

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2022



CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

CITY OFFICIALS

June 30, 2022

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

Mary McGinnis
P.O. Box 269
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 Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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 as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

The effect of applying the provisions of GASB Statement No. 87 has been reported as a restatement of beginning net position for the year ended June 30, 2022.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension and other postemployment benefits, and budgetary comparison information on pages 5 through 12, 66 through 70, and 71 through 73, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of pension and 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 or schedules of pension and 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.

Supplementary 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.

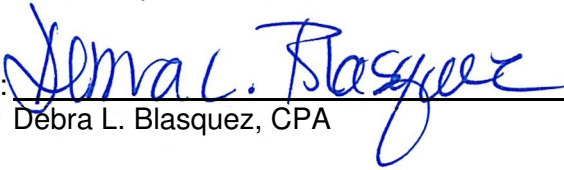
The combining statements and individual fund schedules are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 7, 2022 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 7, 2022

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, 2022. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2022, total net position of the City of Rockaway Beach amounted to \$24,026,704. Of this amount, \$12,753,485 was invested in capital assets, net of related debt. The remaining balance included \$4,473,272 restricted for various purposes and \$6,799,947 of unrestricted net position.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances of \$7,372,157.

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 13 through 15 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, Transient Room Tax, Sewer Improvements Debt Service, and Project and Equipment Reserve 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 16 through 19 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 20 through 24 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 25 through 65 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 66 through 73 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 74 through 89 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, 2022, the City's assets exceeded liabilities by \$24,026,704.

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 \$2,233,042 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets and deferred outflows of resources						
Current assets	\$ 5,255,071	\$ 4,668,017	\$ 3,465,278	\$ 2,824,109	\$ 8,720,349	\$ 7,492,126
Restricted assets	2,241,563	1,879,546	2,243,757	2,021,969	4,485,320	3,901,515
Noncurrent assets	7,238,709	7,563,728	7,802,600	7,454,463	15,041,309	15,018,191
Deferred outflows of resources	<u>225,980</u>	<u>423,849</u>	<u>322,320</u>	<u>348,309</u>	<u>548,300</u>	<u>772,158</u>
Total assets and deferred outflows of resources	<u>14,961,323</u>	<u>14,535,140</u>	<u>13,833,955</u>	<u>12,648,850</u>	<u>28,795,278</u>	<u>27,183,990</u>
Liabilities and deferred inflows of resources						
Current liabilities	519,304	502,882	21,428	40,320	540,732	543,202
Noncurrent liabilities	2,336,319	3,516,305	700,544	1,096,630	3,036,863	4,612,935
Deferred inflows of resources	<u>510,991</u>	<u>126,640</u>	<u>679,988</u>	<u>107,551</u>	<u>1,190,979</u>	<u>234,191</u>
Total liabilities and deferred inflows of resources	<u>3,366,614</u>	<u>4,145,827</u>	<u>1,401,960</u>	<u>1,244,501</u>	<u>4,768,574</u>	<u>5,390,328</u>
Net position						
Net investment in capital assets	4,950,885	4,934,668	7,802,600	7,454,463	12,753,485	12,389,131
Restricted for various purposes	2,229,515	1,865,838	2,243,757	2,021,969	4,473,272	3,887,807
Unrestricted	<u>4,414,309</u>	<u>3,588,807</u>	<u>2,385,638</u>	<u>1,927,917</u>	<u>6,799,947</u>	<u>5,516,724</u>
Total net position	<u>\$ 11,594,709</u>	<u>\$ 10,389,313</u>	<u>\$ 12,431,995</u>	<u>\$ 11,404,349</u>	<u>\$ 24,026,704</u>	<u>\$ 21,793,662</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	
	2022	2021	2022	2021	2022	2021
Program revenues						
Charges for services	\$ 1,075,102	\$ 994,584	\$ 2,230,993	\$ 2,135,456	\$ 3,306,095	\$ 3,130,040
Operating grants and contributions	29,261	62,651	-	-	29,261	62,651
Capital grants and contributions	-	254,654	185,678	174,608	185,678	429,262
Total program revenues	<u>1,104,363</u>	<u>1,311,889</u>	<u>2,416,671</u>	<u>2,310,064</u>	<u>3,521,034</u>	<u>3,621,953</u>
General revenues						
Property taxes	463,393	439,700	-	-	463,393	439,700
Transient room taxes	1,657,255	1,827,185	-	-	1,657,255	1,827,185
Alcohol, cigarette, and other taxes	65,172	90,811	-	-	65,172	90,811
Investment earnings	44,943	41,393	6,669	9,798	51,612	51,191
Miscellaneous	25,493	105,922	191,120	30,618	216,613	136,540
Total general revenues	<u>2,256,256</u>	<u>2,505,011</u>	<u>197,789</u>	<u>40,416</u>	<u>2,454,045</u>	<u>2,545,427</u>
Total revenues	<u>3,360,619</u>	<u>3,816,900</u>	<u>2,614,460</u>	<u>2,350,480</u>	<u>5,975,079</u>	<u>6,167,380</u>
Program expenses						
General government	669,386	1,182,528	-	-	669,386	1,182,528
Public safety	650,233	710,167	-	-	650,233	710,167
Roads and streets	410,908	549,094	-	-	410,908	549,094
Parks and recreation	-	3,700	-	-	-	3,700
Interest on long-term debt	62,593	39,031	-	-	62,593	39,031
Water	-	-	979,580	963,143	979,580	963,143
Sewer	-	-	969,337	925,871	969,337	925,871
Total program expenses	<u>1,793,120</u>	<u>2,484,520</u>	<u>1,948,917</u>	<u>1,889,014</u>	<u>3,742,037</u>	<u>4,373,534</u>
Transfers and contributed capital	(362,103)	(733,872)	362,103	733,872	-	-
Change in net position	1,205,396	598,508	1,027,646	1,195,338	2,233,042	1,793,846
Net position - beginning of year, as restated	<u>10,389,313</u>	<u>9,790,805</u>	<u>11,404,349</u>	<u>10,209,011</u>	<u>21,793,662</u>	<u>19,999,816</u>
Net position - end of year	<u>\$ 11,594,709</u>	<u>\$ 10,389,313</u>	<u>\$ 12,431,995</u>	<u>\$ 11,404,349</u>	<u>\$ 24,026,704</u>	<u>\$ 21,793,662</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 \$5,307,469. This amount included \$11,805 of nonspendable amounts related to prepaid expenses, \$421,624 restricted for street maintenance, \$813,993 restricted for debt service, \$1,591,812 assigned to special projects, and \$1,098,482 assigned to future equipment purchases. The remaining \$1,369,753 constitutes unassigned fund balance, which is available for spending at the City's discretion.

Significant Changes in Major Governmental Fund Balances

- General Fund: The 27.6% increase in unassigned fund balance can be attributed to higher than estimated revenues and expenditure reductions.
- Roads and Streets Fund: The 38% increase in nonspendable fund balance can be attributed to an increase in prepaid expenses.
- Roads and Streets Fund: The 37.5% increase in amounts restricted for street maintenance can be attributed to transfers in for future road and street projects.
- Project and Equipment Reserve Fund: The 76.1% increase in amounts assigned to future equipment purchases can be attributed to funding of future projects currently being planned or designed.

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 \$11,809,872 at year end. Of this amount, \$7,802,600 was invested in capital assets, net of related debt. The remaining balance included \$1,621,634 restricted for system development and \$2,385,638 of unrestricted net position.

Significant Changes in Major Proprietary Fund Net Position

- Water Operating Fund: The 34.6% increase in unrestricted net position can be attributed to a recent rate increase and the addition of new connections.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Sewer Operating Fund: The 20.9% increase in net position invested in capital assets, net of related debt, can be attributed to funding of a large capital improvement project.

BUDGETARY HIGHLIGHTS: GENERAL FUND

Significant variances between budgeted and actual amounts in the General Fund for the year ended June 30, 2022 include:

- Alcohol taxes were budgeted for \$18,000. Actual revenue was \$26,669 (48.2% over budget) due to unanticipated sales growth.
- Grant revenue was budgeted for \$265,682. Actual revenue was \$29,261 (89% under budget) due to reimbursements received in the budget year after the money was expended.
- Other revenue was budgeted for \$6,500. Actual revenue was \$12,322 (89.6% over budget) due to an increase in city facility rentals and the increase of police department sweatshirt sales.
- Expenditures for public safety were budgeted for \$719,764. Actual expenditures were \$248,496 (65.5% under budget) due to contracting with the Tillamook Sheriff's Department.
- Expenditures for fire protection were budgeted for \$623,439. Actual expenditures were \$420,263 (32.6% under budget) due to not hiring for the firefighter positions.

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, 2022 amounted to \$7,150,214 and \$7,802,600, 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 \$425,862 and \$487,009, respectively.

Additional information on the City's capital assets can be found in Note III-D on pages 39 through 41 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$2,265,125, including unamortized premium on bonds of \$194,329. This amount is comprised of three equipment leases, a loan, and bonds payable. The City's total debt decreased by \$364,351 during the current fiscal year. Additional information on the City's long-term debt can be found in Note III-G on pages 43 through 45 of this report.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.
- PERS rates 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 2022-2023.

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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and cash equivalents	\$ 4,855,791	\$ 2,952,880	\$ 7,808,671
Accounts receivable, net	360,395	373,654	734,049
Property taxes receivable	16,559	-	16,559
Lease receivable, current portion	10,521	-	10,521
Inventories	-	120,077	120,077
Prepays and deposits	11,805	18,667	30,472
Total current assets	5,255,071	3,465,278	8,720,349
Restricted assets			
Cash and cash equivalents	2,174,983	2,243,757	4,418,740
Accounts receivable, net	66,580	-	66,580
Total restricted assets	2,241,563	2,243,757	4,485,320
Noncurrent assets			
Lease receivable, less current portion	22,008	-	22,008
Right to use leased assets, net of accumulated amortization	66,487	-	66,487
Capital assets			
Land and construction in progress	2,153,856	104,899	2,258,755
Capital assets, net of accumulated depreciation	4,996,358	7,697,701	12,694,059
Total capital assets	7,150,214	7,802,600	14,952,814
Total noncurrent assets	7,238,709	7,802,600	15,041,309
Total assets	14,735,343	13,511,635	28,246,978
Deferred outflows of resources			
Net deferred outflow of pension related resources	222,275	320,967	543,242
Net deferred outflow of OPEB related resources	3,705	1,353	5,058
Total deferred outflows of resources	225,980	322,320	548,300
Total assets and deferred outflows of resources	14,961,323	13,833,955	28,795,278

(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, 2022

(Continued)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	\$ 94,730	\$ 10,003	\$ 104,733
Accrued payroll liabilities	4,513	292	4,805
Accrued interest payable	30,318	-	30,318
Compensated absences payable, current portion	6,456	11,133	17,589
Leases payable, current portion	50,189	-	50,189
Loan payable, current portion	60,000	-	60,000
Bonds payable, current portion	265,000	-	265,000
Bond premium, current portion	8,098	-	8,098
	519,304	21,428	540,732
Total current liabilities			
Noncurrent liabilities			
Compensated absences payable, less current portion	25,826	44,531	70,357
Leases payable, less current portion	15,607	-	15,607
Bonds payable, less current portion	1,680,000	-	1,680,000
Bond premium, less current portion	186,231	-	186,231
Net pension liability	419,583	605,883	1,025,466
Net OPEB liability	9,072	50,130	59,202
	2,336,319	700,544	3,036,863
Total noncurrent liabilities			
Total liabilities			
	2,855,623	721,972	3,577,595
Deferred inflows of resources			
Leases	32,529	-	32,529
Net deferred inflow of pension related resources	462,201	667,422	1,129,623
Net deferred inflow of OPEB related resources	16,261	12,566	28,827
	510,991	679,988	1,190,979
Total deferred inflows of resources			
Total liabilities and deferred inflows of resources			
	3,366,614	1,401,960	4,768,574
NET POSITION			
Net investment in capital assets	4,950,885	7,802,600	12,753,485
Restricted for:			
Debt service	1,581,512	-	1,581,512
Street maintenance	421,624	-	421,624
Donated purpose	41,828	-	41,828
System development	184,551	2,243,757	2,428,308
Unrestricted	4,414,309	2,385,638	6,799,947
	4,414,309	2,385,638	6,799,947
Total net position			
	\$ 11,594,709	\$ 12,431,995	\$ 24,026,704

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, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 669,386	\$ 793,610	\$ 28,346	\$ -
Public safety	650,233	165,458	880	-
Roads and streets	410,908	114,516	-	-
Parks and recreation	-	1,518	35	-
Interest on long-term debt	62,593	-	-	-
Total governmental activities	\$ 1,793,120	\$ 1,075,102	\$ 29,261	\$ -
Business-type activities				
Water	\$ 979,580	\$ 1,345,823	\$ -	\$ 164,190
Sewer	969,337	885,170	-	21,488
Total business-type activities	\$ 1,948,917	\$ 2,230,993	\$ -	\$ 185,678
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
\$ 152,570	\$ -	\$ 152,570
(483,895)	-	(483,895)
(296,392)	-	(296,392)
1,553	-	1,553
<u>(62,593)</u>	<u>-</u>	<u>(62,593)</u>
<u>(688,757)</u>	<u>-</u>	<u>(688,757)</u>
-	530,433	530,433
<u>-</u>	<u>(62,679)</u>	<u>(62,679)</u>
<u>-</u>	<u>467,754</u>	<u>467,754</u>
463,393	-	463,393
1,657,255	-	1,657,255
65,172	-	65,172
44,943	6,669	51,612
<u>25,493</u>	<u>191,120</u>	<u>216,613</u>
<u>2,256,256</u>	<u>197,789</u>	<u>2,454,045</u>
<u>(362,103)</u>	<u>362,103</u>	<u>-</u>
1,205,396	1,027,646	2,233,042
<u>10,389,313</u>	<u>11,404,349</u>	<u>21,793,662</u>
<u>\$ 11,594,709</u>	<u>\$ 12,431,995</u>	<u>\$ 24,026,704</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue Funds	
		Roads and Streets	Transient Room Tax
ASSETS			
Cash and cash equivalents	\$ 1,425,389	\$ 433,672	\$ 1,259,628
Accounts receivable, net	13,278	-	347,117
Property taxes receivable	16,559	-	-
Lease receivable	32,529	-	-
Prepays and deposits	9,189	2,616	-
Total assets	\$ 1,496,944	\$ 436,288	\$ 1,606,745
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 66,247	\$ 12,048	\$ 14,933
Accrued payroll liabilities	4,513	-	-
Total liabilities	70,760	12,048	14,933
Deferred inflows of resources			
Unavailable revenue - property taxes	14,713	-	-
Unavailable revenue - leases	32,529	-	-
Total deferred inflows of resources	47,242	-	-
Fund balances			
Nonspendable	9,189	2,616	-
Restricted	-	421,624	-
Assigned	-	-	1,591,812
Unassigned	1,369,753	-	-
Total fund balances	1,378,942	424,240	1,591,812
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,496,944	\$ 436,288	\$ 1,606,745

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Sewer Improvements Debt Service	Project and Equipment Reserve		
\$ 770,929	\$ 1,099,282	\$ 2,041,874	\$ 7,030,774
43,064	-	23,516	426,975
-	-	-	16,559
-	-	-	32,529
-	-	-	11,805
<u>\$ 813,993</u>	<u>\$ 1,099,282</u>	<u>\$ 2,065,390</u>	<u>\$ 7,518,642</u>
\$ -	\$ 800	\$ 702	\$ 94,730
-	-	-	4,513
-	800	702	99,243
-	-	-	14,713
-	-	-	32,529
-	-	-	47,242
-	-	-	11,805
813,993	-	993,898	2,229,515
-	1,098,482	1,070,790	3,761,084
-	-	-	1,369,753
<u>813,993</u>	<u>1,098,482</u>	<u>2,064,688</u>	<u>7,372,157</u>
<u>\$ 813,993</u>	<u>\$ 1,099,282</u>	<u>\$ 2,065,390</u>	<u>\$ 7,518,642</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

June 30, 2022

Total fund balances		\$ 7,372,157
Right to use leased assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		
Right to use leased assets	250,731	
Accumulated amortization	<u>(184,244)</u>	66,487
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		
Cost	15,706,288	
Accumulated depreciation	<u>(8,556,074)</u>	7,150,214
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.		14,713
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:		
Accrued interest payable	(30,318)	
Compensated absences payable	(32,282)	
Leases payable	(65,796)	
Loan payable	(60,000)	
Bonds payable	(1,945,000)	
Bond premium	<u>(194,329)</u>	(2,327,725)
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:		
Net pension liability	(419,583)	
Deferred outflows of pension related resources	222,275	
Deferred inflows of pension related resources	<u>(462,201)</u>	(659,509)
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:		
Net OPEB liability	(9,072)	
Deferred outflows of OPEB related resources	3,705	
Deferred inflows of OPEB related resources	<u>(16,261)</u>	<u>(21,628)</u>
Net position of governmental activities		<u>\$ 11,594,709</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, 2022

	General Fund	Special Revenue Funds	
		Roads and Streets	Transient Room Tax
REVENUES			
Taxes			
Property	\$ 474,924	\$ -	\$ -
Alcohol	26,669	-	-
Cigarette	1,199	-	-
Other taxes	37,304	-	-
Transient room taxes	-	-	1,657,255
Licenses, permits, and fees	471,832	-	-
Grants	29,261	-	-
Debt service fees	-	-	-
Charges for services	40,370	-	-
State revenue sharing	25,711	114,516	-
Investment earnings	21,599	5,188	1,597
Other revenue	12,322	-	-
	<u>1,141,191</u>	<u>119,704</u>	<u>1,658,852</u>
Total revenues			
EXPENDITURES			
Current			
Administration	463,524	-	-
General services	-	-	189,854
Public safety	248,496	-	-
Fire protection	420,263	-	-
Highways and streets	-	226,146	-
Debt service	70,612	-	-
Capital outlay	29,479	6,044	-
	<u>1,232,374</u>	<u>232,190</u>	<u>189,854</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(91,183)</u>	<u>(112,486)</u>	<u>1,468,998</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	590,589	228,085	-
Transfers out	(203,000)	-	(1,253,910)
Contributed capital out	-	-	-
	<u>387,589</u>	<u>228,085</u>	<u>(1,253,910)</u>
Total other financing sources (uses)			
Net change in fund balances	296,406	115,599	215,088
Fund balances - beginning	<u>1,082,536</u>	<u>308,641</u>	<u>1,376,724</u>
Fund balances - ending	<u>\$ 1,378,942</u>	<u>\$ 424,240</u>	<u>\$ 1,591,812</u>

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Sewer Improvements Debt Service	Project and Equipment Reserve		
\$ -	\$ -	\$ -	\$ 474,924
-	-	-	26,669
-	-	-	1,199
-	-	-	37,304
-	-	-	1,657,255
-	-	29,378	501,210
-	-	-	29,261
254,339	-	152,127	406,466
-	-	-	40,370
-	-	-	140,227
1,572	296	6,593	36,845
-	-	-	12,322
<u>255,911</u>	<u>296</u>	<u>188,098</u>	<u>3,364,052</u>
-	-	-	463,524
-	-	-	189,854
-	-	-	248,496
-	-	-	420,263
-	-	-	226,146
209,242	-	101,903	381,757
-	46,723	47,536	129,782
<u>209,242</u>	<u>46,723</u>	<u>149,439</u>	<u>2,059,822</u>
<u>46,669</u>	<u>(46,427)</u>	<u>38,659</u>	<u>1,304,230</u>
-	521,236	354,000	1,693,910
-	-	-	(1,456,910)
-	-	(599,103)	(599,103)
<u>-</u>	<u>521,236</u>	<u>(245,103)</u>	<u>(362,103)</u>
46,669	474,809	(206,444)	942,127
<u>767,324</u>	<u>623,673</u>	<u>2,271,132</u>	<u>6,430,030</u>
<u>\$ 813,993</u>	<u>\$ 1,098,482</u>	<u>\$ 2,064,688</u>	<u>\$ 7,372,157</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, 2022

Net change in fund balances		\$ 942,127
Amounts reported for governmental activities on the statement of activities are different because:		
Governmental funds report right to use leased assets as expenditures; however, on the statement of activities, the costs of these assets are allocated over the terms of the leases and reported as amortization expense.		
Current year amortization		(50,146)
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.		
Increase in capital outlay	128,981	
Less current year depreciation expense	<u>(425,862)</u>	(296,881)
Some expenses reported on the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.		
Compensated absences		4,330
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.		
Accrued interest	10,666	
Lease liability payments	51,253	
Bond premium	8,098	
Debt principal paid	<u>305,000</u>	375,017
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. On the statement of activities, property taxes are recognized as revenue when levied.		
		(11,531)
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.		
		245,017
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>(2,537)</u>
Change in net position		<u>\$ 1,205,396</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, 2022

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and cash equivalents	\$ 1,969,879	\$ 983,001	\$ -
Accounts receivable, net	201,644	172,010	-
Inventories	115,111	4,966	-
Prepays and deposits	10,406	8,261	-
Total current assets	<u>2,297,040</u>	<u>1,168,238</u>	<u>-</u>
Restricted assets			
Cash and cash equivalents	<u>157,169</u>	<u>-</u>	<u>1,464,465</u>
Capital assets			
Construction in progress	104,899	-	-
Capital assets, net of accumulated depreciation	<u>4,800,935</u>	<u>2,896,766</u>	<u>-</u>
Total capital assets	<u>4,905,834</u>	<u>2,896,766</u>	<u>-</u>
Total assets	<u>7,360,043</u>	<u>4,065,004</u>	<u>1,464,465</u>
Deferred outflows of resources			
Net deferred outflow of pension related resources	163,644	157,323	-
Net deferred outflow of OPEB related resources	<u>703</u>	<u>650</u>	<u>-</u>
Total deferred outflows of resources	<u>164,347</u>	<u>157,973</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>7,524,390</u>	<u>4,222,977</u>	<u>1,464,465</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>
\$ -	\$ 2,952,880
-	373,654
-	120,077
-	18,667
-	<u>3,465,278</u>
<u>622,123</u>	<u>2,243,757</u>
-	104,899
-	7,697,701
-	<u>7,802,600</u>
<u>622,123</u>	<u>13,511,635</u>
-	320,967
-	1,353
-	<u>322,320</u>
<u>622,123</u>	<u>13,833,955</u>

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

(Continued)

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	\$ 4,559	\$ 5,444	\$ -
Accrued payroll liabilities	-	292	-
Compensated absences payable, current portion	6,239	4,894	-
Total current liabilities	10,798	10,630	-
Noncurrent liabilities			
Compensated absences payable, less current portion	24,954	19,577	-
Net pension liability	308,908	296,975	-
Net OPEB liability	25,631	24,499	-
Total noncurrent liabilities	359,493	341,051	-
Total liabilities	370,291	351,681	-
Deferred inflows of resources			
Net deferred inflow of pension related resources	340,283	327,139	-
Net deferred inflow of OPEB related resources	6,541	6,025	-
Total deferred inflows of resources	346,824	333,164	-
Total liabilities and deferred inflows of resources	717,115	684,845	-
NET POSITION			
Net investment in capital assets	4,905,834	2,896,766	-
Restricted for system development	157,169	-	1,464,465
Unrestricted	1,744,272	641,366	-
Total net position	\$ 6,807,275	\$ 3,538,132	\$ 1,464,465

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>
\$ -	\$ 10,003
-	292
-	<u>11,133</u>
-	<u>21,428</u>
-	44,531
-	605,883
-	<u>50,130</u>
-	<u>700,544</u>
-	<u>721,972</u>
-	667,422
-	<u>12,566</u>
-	<u>679,988</u>
-	<u>1,401,960</u>
-	7,802,600
622,123	2,243,757
-	<u>2,385,638</u>
<u>\$ 622,123</u>	<u>\$ 12,431,995</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, 2022

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
Operating revenues			
Charges for sales and services			
Water sales	\$ 1,345,823	\$ -	\$ -
Sewer charges	-	885,170	-
Total operating revenues	<u>1,345,823</u>	<u>885,170</u>	<u>-</u>
Operating expenses			
Administration	498,531	486,685	-
Materials and supplies	216,145	260,547	-
Depreciation	264,904	222,105	-
Total operating expenses	<u>979,580</u>	<u>969,337</u>	<u>-</u>
Operating income (loss)	<u>366,243</u>	<u>(84,167)</u>	<u>-</u>
Nonoperating revenues (expenses)			
System development charges	-	-	21,488
Investment earnings	1,864	3,978	442
Other income (expense)	188,127	2,993	-
Total nonoperating revenues (expenses)	<u>189,991</u>	<u>6,971</u>	<u>21,930</u>
Income (loss) before transfers and contributed capital	<u>556,234</u>	<u>(77,196)</u>	<u>21,930</u>
Transfers out	(117,000)	(120,000)	-
Contributed capital in	14,358	706,631	-
Contributed capital out	-	-	(121,886)
Total transfers and contributed capital	<u>(102,642)</u>	<u>586,631</u>	<u>(121,886)</u>
Change in net position	453,592	509,435	(99,956)
Total net position - beginning	<u>6,353,683</u>	<u>3,028,697</u>	<u>1,564,421</u>
Total net position - ending	<u>\$ 6,807,275</u>	<u>\$ 3,538,132</u>	<u>\$ 1,464,465</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>
\$ -	\$ 1,345,823
-	885,170
-	<u>2,230,993</u>
-	985,216
-	476,692
-	<u>487,009</u>
-	<u>1,948,917</u>
-	<u>282,076</u>
164,190	185,678
385	6,669
-	<u>191,120</u>
<u>164,575</u>	<u>383,467</u>
<u>164,575</u>	<u>665,543</u>
-	(237,000)
-	720,989
-	<u>(121,886)</u>
-	<u>362,103</u>
164,575	1,027,646
<u>457,548</u>	<u>11,404,349</u>
<u>\$ 622,123</u>	<u>\$ 12,431,995</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2022

	Business-Type Activities Enterprise Funds	
	Water Operating	Sewer Operating
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,347,278	\$ 881,049
Cash payments to employees	(409,104)	(395,133)
Cash payments to suppliers	<u>(225,913)</u>	<u>(259,134)</u>
Net cash provided (used) by operating activities	<u>712,261</u>	<u>226,782</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	<u>1,864</u>	<u>3,978</u>
Net cash provided (used) by investing activities	<u>1,864</u>	<u>3,978</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(117,000)	(120,000)
Other income (expense)	<u>188,127</u>	<u>2,993</u>
Net cash provided (used) by noncapital financing activities	<u>71,127</u>	<u>(117,007)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development charges	-	-
Contributed capital out	-	-
Purchase of capital assets	<u>(98,600)</u>	<u>(15,557)</u>
Net cash provided (used) by capital and related financing activities	<u>(98,600)</u>	<u>(15,557)</u>
Net increase (decrease) in cash and cash equivalents	686,652	98,196
Cash and cash equivalents - beginning (including \$1,564,421 and \$457,548 for the Sewer SDC and Water SDC Funds, respectively, reported in restricted accounts)	<u>1,440,396</u>	<u>884,805</u>
Cash and cash equivalents - ending (including \$157,169, \$1,464,465 and \$622,123 for the Water Operating, Sewer SDC and Water SDC Funds, respectively, reported in restricted accounts)	<u>\$ 2,127,048</u>	<u>\$ 983,001</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Contributed capital in for purchase of capital assets	\$ 14,358	\$ 706,631

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

Business-Type Activities		
Enterprise Funds		
Sewer SDC	Nonmajor Water SDC	Total
\$ -	\$ -	\$ 2,228,327
-	-	(804,237)
-	-	(485,047)
-	-	939,043
442	385	6,669
442	385	6,669
-	-	(237,000)
-	-	191,120
-	-	(45,880)
21,488	164,190	185,678
(121,886)	-	(121,886)
-	-	(114,157)
(100,398)	164,190	(50,365)
(99,956)	164,575	849,467
1,564,421	457,548	4,347,170
<u>\$ 1,464,465</u>	<u>\$ 622,123</u>	<u>\$ 5,196,637</u>
\$ -	\$ -	\$ 720,989

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2022

(Continued)

	Business-Type Activities	
	Enterprise Funds	
	Water Operating	Sewer Operating
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 366,243	\$ (84,167)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	264,904	222,105
(Increase) decrease in:		
Accounts receivable	1,455	(4,121)
Prepays	(2,094)	-
Inventories	(7,851)	(879)
Net deferred outflow of pension related resources	14,869	11,034
Net deferred outflow of OPEB related resources	44	42
Increase (decrease) in:		
Accounts payable	177	2,292
Accrued payroll liabilities	(9,009)	(10,859)
Compensated absences payable	(4,183)	(3,282)
Net pension liability	(207,226)	(189,796)
Net OPEB liability	3,524	3,384
Net deferred inflow of pension related resources	292,333	281,917
Net deferred inflow of OPEB related resources	(925)	(888)
	\$ 712,261	\$ 226,782

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

Business-Type Activities		
Enterprise Funds		
Sewer SDC	Nonmajor Water SDC	Total
\$ -	\$ -	\$ 282,076
-	-	487,009
-	-	(2,666)
-	-	(2,094)
-	-	(8,730)
-	-	25,903
-	-	86
-	-	2,469
-	-	(19,868)
-	-	(7,465)
-	-	(397,022)
-	-	6,908
-	-	574,250
-	-	(1,813)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 939,043</u>

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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, 2022

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.

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

Debt Service Fund

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.

Capital Projects Fund

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 transfers from other funds.

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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Projects Funds

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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Lease Receivable

The City has recorded a lease receivable as a result of implementing GASB Statement No. 87, *Leases*. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. 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.

6. Right to Use Assets

The City has recorded right to use leased assets as a result of implementing GASB Statement No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the terms of the related leases.

7. 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.

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. 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.

9. 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.

10. 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.

11. 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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Deferred Outflows and Inflows of Resources (Continued)

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 four items that qualify for reporting in this category, which are unavailable revenue from property taxes, unavailable revenue from leases, deferred amounts related to pensions, and deferred amounts related to other postemployment benefits. Unavailable revenue from property taxes and leases 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. Unavailable revenue from leases is reported on the government-wide statement of net position and 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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. 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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

A. Deposits and Investments (Continued)

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.

Investments

As of June 30, 2022, the City had the following investments:

	<u>Credit Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 7,989,547</u>

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

A. Deposits and Investments (Continued)

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, 2022, the City had \$295,653 insured by the FDIC and \$4,179,792 covered by the PFCP.

Deposits

The City's deposits and investments at June 30, 2022 are as follows:

Cash on hand	\$ 500
Checking and savings accounts	4,237,364
Total investments	<u>7,989,547</u>
Total deposits and investments	<u>\$ 12,227,411</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

A. Deposits and Investments (Continued)

Deposits (Continued)

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 1,425,389
Transient Room Tax Fund	1,259,628
Project and Equipment Reserve Fund	1,099,282
Nonmajor governmental funds	<u>1,071,492</u>
Total governmental activities - unrestricted	<u>4,855,791</u>
Business-type activities - unrestricted	
Water Operating Fund	1,969,879
Sewer Operating Fund	<u>983,001</u>
Total business-type activities - unrestricted	<u>2,952,880</u>
Total unrestricted cash and investments	<u>7,808,671</u>
Governmental activities - restricted	
Roads and Streets Fund	433,672
Sewer Improvements Debt Service Fund	770,929
Nonmajor governmental funds	<u>970,382</u>
Total governmental activities - restricted	<u>2,174,983</u>
Business-type activities - restricted	
Water Operating Fund	157,169
Sewer SDC Fund	1,464,465
Nonmajor proprietary fund - Water SDC Fund	<u>622,123</u>
Total business-type activities - restricted	<u>2,243,757</u>
Total restricted cash and investments	<u>4,418,740</u>
Total cash and investments	<u>\$ 12,227,411</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, 2022

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

B. Lease Receivable

In July 2020, the City entered into a lease with a tenant for meeting room space for operation of a health clinic and related activities. Under the lease, the tenant pays the City \$946 per month for 60 months in exchange for 905 square feet at the City Hall building. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%. During the year ended June 30, 2022, the City recognized lease revenue in the amount of \$10,209.

C. Right to Use Leased Assets

The District has recorded three right to use leased assets for equipment. The related leases are discussed in Note III-G.2. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the City for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance, As Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Right to use assets				
Leased equipment	\$ 250,731	\$ -	\$ -	\$ 250,731
Less accumulated amortization for				
Leased equipment	<u>(134,098)</u>	<u>(50,146)</u>	<u>-</u>	<u>(184,244)</u>
Total right to use assets being amortized, net	<u>\$ 116,633</u>	<u>\$ (50,146)</u>	<u>\$ -</u>	<u>\$ 66,487</u>

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

Governmental activities	
General government	<u>\$ 50,146</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,093,276	\$ -	\$ -	\$ 2,093,276
Construction in progress	24,512	52,966	16,898	60,580
Total capital assets not being depreciated	2,117,788	52,966	16,898	2,153,856
Capital assets being depreciated				
Buildings	2,260,043	28,479	-	2,288,522
Machinery and equipment	644,163	14,561	-	658,724
Intangibles	8,550	-	-	8,550
Vehicles	975,240	32,975	-	1,008,215
Infrastructure	9,571,523	16,898	-	9,588,421
Total capital assets being depreciated	13,459,519	92,913	-	13,552,432
Less accumulated depreciation for				
Buildings	(951,545)	(64,829)	-	(1,016,374)
Machinery and equipment	(417,283)	(32,114)	-	(449,397)
Intangibles	(8,550)	-	-	(8,550)
Vehicles	(799,989)	(27,108)	-	(827,097)
Infrastructure	(5,952,845)	(301,811)	-	(6,254,656)
Total accumulated depreciation	(8,130,212)	(425,862)	-	(8,556,074)
Total capital assets being depreciated, net	5,329,307	(332,949)	-	4,996,358
Governmental activities capital assets, net	\$ 7,447,095	\$ (279,983)	\$ 16,898	\$ 7,150,214

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

D. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
(Continued)				
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 158,352	\$ 82,612	\$ 136,065	\$ 104,899
Capital assets being depreciated				
Buildings	2,159,494	-	-	2,159,494
Machinery and equipment	290,431	14,789	-	305,220
Vehicles	132,580	31,114	-	163,694
Infrastructure	11,658,706	842,696	-	12,501,402
Total capital assets being depreciated	14,241,211	888,599	-	15,129,810
Less accumulated depreciation for				
Buildings	(570,163)	(44,351)	-	(614,514)
Machinery and equipment	(228,581)	(18,825)	-	(247,406)
Vehicles	(76,715)	(8,996)	-	(85,711)
Infrastructure	(6,069,641)	(414,837)	-	(6,484,478)
Total accumulated depreciation	(6,945,100)	(487,009)	-	(7,432,109)
Total capital assets being depreciated, net	7,296,111	401,590	-	7,697,701
Business-type activities capital assets, net	\$ 7,454,463	\$ 484,202	\$ 136,065	\$ 7,802,600

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

D. 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	60,580	-	60,580
Buildings	2,288,522	(1,016,374)	1,272,148
Machinery and equipment	658,724	(449,397)	209,327
Intangibles	8,550	(8,550)	-
Vehicles	1,008,215	(827,097)	181,118
Infrastructure	9,588,421	(6,254,656)	3,333,765
Total governmental activities capital assets	15,706,288	(8,556,074)	7,150,214
Business-type activities			
Construction in progress	104,899	-	104,899
Buildings	2,159,494	(614,514)	1,544,980
Machinery and equipment	305,220	(247,406)	57,814
Vehicles	163,694	(85,711)	77,983
Infrastructure	12,501,402	(6,484,478)	6,016,924
Total business-type activities capital assets	15,234,709	(7,432,109)	7,802,600
Total capital assets	\$ 30,940,997	\$ (15,988,183)	\$ 14,952,814

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

Governmental activities	
General government	\$ 148,775
Public safety	44,184
Roads and streets	232,903
Total governmental activities	\$ 425,862
Business-type activities	
Water	\$ 264,904
Sewer	222,105
Total business-type activities	\$ 487,009

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

E. 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	Project and Equipment Reserve Fund	Nonmajor Governmental Funds	
Transfers out:					
Governmental activities					
General Fund	\$ -	\$ 36,000	\$ -	\$ 167,000	\$ 203,000
Transient Room Tax Fund	500,589	192,085	521,236	40,000	1,253,910
Total governmental activities	<u>500,589</u>	<u>228,085</u>	<u>521,236</u>	<u>207,000</u>	<u>1,456,910</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>-</u>	<u>147,000</u>	<u>237,000</u>
Total	<u>\$ 590,589</u>	<u>\$ 228,085</u>	<u>\$ 521,236</u>	<u>\$ 354,000</u>	<u>\$ 1,693,910</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.

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

Nonmajor Governmental Funds

Donation Reserve Fund: To support police coverage.

Debt Service Reserve Fund: To fund future debt payments.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

F. 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	\$ -	\$ 4,330	\$ 32,282	\$ 6,456
Business-type activities					
Compensated absences	\$ 63,129	\$ -	\$ 7,465	\$ 55,664	\$ 11,133

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

G. 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, As Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Leases payable							
Copier	3%	\$ 18,087	\$ 5,091	\$ -	\$ 3,799	\$ 1,292	\$ 1,292
Phone and network	3%	203,148	95,190	-	41,516	53,674	42,778
Postage meter	3%	29,496	16,768	-	5,938	10,830	6,119
Total leases payable		250,731	117,049	-	51,253	65,796	50,189
Bonds							
Series 2020	3%	2,190,000	2,190,000	-	245,000	1,945,000	265,000
Unamortized premium on bonds	N/A	202,427	202,427	-	8,098	194,329	8,098
Total bonds		2,392,427	2,392,427	-	253,098	2,139,329	273,098
Loans							
McMillan Creek Loan - US Bank	4.8%	900,000	120,000	-	60,000	60,000	60,000
Total long-term liabilities		\$ 3,543,158	\$ 2,629,476	\$ -	\$ 364,351	\$ 2,265,125	\$ 383,287

2. Leases Payable

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and therefore, have been recorded at the present values of the future minimum lease payments as of the dates of inception.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

G. Long-Term Liabilities (Continued)

2. Leases Payable (Continued)

a. Copier Lease

The agreement was executed on November 29, 2017 to lease a copier and requires 60 monthly payments of \$325. Variable payments consist of \$0.007 per copy over 8,500 black and white images and \$0.047 per copy for color images. The lease liability is measured at an implied discount rate of 3%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$1,498 on June 30, 2022. The right to use leased asset is discussed in more detail in Note III-C.

b. Phone and Network Lease

The agreement was executed on October 31, 2018 to lease a phone and networking system and requires 60 monthly payments of \$3,650.30. The lease liability is measured at an implied discount rate of 3%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$54,173 on June 30, 2022. The right to use leased asset is discussed in more detail in Note III-C.

c. Postage Meter Lease

The agreement was executed on April 30, 2019 to lease a postage meter and requires 60 monthly payments of \$530. The lease liability is measured at an implied discount rate of 3%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$10,816 on June 30, 2022. The right to use leased asset is discussed in more detail in Note III-C.

3. 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.

4. 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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

G. Long-Term Liabilities (Continued)

5. Governmental Activity Future Maturities of Long-Term Liabilities

The future minimum long-term liability obligations and the net present values of the minimum lease payments as of June 30, 2022 are as follows:

Year Ending June 30	Leases		Bonds		Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 50,189	\$ 1,274	\$ 265,000	\$ 54,375	\$ 60,000	\$ 2,160	\$ 375,189	\$ 57,809
2024	15,607	114	270,000	46,350	-	-	285,607	46,464
2025	-	-	280,000	38,100	-	-	280,000	38,100
2026	-	-	75,000	32,775	-	-	75,000	32,775
2027	-	-	80,000	30,450	-	-	80,000	30,450
2028-2032	-	-	375,000	116,775	-	-	375,000	116,775
2033-2037	-	-	185,000	76,575	-	-	185,000	76,575
2038-2042	-	-	215,000	46,575	-	-	215,000	46,575
2043-2046	-	-	200,000	12,000	-	-	200,000	12,000
	<u>\$ 65,796</u>	<u>\$ 1,388</u>	<u>\$ 1,945,000</u>	<u>\$ 453,975</u>	<u>\$ 60,000</u>	<u>\$ 2,160</u>	<u>\$ 2,070,796</u>	<u>\$ 457,523</u>

H. 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	Sewer Improvements Debt Service	Project and Equipment Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable - prepaids	\$ 9,189	\$ 2,616	\$ -	\$ -	\$ -	\$ -	\$ 11,805
Restricted for:							
Debt service	-	-	-	813,993	-	767,519	1,581,512
Street maintenance	-	421,624	-	-	-	-	421,624
System development	-	-	-	-	-	184,551	184,551
Donated purpose	-	-	-	-	-	41,828	41,828
Assigned to:							
Fire equipment	-	-	-	-	-	178,249	178,249
Future equipment purchases	-	-	-	-	1,098,482	-	1,098,482
Special projects	-	-	1,591,812	-	-	-	1,591,812
Debt service	-	-	-	-	-	137	137
System improvements	-	-	-	-	-	892,404	892,404
Unassigned	<u>1,369,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,369,753</u>
Total fund balances	<u>\$ 1,378,942</u>	<u>\$ 424,240</u>	<u>\$ 1,591,812</u>	<u>\$ 813,993</u>	<u>\$ 1,098,482</u>	<u>\$ 2,064,688</u>	<u>\$ 7,372,157</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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 annual comprehensive financial report and actuarial valuation, both of which can be obtained at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

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 base 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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member 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%.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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 is 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.

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, 2019 actuarial valuation, which became effective July 1, 2021. 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, 2022 were \$140,624, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 23.07% for Tier One/Tier Two general service members, 23.07% for Tier One/Tier Two police and fire members, 18.43% for OPSRP Pension Program general service members, 22.79% for OPSRP Pension Program police and fire members, and 6% for OPSRP IAP.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

IV. PENSION PLAN (Continued)

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

At June 30, 2022, the City reported a liability of \$1,025,466 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan, relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the City's proportion was 0.0086%, which decreased from its proportion of 0.0101% measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$(41,887). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 95,990	\$ -
Changes in assumptions	256,704	2,699
Net difference between projected and actual earnings on investments	-	759,145
Changes in proportion	44,161	309,130
Differences between employer contributions and proportionate share of contributions	5,763	58,649
Total (prior to post measurement date contributions)	402,618	1,129,623
Contributions subsequent to the measurement date	140,624	-
Total	\$ 543,242	\$ 1,129,623

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

IV. PENSION PLAN (Continued)

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

Deferred outflows of resources related to pensions of \$140,624 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2023. Other amounts reported as 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
2023	\$ 154,948	\$ 283,282
2024	94,198	257,326
2025	68,820	264,314
2026	61,031	304,684
2027	23,621	20,017
	\$ 402,618	\$ 1,129,623

E. Actuarial Assumptions

The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period. Senate Bill 1049 was signed into law in June 2019 and required a one-time re-amortization of Tier One/Tier Two unfunded actuarial accrued liabilities over a 22-year period at the December 31, 2019 rate-setting actuarial valuation, which set actuarially determined contribution rates for the 2021-2023 biennium. Future Tier One/Tier Two unfunded actuarial accrued liability gains or losses will be 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, 2022

IV. PENSION PLAN (Continued)

E. Actuarial Assumptions (Continued)

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40%
Long-Term Expected Rate of Return	6.90%
Discount Rate	6.90%
Projected Salary Increases	3.40%
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, 2022

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.

Asset Class	Target Allocation
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>

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
Global Equity	30.62 %	5.85 %
Private Equity	25.50 %	7.71 %
Core Fixed Income	23.75 %	2.73 %
Real Estate	12.25 %	5.66 %
Master Limited Partnerships	0.75 %	5.71 %
Infrastructure	1.50 %	6.26 %
Commodities	0.63 %	3.10 %
Hedge Fund of Funds - Multistrategy	1.25 %	5.11 %
Hedge Fund Equity - Hedge	0.63 %	5.31 %
Hedge Fund - Macro	5.62 %	5.06 %
US Cash	<u>-2.50 %</u>	1.76 %
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.40 %

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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 6.90% 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, 2022

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 6.90%, 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 (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability (asset)	\$ 2,013,770	\$ 1,025,466	\$ 198,614

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

Oregon Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

L. Changes in Plan Provisions Subsequent to Measurement Date

On July 23, 2021, the Public Employees Retirement System Board voted to set the assumed rate of return to 6.90%, down from 7.20%, and the inflation rate was lowered from 2.50% to 2.40%. These rates were applied by the actuaries to the net pension liability as of June 30, 2021.

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, 2022

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	\$ 79,510	\$ (20,308)	\$ 59,202
Deferred outflows of resources			
Change in proportionate share	-	2,212	2,212
Change in assumptions	2,349	400	2,749
Contributions after measurement date	-	97	97
Deferred inflows of resources			
Difference between projected and actual earnings on investments	-	(4,826)	(4,826)
Difference between expected and actual experience	(10,567)	(565)	(11,132)
Change in assumptions	(12,567)	(302)	(12,869)
OPEB expense	9,206	(1,375)	7,831
(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, 2022

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 \$79,510 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2022, the City recognized OPEB expense from this plan of \$9,206. At June 30, 2022, 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	\$ -	\$ 10,567
Change in assumptions	2,349	12,567
Total	\$ 2,349	\$ 23,134

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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)

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
2023	\$ (2,925)
2024	(2,925)
2025	(2,925)
2026	(2,925)
2027	(2,925)
Thereafter	(6,160)
	\$ (20,785)

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	2.16% (change from 2.21% in previous measurement period)
Healthcare Cost Trend Rate	Medical and vision: 5.25% in 2022, varying between 5.00% and 4.00% in future years Dental: 4.00% per year

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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 the Bond Buyer 20-Year General Obligation Municipal Bond Index.

5. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2021	\$ 67,236
Changes for the year:	
Service cost	10,418
Interest on total OPEB liability	1,713
Effect of assumption changes or inputs	439
Benefit payments	(296)
Balance as of June 30, 2022	\$ 79,510

Changes in assumptions is the result of the change in the discount rate from 2.21% to 2.16%.

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 (1.16%) or one percentage point higher (3.16%) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	Discount Rate		
	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 89,056	\$ 79,510	\$ 70,663
	Healthcare Cost Trend		
	1% Decrease (4.25%)	Current Trend Rate (5.25%)	1% Increase (6.25%)
Total OPEB liability	\$ 65,371	\$ 79,510	\$ 96,986

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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, 2019 actuarial valuation, which became effective July 1, 2021. 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 172.1% as of December 31, 2020. 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, 2022 amounted to \$97.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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, 2022, the City reported an asset of \$20,308 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2021, the City's proportionate share was 0.0059%, which decreased from its proportion of 0.0069% as of June 30, 2020.

For the year ended June 30, 2022, the City recognized OPEB expense from this plan of \$(1,375). At June 30, 2022, 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	\$ -	\$ 565
Net differences between projected and actual earnings	-	4,826
Change in assumptions	400	302
Change in proportionate share	2,212	-
Total (prior to post measurement date contributions)	2,612	5,693
Contributions subsequent to the measurement date	97	-
Total	\$ 2,709	\$ 5,693

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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 \$97 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, 2023. 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
2023	\$ 1,963	\$ 1,929
2024	649	1,137
2025	-	1,102
2026	-	1,525
	\$ 2,612	\$ 5,693

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.

8. Discount Rate

The discount rate used to measure the total OPEB liability was 6.90% 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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

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 6.90%, 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 (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net OPEB liability (asset)	\$ (17,960)	\$ (20,308)	\$ (22,315)

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 current measurement period.

12. Changes in Plan Provisions Subsequent to Measurement Date

On July 23, 2021, the Public Employees Retirement System Board voted to set the assumed rate of return to 6.90%, down from 7.20%, and the inflation rate was lowered from 2.50% to 2.40%. These rates were applied by the actuaries to the net OPEB liability as of 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, 2022.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

VI. OTHER INFORMATION (Continued)

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:

Case	Damages Requested	Potential of Loss*
Dang v. City of Rockaway Beach	\$ 213,627	\$ 213,627
		* Plus 9% interest

See Note VI-F.1 for further information.

D. Restatement

In implementing GASB Statement No. 87, *Leases*, the City has restated beginning net position in order to recognize a lease receivable, right to use leased assets, lease liabilities, and deferred inflows of resources related to leases on the statement of net position. Beginning net position was restated as follows:

Government-Wide Statements	Governmental Activities
Net position - beginning, as originally reported	\$ 10,389,729
Cumulative effect of change in accounting principle	<u>(416)</u>
Net position - beginning, as restated	<u>\$ 10,389,313</u>

E. 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. 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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

VI. OTHER INFORMATION (Continued)

E. New Pronouncements (Continued)

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.

GASB Statement No. 99, *Omnibus 2022*, will be effective for the City beginning with its fiscal year ending June 30, 2023. 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 and accounting and financial reporting for financial guarantees.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, will be effective for the City beginning with its fiscal year ending June 30, 2024. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or accessing accountability.

GASB Statement No. 101, *Compensated Absences*, will be effective for the City beginning with its fiscal year ending June 30, 2025. This statement updates the recognition and measurement guidance for compensated absences and amends previously required disclosures.

F. Subsequent Events

Management has evaluated subsequent events through December 7, 2022, which was the date that the financial statements were available to be issued.

1. Litigation

The City reached a settlement regarding the Dang v. City of Rockaway Beach litigation. As of December 7, 2022, there was no remaining liability.

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)	(b)	(c)	(b/c)	Plan fiduciary
Year Ended June 30	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	net position as a percentage of the total pension liability
2022	0.00856949%	\$ 1,025,466	\$ 1,063,702	96.41%	87.60%
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.

Oregon Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

Changes in Assumptions

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2016, 2018, and 2021 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 rate to 2.50%. For June 30, 2018, the long-term expected rate of return was lowered to 7.20%. For June 30, 2021, the long-term expected rate of return was lowered to 6.90% and the inflation rate was lowered to 2.40%. 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		
2022	\$ 140,624	\$ 140,624	\$ -	\$ 905,492	15.53%		
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.

Oregon Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

Changes in Assumptions

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2016, 2018, and 2021 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 rate to 2.50%. For June 30, 2018, the long-term expected rate of return was lowered to 7.20%. For June 30, 2021, the long-term expected rate of return was lowered to 6.90% and the inflation rate was lowered to 2.40%. 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.

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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>	<u>2022</u>	<u>2021</u>
Total OPEB Liability		
Service cost	\$ 10,418	\$ 7,015
Interest	1,713	2,651
Economic/demographic gains or losses	-	(9,595)
Change in assumptions	439	(384)
Benefit payments	<u>(296)</u>	<u>(2,317)</u>
Net change in total OPEB liability	12,274	(2,630)
Total OPEB liability - beginning	<u>67,236</u>	<u>69,866</u>
Total OPEB liability - ending	<u>\$ 79,510</u>	<u>\$ 67,236</u>
Covered employee payroll	\$ 905,492	\$ 1,063,702
Total OPEB liability as a percentage of covered employee payroll	8.78%	6.32%

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, 2022, the discount rate decreased to 2.16%. For June 30, 2021, 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>2020</u>	<u>2019</u>	<u>2018</u>
\$ 6,285	\$ 10,071	\$ 10,697
2,516	2,740	2,031
-	(4,194)	-
2,727	(15,055)	(5,645)
<u>(788)</u>	<u>(1,794)</u>	<u>(550)</u>
10,740	(8,232)	6,533
<u>59,126</u>	<u>67,358</u>	<u>60,825</u>
<u>\$ 69,866</u>	<u>\$ 59,126</u>	<u>\$ 67,358</u>
\$ 1,039,294	\$ 985,173	\$ 1,046,607
6.72%	6.00%	6.44%

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

RHIA

Year Ended June 30	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.00591390%	\$ (20,308)	\$ 1,063,702	-1.91%	183.90%
2021	0.00687354%	(14,006)	1,039,294	-1.35%	150.10%
2020	0.00899631%	(17,384)	985,173	-1.76%	144.40%
2019	0.94245500%	(10,520)	1,046,607	-1.01%	124.00%
2018	0.96124200%	(4,012)	872,539	-0.46%	108.90%
2017	0.00861744%	2,340	852,821	0.27%	94.20%

Changes in Assumptions

The Public Employees Retirement System adopted assumption changes that were used to measure the June 30, 2016, 2018, and 2021 total OPEB 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 rate to 2.50%. For June 30, 2018, the long-term expected rate of return was lowered to 7.20%. For June 30, 2021, the long-term expected rate of return was lowered to 6.90% and the inflation rate was lowered to 2.40%. 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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFITS

<u>RHIA</u>						
Year Ended June 30	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll	
2022	\$ 97	\$ 97	\$ -	\$ 905,492	0.01%	
2021	437	437	-	1,063,702	0.04%	
2020	4,464	4,464	-	1,039,294	0.43%	
2019	4,459	4,459	-	985,173	0.45%	
2018	4,786	4,786	-	1,046,607	0.46%	
2017	3,842	3,842	-	872,539	0.44%	

Changes in Assumptions

The Public Employees Retirement System adopted assumption changes that were used to measure the June 30, 2016, 2018, and 2021 total OPEB 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 rate to 2.50%. For June 30, 2018, the long-term expected rate of return was lowered to 7.20%. For June 30, 2021, the long-term expected rate of return was lowered to 6.90% and the inflation rate was lowered to 2.40%. 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.

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Taxes					
Property	\$ 428,830	\$ 35,800	\$ 464,630	\$ 10,294	\$ 474,924
Alcohol	18,000	8,669	26,669	-	26,669
Cigarette	1,500	(301)	1,199	-	1,199
Other taxes	52,000	(14,696)	37,304	-	37,304
Licenses, permits, and fees	432,550	39,282	471,832	-	471,832
Grants	265,682	(236,421)	29,261	-	29,261
Charges for services	40,500	(130)	40,370	-	40,370
State revenue sharing	20,000	5,711	25,711	-	25,711
Investment earnings	18,000	3,599	21,599	-	21,599
Other revenue	6,500	5,822	12,322	-	12,322
Total revenues	<u>1,283,562</u>	<u>(152,665)</u>	<u>1,130,897</u>	<u>10,294</u>	<u>1,141,191</u>
EXPENDITURES					
Current					
Administration	600,735	(107,732)	493,003	-	493,003
Public safety	719,764	(471,268)	248,496	-	248,496
Fire protection	623,439	(203,176)	420,263	-	420,263
Total current expenditures	<u>1,943,938</u>	<u>(782,176)</u>	<u>1,161,762</u>	<u>-</u>	<u>1,161,762</u>
Debt service	82,515	(11,903)	70,612	-	70,612
Contingency	250,000	(250,000)	-	-	-
Total expenditures	<u>2,276,453</u>	<u>(1,044,079)</u>	<u>1,232,374</u>	<u>-</u>	<u>1,232,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(992,891)</u>	<u>891,414</u>	<u>(101,477)</u>	<u>10,294</u>	<u>(91,183)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of sale	285,000	(285,000)	-	-	-
Transfers in	590,589	-	590,589	-	590,589
Transfers out	(203,000)	-	(203,000)	-	(203,000)
Total other financing sources (uses)	<u>672,589</u>	<u>(285,000)</u>	<u>387,589</u>	<u>-</u>	<u>387,589</u>
Net change in fund balance	(320,302)	606,414	286,112	10,294	296,406
Fund balance - beginning	<u>571,080</u>	<u>516,955</u>	<u>1,088,035</u>	<u>(5,499)</u>	<u>1,082,536</u>
Fund balance - ending	<u>\$ 250,778</u>	<u>\$ 1,123,369</u>	<u>\$ 1,374,147</u>	<u>\$ 4,795</u>	<u>\$ 1,378,942</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Grants	\$ 100,000	\$ (100,000)	\$ -	\$ -	\$ -
State revenue sharing	100,000	14,516	114,516	-	114,516
Investment earnings	<u>4,000</u>	<u>1,188</u>	<u>5,188</u>	<u>-</u>	<u>5,188</u>
Total revenues	<u>204,000</u>	<u>(84,296)</u>	<u>119,704</u>	<u>-</u>	<u>119,704</u>
EXPENDITURES					
Current					
Personnel services	145,332	(36,145)	109,187	-	109,187
Materials and services	124,200	(7,241)	116,959	-	116,959
Capital outlay	150,000	(143,956)	6,044	-	6,044
Contingency	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>449,532</u>	<u>(217,342)</u>	<u>232,190</u>	<u>-</u>	<u>232,190</u>
Excess (deficiency) of revenues over (under) expenditures	(245,532)	133,046	(112,486)	-	(112,486)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>228,085</u>	<u>-</u>	<u>228,085</u>	<u>-</u>	<u>228,085</u>
Net change in fund balance	(17,447)	133,046	115,599	-	115,599
Fund balance - beginning	<u>172,759</u>	<u>135,882</u>	<u>308,641</u>	<u>-</u>	<u>308,641</u>
Fund balance - ending	<u>\$ 155,312</u>	<u>\$ 268,928</u>	<u>\$ 424,240</u>	<u>\$ -</u>	<u>\$ 424,240</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Transient room taxes	\$ 1,243,082	\$ 414,173	\$ 1,657,255	\$ -	\$ 1,657,255
Investment earnings	<u>4,000</u>	<u>(2,403)</u>	<u>1,597</u>	<u>-</u>	<u>1,597</u>
Total revenues	<u>1,247,082</u>	<u>411,770</u>	<u>1,658,852</u>	<u>-</u>	<u>1,658,852</u>
EXPENDITURES					
Current					
Materials and services	317,678	(127,824)	189,854	-	189,854
Contingency	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>327,678</u>	<u>(137,824)</u>	<u>189,854</u>	<u>-</u>	<u>189,854</u>
Excess (deficiency) of revenues over (under) expenditures	919,404	549,594	1,468,998	-	1,468,998
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(1,253,910)</u>	<u>-</u>	<u>(1,253,910)</u>	<u>-</u>	<u>(1,253,910)</u>
Net change in fund balance	(334,506)	549,594	215,088	-	215,088
Fund balance - beginning	<u>412,500</u>	<u>964,224</u>	<u>1,376,724</u>	<u>-</u>	<u>1,376,724</u>
Fund balance - ending	<u>\$ 77,994</u>	<u>\$ 1,513,818</u>	<u>\$ 1,591,812</u>	<u>\$ -</u>	<u>\$ 1,591,812</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, 2022

	Special Revenue Funds		Debt Service Funds	
	Transportation SDC	Donation Reserve	Debt Service Reserve	Water Improvements Debt Service
ASSETS				
Cash and cash equivalents	\$ 184,551	\$ 41,828	\$ 229,400	\$ 514,603
Accounts receivable, net	-	-	-	23,516
Total assets	<u>\$ 184,551</u>	<u>\$ 41,828</u>	<u>\$ 229,400</u>	<u>\$ 538,119</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund balances				
Restricted for:				
Debt service	-	-	229,400	538,119
System development	184,551	-	-	-
Donated purpose	-	41,828	-	-
Assigned to:				
Fire equipment	-	-	-	-
Debt service	-	-	-	-
System improvements	-	-	-	-
Total fund balances	<u>184,551</u>	<u>41,828</u>	<u>229,400</u>	<u>538,119</u>
Total liabilities and fund balances	<u>\$ 184,551</u>	<u>\$ 41,828</u>	<u>\$ 229,400</u>	<u>\$ 538,119</u>

Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
1981 Water Revenue Bond	Fire Equipment Reserve	Water Master Plan Reserve	Sewer Master Plan Reserve	
\$ 137	\$ 178,249	\$ 490,953	\$ 402,153	\$ 2,041,874
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,516</u>
<u>\$ 137</u>	<u>\$ 178,249</u>	<u>\$ 490,953</u>	<u>\$ 402,153</u>	<u>\$ 2,065,390</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 702</u>	<u>\$ -</u>	<u>\$ 702</u>
-	-	-	-	767,519
-	-	-	-	184,551
-	-	-	-	41,828
-	178,249	-	-	178,249
137	-	-	-	137
<u>-</u>	<u>-</u>	<u>490,251</u>	<u>402,153</u>	<u>892,404</u>
<u>137</u>	<u>178,249</u>	<u>490,251</u>	<u>402,153</u>	<u>2,064,688</u>
<u>\$ 137</u>	<u>\$ 178,249</u>	<u>\$ 490,953</u>	<u>\$ 402,153</u>	<u>\$ 2,065,390</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, 2022

	Special Revenue Funds		Debt Service Funds	
	Transportation SDC	Donation Reserve	Debt Service Reserve	Water Improvements Debt Service
REVENUES				
Licenses, permits, and fees	\$ 29,378	\$ -	\$ -	\$ -
Debt service fees	-	-	-	152,127
Investment earnings	211	-	-	316
Total revenues	29,589	-	-	152,443
EXPENDITURES				
Debt service	-	-	-	101,903
Capital outlay	-	-	-	-
Total expenditures	-	-	-	101,903
Excess (deficiency) of revenues over (under) expenditures	29,589	-	-	50,540
OTHER FINANCING SOURCES (USES)				
Transfers in	-	22,000	100,000	-
Contributed capital out	-	-	-	-
Total other financing sources (uses)	-	22,000	100,000	-
Net change in fund balances	29,589	22,000	100,000	50,540
Fund balances - beginning	154,962	19,828	129,400	487,579
Fund balances - ending	\$ 184,551	\$ 41,828	\$ 229,400	\$ 538,119

Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
1981 Water Revenue Bond	Fire Equipment Reserve	Water Master Plan Reserve	Sewer Master Plan Reserve	
\$ -	\$ -	\$ -	\$ -	\$ 29,378
-	-	-	-	152,127
<u>-</u>	<u>249</u>	<u>3,637</u>	<u>2,180</u>	<u>6,593</u>
<u>-</u>	<u>249</u>	<u>3,637</u>	<u>2,180</u>	<u>188,098</u>
-	-	-	-	101,903
<u>-</u>	<u>47,536</u>	<u>-</u>	<u>-</u>	<u>47,536</u>
<u>-</u>	<u>47,536</u>	<u>-</u>	<u>-</u>	<u>149,439</u>
<u>-</u>	<u>(47,287)</u>	<u>3,637</u>	<u>2,180</u>	<u>38,659</u>
-	85,000	72,000	75,000	354,000
<u>-</u>	<u>-</u>	<u>(14,358)</u>	<u>(584,745)</u>	<u>(599,103)</u>
<u>-</u>	<u>85,000</u>	<u>57,642</u>	<u>(509,745)</u>	<u>(245,103)</u>
-	37,713	61,279	(507,565)	(206,444)
<u>137</u>	<u>140,536</u>	<u>428,972</u>	<u>909,718</u>	<u>2,271,132</u>
<u>\$ 137</u>	<u>\$ 178,249</u>	<u>\$ 490,251</u>	<u>\$ 402,153</u>	<u>\$ 2,064,688</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Licenses, permits, and fees	\$ 15,000	\$ 14,378	\$ 29,378	\$ -	\$ 29,378
Investment earnings	<u>1,000</u>	<u>(789)</u>	<u>211</u>	<u>-</u>	<u>211</u>
Total revenues	16,000	13,589	29,589	-	29,589
EXPENDITURES					
Capital outlay	<u>180,000</u>	<u>(180,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(164,000)	193,589	29,589	-	29,589
Fund balance - beginning	<u>164,376</u>	<u>(9,414)</u>	<u>154,962</u>	<u>-</u>	<u>154,962</u>
Fund balance - ending	<u>\$ 376</u>	<u>\$ 184,175</u>	<u>\$ 184,551</u>	<u>\$ -</u>	<u>\$ 184,551</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Grants	\$ 2,500	\$ (2,500)	\$ -	\$ -	\$ -
Investment earnings	25	(25)	-	-	-
Total revenues	<u>2,525</u>	<u>(2,525)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current					
Materials and services	2,000	(2,000)	-	-	-
Capital outlay	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>42,000</u>	<u>(42,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(39,475)	39,475	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>22,000</u>	-	<u>22,000</u>	-	<u>22,000</u>
Net change in fund balance	(17,475)	39,475	22,000	-	22,000
Fund balance - beginning	<u>21,028</u>	<u>(1,200)</u>	<u>19,828</u>	-	<u>19,828</u>
Fund balance - ending	<u>\$ 3,553</u>	<u>\$ 38,275</u>	<u>\$ 41,828</u>	<u>\$ -</u>	<u>\$ 41,828</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Debt service fees	\$ 243,800	\$ 10,539	\$ 254,339	\$ -	\$ 254,339
Investment earnings	250	1,322	1,572	-	1,572
Total revenues	244,050	11,861	255,911	-	255,911
EXPENDITURES					
Debt service	209,243	(1)	209,242	-	209,242
Excess (deficiency) of revenues over (under) expenditures	34,807	11,862	46,669	-	46,669
Fund balance - beginning	497,747	269,577	767,324	-	767,324
Fund balance - ending	\$ 532,554	\$ 281,439	\$ 813,993	\$ -	\$ 813,993

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ 10	\$ (10)	\$ -	\$ -	\$ -
EXPENDITURES					
Debt service	<u>220,000</u>	<u>(220,000)</u>	-	-	-
Excess (deficiency) of revenues over (under) expenses	<u>(219,990)</u>	<u>219,990</u>	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>100,000</u>	-	<u>100,000</u>	-	<u>100,000</u>
Net change in fund balance	(119,990)	219,990	100,000	-	100,000
Fund balance - beginning	<u>129,410</u>	<u>(10)</u>	<u>129,400</u>	-	<u>129,400</u>
Fund balance - ending	<u>\$ 9,420</u>	<u>\$ 219,980</u>	<u>\$ 229,400</u>	<u>\$ -</u>	<u>\$ 229,400</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Debt service fees	\$ 148,260	\$ 3,867	\$ 152,127	\$ -	\$ 152,127
Investment earnings	<u>1,000</u>	<u>(684)</u>	<u>316</u>	<u>-</u>	<u>316</u>
Total revenues	149,260	3,183	152,443	-	152,443
EXPENDITURES					
Debt service	<u>107,650</u>	<u>(5,747)</u>	<u>101,903</u>	<u>-</u>	<u>101,903</u>
Excess (deficiency) of revenues over (under) expenditures	41,610	8,930	50,540	-	50,540
Fund balance - beginning	<u>472,819</u>	<u>14,760</u>	<u>487,579</u>	<u>-</u>	<u>487,579</u>
Fund balance - ending	<u>\$ 514,429</u>	<u>\$ 23,690</u>	<u>\$ 538,119</u>	<u>\$ -</u>	<u>\$ 538,119</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance - beginning	-	137	137	-	137
Fund balance - ending	\$ -	\$ 137	\$ 137	\$ -	\$ 137

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Grants	\$ 1,750,000	\$ (1,750,000)	\$ -	\$ -	\$ -
Investment earnings	<u>800</u>	<u>(504)</u>	<u>296</u>	<u>-</u>	<u>296</u>
Total revenues	1,750,800	(1,750,504)	296	-	296
EXPENDITURES					
Capital outlay	<u>2,365,000</u>	<u>(2,318,277)</u>	<u>46,723</u>	<u>-</u>	<u>46,723</u>
Excess (deficiency) of revenues over (under) expenditures	(614,200)	567,773	(46,427)	-	(46,427)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>521,236</u>	<u>-</u>	<u>521,236</u>	<u>-</u>	<u>521,236</u>
Net change in fund balance	(92,964)	567,773	474,809	-	474,809
Fund balance - beginning	<u>550,000</u>	<u>73,673</u>	<u>623,673</u>	<u>-</u>	<u>623,673</u>
Fund balance - ending	<u>\$ 457,036</u>	<u>\$ 641,446</u>	<u>\$ 1,098,482</u>	<u>\$ -</u>	<u>\$ 1,098,482</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ 1,000	\$ (751)	\$ 249	\$ -	\$ 249
EXPENDITURES					
Capital outlay	<u>110,000</u>	<u>(62,464)</u>	<u>47,536</u>	<u>-</u>	<u>47,536</u>
Excess (deficiency) of revenues over (under) expenditures	(109,000)	61,713	(47,287)	-	(47,287)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>85,000</u>	<u>-</u>	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Net change in fund balance	(24,000)	61,713	37,713	-	37,713
Fund balance - beginning	<u>102,933</u>	<u>37,603</u>	<u>140,536</u>	<u>-</u>	<u>140,536</u>
Fund balance - ending	<u>\$ 78,933</u>	<u>\$ 99,316</u>	<u>\$ 178,249</u>	<u>\$ -</u>	<u>\$ 178,249</u>

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 10,000	\$ (6,363)	\$ 3,637	\$ -	\$ 3,637
EXPENDITURES					
Capital outlay	300,000	(285,642)	14,358	(14,358)	-
Contingency	30,000	(30,000)	-	-	-
Total expenditures	330,000	(315,642)	14,358	(14,358)	-
Excess (deficiency) of revenues over (under) expenditures	(320,000)	309,279	(10,721)	14,358	3,637
OTHER FINANCING SOURCES (USES)					
Transfers in	72,000	-	72,000	-	72,000
Contributed capital out	-	-	-	(14,358)	(14,358)
Total other financing sources (uses)	72,000	-	72,000	(14,358)	57,642
Net change in fund balance	(248,000)	309,279	61,279	-	61,279
Fund balance - beginning	286,833	142,139	428,972	-	428,972
Fund balance - ending	\$ 38,833	\$ 451,418	\$ 490,251	\$ -	\$ 490,251

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis	Actual Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ 4,000	\$ (1,820)	\$ 2,180	\$ -	\$ 2,180
EXPENDITURES					
Capital outlay	600,000	(15,255)	584,745	(584,745)	-
Contingency	15,000	(15,000)	-	-	-
Total expenditures	615,000	(30,255)	584,745	(584,745)	-
Excess (deficiency) of revenues over (under) expenditures	(611,000)	28,435	(582,565)	584,745	2,180
OTHER FINANCING SOURCES (USES)					
Transfers in	75,000	-	75,000	-	75,000
Contributed capital out	-	-	-	(584,745)	(584,745)
Total other financing sources (uses)	75,000	-	75,000	(584,745)	(509,745)
Net change in fund balance	(536,000)	28,435	(507,565)	-	(507,565)
Fund balance - beginning	946,413	(36,695)	909,718	-	909,718
Fund balance - ending	\$ 410,413	\$ (8,260)	\$ 402,153	\$ -	\$ 402,153

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Water sales	\$ 1,193,000	\$ 152,823	\$ 1,345,823	\$ -	\$ 1,345,823
Investment earnings	6,000	(4,136)	1,864	-	1,864
Other income	15,000	173,127	188,127	-	188,127
Total revenues	<u>1,214,000</u>	<u>321,814</u>	<u>1,535,814</u>	<u>-</u>	<u>1,535,814</u>
EXPENSES					
Current					
Personnel services	607,020	(206,925)	400,095	98,436	498,531
Materials and services	271,500	(47,505)	223,995	(7,850)	216,145
Capital outlay	162,500	(63,899)	98,601	(98,601)	-
Depreciation	-	-	-	264,904	264,904
Contingency	30,000	(30,000)	-	-	-
Total expenses	<u>1,071,020</u>	<u>(348,329)</u>	<u>722,691</u>	<u>256,889</u>	<u>979,580</u>
Excess (deficiency) of revenues over (under) expenses	<u>142,980</u>	<u>670,143</u>	<u>813,123</u>	<u>(256,889)</u>	<u>556,234</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(117,000)	-	(117,000)	-	(117,000)
Contributed capital in	-	-	-	14,358	14,358
Total other financing sources (uses)	<u>(117,000)</u>	<u>-</u>	<u>(117,000)</u>	<u>14,358</u>	<u>(102,642)</u>
Change in net position	25,980	670,143	696,123	(242,531)	453,592
Net position - beginning	<u>1,109,250</u>	<u>529,166</u>	<u>1,638,416</u>	<u>4,715,267</u>	<u>6,353,683</u>
Net position - ending	<u>\$ 1,135,230</u>	<u>\$ 1,199,309</u>	<u>\$ 2,334,539</u>	<u>\$ 4,472,736</u>	<u>\$ 6,807,275</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Sewer charges	\$ 856,500	\$ 28,670	\$ 885,170	\$ -	\$ 885,170
Investment earnings	13,000	(9,022)	3,978	-	3,978
Other income	1,000	1,993	2,993	-	2,993
Total revenues	<u>870,500</u>	<u>21,641</u>	<u>892,141</u>	<u>-</u>	<u>892,141</u>
EXPENSES					
Current					
Personnel services	586,947	(202,673)	384,274	102,411	486,685
Materials and services	298,200	(36,774)	261,426	(879)	260,547
Capital outlay	67,500	(51,943)	15,557	(15,557)	-
Depreciation	-	-	-	222,105	222,105
Contingency	30,000	(30,000)	-	-	-
Total expenses	<u>982,647</u>	<u>(321,390)</u>	<u>661,257</u>	<u>308,080</u>	<u>969,337</u>
Excess (deficiency) of revenues over (under) expenses	<u>(112,147)</u>	<u>343,031</u>	<u>230,884</u>	<u>(308,080)</u>	<u>(77,196)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(120,000)	-	(120,000)	-	(120,000)
Contributed capital in	-	-	-	706,631	706,631
Total other financing sources (uses)	<u>(120,000)</u>	<u>-</u>	<u>(120,000)</u>	<u>706,631</u>	<u>586,631</u>
Change in net position	(232,147)	343,031	110,884	398,551	509,435
Net position - beginning	<u>805,818</u>	<u>240,834</u>	<u>1,046,652</u>	<u>1,982,045</u>	<u>3,028,697</u>
Net position - ending	<u>\$ 573,671</u>	<u>\$ 583,865</u>	<u>\$ 1,157,536</u>	<u>\$ 2,380,596</u>	<u>\$ 3,538,132</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
System development charges	\$ 100,000	\$ (78,512)	\$ 21,488	\$ -	\$ 21,488
Investment earnings	<u>6,000</u>	<u>(5,558)</u>	<u>442</u>	<u>-</u>	<u>442</u>
Total revenues	106,000	(84,070)	21,930	-	21,930
EXPENSES					
Capital outlay	<u>550,000</u>	<u>(428,114)</u>	<u>121,886</u>	<u>(121,886)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	(444,000)	344,044	(99,956)	121,886	21,930
OTHER FINANCING SOURCES (USES)					
Contributed capital out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121,886)</u>	<u>(121,886)</u>
Change in net position	(444,000)	344,044	(99,956)	-	(99,956)
Net position - beginning	<u>1,587,230</u>	<u>(22,809)</u>	<u>1,564,421</u>	<u>-</u>	<u>1,564,421</u>
Net position - ending	<u>\$ 1,143,230</u>	<u>\$ 321,235</u>	<u>\$ 1,464,465</u>	<u>\$ -</u>	<u>\$ 1,464,465</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
System development charges	\$ 100,000	\$ 64,190	\$ 164,190	\$ -	\$ 164,190
Investment earnings	<u>1,100</u>	<u>(715)</u>	<u>385</u>	<u>-</u>	<u>385</u>
Total revenues	101,100	63,475	164,575	-	164,575
EXPENSES					
Capital outlay	<u>150,000</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	(48,900)	213,475	164,575	-	164,575
Net position - beginning	<u>431,237</u>	<u>26,311</u>	<u>457,548</u>	<u>-</u>	<u>457,548</u>
Net position - ending	<u>\$ 382,337</u>	<u>\$ 239,786</u>	<u>\$ 622,123</u>	<u>\$ -</u>	<u>\$ 622,123</u>

OTHER FINANCIAL SCHEDULES

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2022

Tax Year	Taxes Receivable July 1, 2021	2021-2022 Levy	Adjustments and Discounts	Collections	Taxes Receivable June 30, 2022
2021-2022	\$ -	\$ 472,494	\$ (12,174)	\$ 451,312	\$ 9,008
2020-2021	8,807	-	(10)	4,867	3,930
2019-2020	4,292	-	(7)	2,412	1,873
2018-2019	2,277	-	(5)	1,710	562
2017-2018	842	-	(5)	690	147
2016-2017	355	-	(8)	242	105
2015-2016	251	-	(5)	155	91
Prior	972	-	(8)	121	843
Subtotal - Prior	17,796	-	(48)	10,197	7,551
Total	<u>\$ 17,796</u>	<u>\$ 472,494</u>	<u>\$ (12,222)</u>	461,509	<u>\$ 16,559</u>
Add:					
Other taxes and interest				3,121	
Undistributed taxes with county, July 1, 2021				<u>-</u>	
Total available				464,630	
Less: Turnovers to City				<u>(464,630)</u>	
Undistributed taxes with county, June 30, 2022				<u>\$ -</u>	

**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, 2022, and have issued our report thereon dated December 7, 2022. 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.

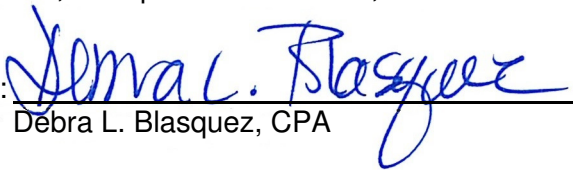
The City does not have any elected officials collecting or receiving money.

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 7, 2022.

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 7, 2022