(398)</u>	<u>402</u>	<u>-</u>	<u>402</u>
Total revenues	100,800	58,422	159,222	-	159,222
EXPENDITURES					
Capital outlay	<u>450,000</u>	<u>(379,107)</u>	<u>70,893</u>	<u>-</u>	<u>70,893</u>
Excess (deficiency) of revenues over (under) expenditures	(349,200)	437,529	88,329	-	88,329
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>327,528</u>	<u>-</u>	<u>327,528</u>	<u>-</u>	<u>327,528</u>
Net change in fund balance	(21,672)	437,529	415,857	-	415,857
Fund balance - beginning	<u>97,278</u>	<u>110,538</u>	<u>207,816</u>	<u>-</u>	<u>207,816</u>
Fund balance - ending	<u>\$ 75,606</u>	<u>\$ 548,067</u>	<u>\$ 623,673</u>	<u>\$ -</u>	<u>\$ 623,673</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FIRE EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 1,000	\$ (717)	\$ 283	\$ -	\$ 283
EXPENDITURES					
Current					
Materials and services	45,000	(11,415)	33,585	-	33,585
Capital outlay	65,000	(26,905)	38,095	-	38,095
Total expenditures	110,000	(38,320)	71,680	-	71,680
Excess (deficiency) of revenues over (under) expenditures	(109,000)	37,603	(71,397)	-	(71,397)
OTHER FINANCING SOURCES (USES)					
Transfers in	11,421	-	11,421	-	11,421
Net change in fund balance	(97,579)	37,603	(59,976)	-	(59,976)
Fund balance - beginning	200,179	333	200,512	-	200,512
Fund balance - ending	\$ 102,600	\$ 37,936	\$ 140,536	\$ -	\$ 140,536

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

WATER MASTER PLAN RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 10,000	\$ (5,024)	\$ 4,976	\$ -	\$ 4,976
EXPENDITURES					
Capital outlay	200,000	(185,435)	14,565	-	14,565
Contingency	30,000	(30,000)	-	-	-
Total expenditures	230,000	(215,435)	14,565	-	14,565
Excess (deficiency) of revenues over (under) expenditures	(220,000)	210,411	(9,589)	-	(9,589)
OTHER FINANCING SOURCES (USES)					
Transfers in	72,000	-	72,000	-	72,000
Net change in fund balance	(148,000)	210,411	62,411	-	62,411
Fund balance - beginning	204,833	161,728	366,561	-	366,561
Fund balance - ending	<u>\$ 56,833</u>	<u>\$ 372,139</u>	<u>\$ 428,972</u>	<u>\$ -</u>	<u>\$ 428,972</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

SEWER MASTER PLAN RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis	Actual Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ 4,000	\$ (1,009)	\$ 2,991	\$ -	\$ 2,991
EXPENDITURES					
Capital outlay	600,000	(522,230)	77,770	(77,770)	-
Contingency	15,000	(15,000)	-	-	-
Total expenditures	615,000	(537,230)	77,770	(77,770)	-
Excess (deficiency) of revenues over (under) expenditures	(611,000)	536,221	(74,779)	77,770	2,991
OTHER FINANCING SOURCES (USES)					
Transfers in	75,000	-	75,000	-	75,000
Contributed capital out	-	-	-	(77,770)	(77,770)
Total other financing sources (uses)	75,000	-	75,000	(77,770)	(2,770)
Net change in fund balance	(536,000)	536,221	221	-	221
Fund balance - beginning	882,413	27,084	909,497	-	909,497
Fund balance - ending	\$ 346,413	\$ 563,305	\$ 909,718	\$ -	\$ 909,718

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

WATER OPERATING FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Water sales	\$ 1,122,792	\$ 147,917	\$ 1,270,709	\$ -	\$ 1,270,709
Investment earnings	6,000	(3,288)	2,712	-	2,712
Other income	15,000	10,870	25,870	-	25,870
Total revenues	<u>1,143,792</u>	<u>155,499</u>	<u>1,299,291</u>	<u>-</u>	<u>1,299,291</u>
EXPENSES					
Current					
Personnel services	562,925	(171,962)	390,963	76,170	467,133
Materials and services	263,000	(17,421)	245,579	(11,384)	234,195
Capital outlay	175,000	(154,151)	20,849	(20,095)	754
Depreciation	-	-	-	261,061	261,061
Contingency	30,000	(30,000)	-	-	-
Total expenses	<u>1,030,925</u>	<u>(373,534)</u>	<u>657,391</u>	<u>305,752</u>	<u>963,143</u>
Excess (deficiency) of revenues over (under) expenses	<u>112,867</u>	<u>529,033</u>	<u>641,900</u>	<u>(305,752)</u>	<u>336,148</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	275	(137)	138	-	138
Transfers out	(117,000)	-	(117,000)	-	(117,000)
Total other financing sources (uses)	<u>(116,725)</u>	<u>(137)</u>	<u>(116,862)</u>	<u>-</u>	<u>(116,862)</u>
Change in net position	(3,858)	528,896	525,038	(305,752)	219,286
Net position - beginning	<u>534,632</u>	<u>578,746</u>	<u>1,113,378</u>	<u>5,021,019</u>	<u>6,134,397</u>
Net position - ending	<u>\$ 530,774</u>	<u>\$ 1,107,642</u>	<u>\$ 1,638,416</u>	<u>\$ 4,715,267</u>	<u>\$ 6,353,683</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

SEWER OPERATING FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Sewer charges	\$ 844,500	\$ 20,247	\$ 864,747	\$ -	\$ 864,747
Investment earnings	13,000	(7,558)	5,442	-	5,442
Other income	<u>1,000</u>	<u>3,748</u>	<u>4,748</u>	<u>-</u>	<u>4,748</u>
Total revenues	<u>858,500</u>	<u>16,437</u>	<u>874,937</u>	<u>-</u>	<u>874,937</u>
EXPENSES					
Current					
Personnel services	514,994	(146,037)	368,957	81,706	450,663
Materials and services	303,300	(34,804)	268,496	(5,864)	262,632
Capital outlay	75,000	(43,556)	31,444	(30,689)	755
Depreciation	-	-	-	211,821	211,821
Contingency	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>923,294</u>	<u>(254,397)</u>	<u>668,897</u>	<u>256,974</u>	<u>925,871</u>
Excess (deficiency) of revenues over (under) expenses	<u>(64,794)</u>	<u>270,834</u>	<u>206,040</u>	<u>(256,974)</u>	<u>(50,934)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	92,097	92,097
Transfers out	(120,000)	-	(120,000)	-	(120,000)
Contributed capital in	<u>-</u>	<u>-</u>	<u>-</u>	<u>878,637</u>	<u>878,637</u>
Total other financing sources (uses)	<u>(120,000)</u>	<u>-</u>	<u>(120,000)</u>	<u>970,734</u>	<u>850,734</u>
Change in net position	(184,794)	270,834	86,040	713,760	799,800
Net position - beginning	<u>647,221</u>	<u>313,391</u>	<u>960,612</u>	<u>1,268,285</u>	<u>2,228,897</u>
Net position - ending	<u>\$ 462,427</u>	<u>\$ 584,225</u>	<u>\$ 1,046,652</u>	<u>\$ 1,982,045</u>	<u>\$ 3,028,697</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

SEWER SDC FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
System development charges	\$ 75,650	\$ (17,928)	\$ 57,722	\$ -	\$ 57,722
Investment earnings	<u>6,000</u>	<u>(4,881)</u>	<u>1,119</u>	<u>-</u>	<u>1,119</u>
Total revenues	81,650	(22,809)	58,841	-	58,841
EXPENSES					
Capital outlay	<u>550,000</u>	<u>(550,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	(468,350)	527,191	58,841	-	58,841
Net position - beginning	<u>927,631</u>	<u>577,949</u>	<u>1,505,580</u>	<u>-</u>	<u>1,505,580</u>
Net position - ending	<u>\$ 459,281</u>	<u>\$ 1,105,140</u>	<u>\$ 1,564,421</u>	<u>\$ -</u>	<u>\$ 1,564,421</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

WATER SDC FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
System development charges	\$ 85,000	\$ 31,886	\$ 116,886	\$ -	\$ 116,886
Investment earnings	<u>1,100</u>	<u>(575)</u>	<u>525</u>	<u>-</u>	<u>525</u>
Total revenues	86,100	31,311	117,411	-	117,411
EXPENSES					
Capital outlay	<u>145,000</u>	<u>(145,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	(58,900)	176,311	117,411	-	117,411
Net position - beginning	<u>148,024</u>	<u>192,113</u>	<u>340,137</u>	<u>-</u>	<u>340,137</u>
Net position - ending	<u>\$ 89,124</u>	<u>\$ 368,424</u>	<u>\$ 457,548</u>	<u>\$ -</u>	<u>\$ 457,548</u>

OTHER FINANCIAL SCHEDULES

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2021

Tax Year	Taxes Receivable July 1, 2020	2020-2021 Levy	Adjustments and Discounts	Collections	Taxes Receivable June 30, 2021
2020-2021	\$ -	\$ 450,833	\$ (11,821)	\$ 430,205	\$ 8,807
2019-2020	10,487	-	(235)	5,960	4,292
2018-2019	5,203	-	(162)	2,764	2,277
2017-2018	2,602	-	(2)	1,758	842
2016-2017	1,027	-	(2)	670	355
2015-2016	373	-	(2)	120	251
2014-2015	117	-	(2)	30	85
Prior	3,103	-	(67)	2,149	887
Subtotal - Prior	22,912	-	(472)	13,451	8,989
Total	\$ 22,912	\$ 450,833	\$ (12,293)	443,656	\$ 17,796
Add:					
Other taxes and interest				(3,956)	
Undistributed taxes with county, July 1, 2020				-	
Total available				439,700	
Less: Turnovers to City				(439,700)	
Undistributed taxes with county, June 30, 2021				\$ -	

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**

KOONTZ, BLASQUEZ
ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Sue Wilson, Mayor
and Members of the City Council
City of Rockaway Beach
Rockaway Beach, Oregon 97136

We have audited the basic financial statements of the City of Rockaway Beach as of and for the year ended June 30, 2021, and have issued our report thereon dated December 21, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Rockaway Beach's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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:

Accounting records

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

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, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. During the year ended June 30, 2021, capital outlay was expensed out of the material and services appropriation category in the Fire Equipment Reserve Fund. In accordance with ORS 294, capital outlay should be expensed out of the capital outlay appropriation category unless a departmental appropriation is used.
2. During the year ended June 30, 2021, a budget transfer resolution included a transfer from unappropriated to appropriated amounts. In accordance with ORS 294, budget transfer resolutions can only include transfers between appropriation categories.

The City does not have any elected officials collecting or receiving money.


OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rockaway Beach's internal control over financial reporting. However, we noted certain matters that we have reported to management of the City in a separate letter dated December 21, 2021.

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

Koontz, Blasquez & Associates, P.C.

By:



Debra L. Blasquez, CPA

Albany, Oregon
December 21, 2021