

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2023



CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

CITY OFFICIALS

June 30, 2023

MAYOR

Charles McNeilly
(Effective 1/11/23)
P.O. Box 892
Rockaway Beach, Oregon 97136

Sue Wilson
(Through 1/11/23)
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

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

Mary McGinnis
(Effective 1/11/23)
P.O. Box 269
Rockaway Beach, Oregon 97136

Alesia Franken
(Effective 3/8/23)
P.O. Box 689
Rockaway Beach, Oregon 97136

CITY MANAGER

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

TABLE OF CONTENTS

June 30, 2023

Page
Number

INTRODUCTORY SECTION

Title Page
City Officials
Table of Contents

FINANCIAL SECTION

Independent Auditor's Report.....	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	12-13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds.....	19-20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds.....	22-23
Notes to Basic Financial Statements	24-64
Required Supplementary Information	
Schedule of the Proportionate Share of the Net Pension Liability (Asset).....	65
Schedule of Contributions	66
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	67
Schedule of the Proportionate Share of the Net OPEB Liability (Asset).....	68
Schedule of Contributions – Other Postemployment Benefits.....	69
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
General Fund.....	70
Roads and Streets Fund.....	71
Transient Room Tax Fund	72
Other Supplementary Information – Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds.....	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	74

	<u>Page Number</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
Transportation SDC Fund	75
Donation Reserve Fund	76
Debt Service Reserve Fund	77
Water Improvements Debt Service Fund	78
Sewer Improvements Debt Service Fund	79
1981 Water Revenue Bond Fund	80
Fire Equipment Reserve Fund	81
Project and Equipment Reserve Fund	82
Water Master Plan Reserve Fund	83
Sewer Master Plan Reserve Fund	84
Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual –	
Water Operating Fund	85
Sewer Operating Fund	86
Sewer SDC Fund	87
Water SDC Fund	88

OTHER FINANCIAL SCHEDULES

Schedule of Property Tax Transactions	89
---	----

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Independent Auditor’s Report Required by Oregon State Regulations	90-91
---	-------

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Charles McNeilly, 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, 2023, 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, 2023, 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.

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 4 through 11, 65 through 69, and 70 through 72, 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 GAAS, 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 GAAS. 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.

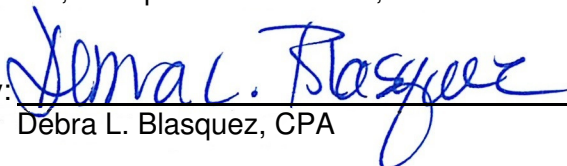
The combining statements and individual fund schedules are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the 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 GAAS. 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 14, 2023 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 14, 2023

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, 2023. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2023, total net position of the City of Rockaway Beach amounted to \$27,094,389. Of this amount, \$13,879,008 was invested in capital assets, net of related debt. The remaining balance included \$4,584,096 restricted for various purposes and \$8,631,285 of unrestricted net position.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances of \$8,953,800.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

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

□ **Governmental Funds**

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

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

The City maintains 13 governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Roads and Streets, Transient Room Tax, Fire Equipment Reserve, 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 15 through 18 of this report.

□ **Proprietary Funds**

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 24 through 64 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 (asset), 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 65 through 72 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 73 through 88 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, 2023, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,094,389.

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 \$2,977,105 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets and deferred outflows of resources						
Current assets	\$ 6,774,329	\$ 5,255,071	\$ 3,873,132	\$ 3,465,278	\$ 10,647,461	\$ 8,720,349
Restricted assets	2,424,008	2,241,563	2,260,103	2,243,757	4,684,111	4,485,320
Noncurrent assets						
Capital assets, net	7,878,466	7,240,794	7,866,773	7,802,600	15,745,239	15,043,394
Other	60,067	88,495	-	-	60,067	88,495
Deferred outflows of resources	<u>256,417</u>	<u>225,980</u>	<u>360,497</u>	<u>322,320</u>	<u>616,914</u>	<u>548,300</u>
 Total assets and deferred outflows of resources	 <u>17,393,287</u>	 <u>15,051,903</u>	 <u>14,360,505</u>	 <u>13,833,955</u>	 <u>31,753,792</u>	 <u>28,885,858</u>
Liabilities and deferred inflows of resources						
Current liabilities	507,684	519,304	126,464	21,428	634,148	540,732
Noncurrent liabilities	2,236,814	2,336,319	926,794	700,544	3,163,608	3,036,863
Deferred inflows of resources	<u>392,656</u>	<u>510,991</u>	<u>468,991</u>	<u>679,988</u>	<u>861,647</u>	<u>1,190,979</u>
 Total liabilities and deferred inflows of resources	 <u>3,137,154</u>	 <u>3,366,614</u>	 <u>1,522,249</u>	 <u>1,401,960</u>	 <u>4,659,403</u>	 <u>4,768,574</u>
Net position						
Net investment in capital assets	6,012,235	5,041,465	7,866,773	7,802,600	13,879,008	12,844,065
Restricted for various purposes	2,419,819	2,229,515	2,164,277	2,243,757	4,584,096	4,473,272
Unrestricted	<u>5,824,079</u>	<u>4,414,309</u>	<u>2,807,206</u>	<u>2,385,638</u>	<u>8,631,285</u>	<u>6,799,947</u>
 Total net position	 <u>\$ 14,256,133</u>	 <u>\$ 11,685,289</u>	 <u>\$ 12,838,256</u>	 <u>\$ 12,431,995</u>	 <u>\$ 27,094,389</u>	 <u>\$ 24,117,284</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

City's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$ 1,071,691	\$ 1,075,102	\$ 2,245,929	\$ 2,230,993	\$ 3,317,620	\$ 3,306,095
Operating grants and contributions	256,514	29,261	-	-	256,514	29,261
Capital grants and contributions	100,000	-	176,662	185,678	276,662	185,678
Total program revenues	<u>1,428,205</u>	<u>1,104,363</u>	<u>2,422,591</u>	<u>2,416,671</u>	<u>3,850,796</u>	<u>3,521,034</u>
General revenues						
Property taxes	483,683	463,393	-	-	483,683	463,393
Transient room taxes	2,115,949	1,657,255	-	-	2,115,949	1,657,255
Alcohol, cigarette, and other taxes	73,712	65,172	-	-	73,712	65,172
Investment earnings	220,695	44,943	37,156	6,669	257,851	51,612
Miscellaneous	111,089	91,279	174,533	191,120	285,622	282,399
Total general revenues	<u>3,005,128</u>	<u>2,322,042</u>	<u>211,689</u>	<u>197,789</u>	<u>3,216,817</u>	<u>2,519,831</u>
Total revenues	<u>4,433,333</u>	<u>3,426,405</u>	<u>2,634,280</u>	<u>2,614,460</u>	<u>7,067,613</u>	<u>6,040,865</u>
Program expenses						
General government	1,146,452	672,678	-	-	1,146,452	672,678
Public safety	688,720	650,233	-	-	688,720	650,233
Roads and streets	420,276	410,908	-	-	420,276	410,908
Interest on long-term debt	15,288	62,593	-	-	15,288	62,593
Water	-	-	913,622	979,580	913,622	979,580
Sewer	-	-	906,150	969,337	906,150	969,337
Total program expenses	<u>2,270,736</u>	<u>1,796,412</u>	<u>1,819,772</u>	<u>1,948,917</u>	<u>4,090,508</u>	<u>3,745,329</u>
Transfers and contributed capital	<u>408,247</u>	<u>(362,103)</u>	<u>(408,247)</u>	<u>362,103</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,570,844</u>	<u>1,267,890</u>	<u>406,261</u>	<u>1,027,646</u>	<u>2,977,105</u>	<u>2,295,536</u>
Net position - beginning of year, as restated	<u>11,685,289</u>	<u>10,417,399</u>	<u>12,431,995</u>	<u>11,404,349</u>	<u>24,117,284</u>	<u>21,821,748</u>
Net position - end of year	<u>\$ 14,256,133</u>	<u>\$ 11,685,289</u>	<u>\$ 12,838,256</u>	<u>\$ 12,431,995</u>	<u>\$ 27,094,389</u>	<u>\$ 24,117,284</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 \$5,824,492. This amount included \$12,040 of nonspendable amounts related to prepaid expenses, \$528,418 restricted for street maintenance, \$1,620,801 assigned to special projects, \$309,789 assigned to fire equipment, and \$1,623,103 assigned to future equipment purchases. The remaining \$1,730,341 constitutes unassigned fund balance, which is available for spending at the City's discretion.

Significant Changes in Major Governmental Fund Balances

- General Fund: The 26.3% increase in unassigned fund balance can be attributed to higher than estimated revenues and expenditure reductions.
- Roads and Streets Fund: The 25.3% increase in amounts restricted for street maintenance can be attributed to transfers in for future road and street projects.
- Fire Equipment Reserve Fund: The 73.8% increase in amounts assigned to fire equipment can be attributed to the purchase of a new fire truck.
- Project and Equipment Reserve Fund: The 47.8% 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 \$12,194,407 at year end. Of this amount, \$7,866,773 was invested in capital assets, net of related debt. The remaining balance included \$1,520,428 restricted for system development and \$2,807,206 of unrestricted net position.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUDGETARY HIGHLIGHTS: GENERAL FUND

Significant variances between budgeted and actual amounts in the General Fund for the year ended June 30, 2023 include:

- Alcohol taxes were budgeted for \$18,000. Actual revenue was \$29,576 (64.3% over budget) due to unanticipated sales growth.
- Other taxes were budgeted for \$23,000. Actual revenue was \$43,052 (87.2% over budget) due to unanticipated sales growth.
- Licenses, permits, and fees were budgeted for \$360,350. Actual revenue was \$484,396 (34.4% over budget) due to increases in short-term rentals and construction permits.
- Investment earnings were budgeted for \$8,000. Actual revenue was \$134,666 (1583.3% over budget) due to an increase in investment interest rates.
- Other revenue was budgeted for \$10,500. Actual revenue was \$23,842 (127.1% over budget) due to the sale of fire department 4-wheelers.
- Expenditures for public safety were budgeted for \$457,000. Actual expenditures were \$169,493 (62.9% under budget) due to contracting with the Tillamook Sheriff's Department.
- Transfers out were budgeted for \$397,000. Actual transfers out were \$297,000 (25.2% under budget) due to a transfer not being made into the loan reserve fund.

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, 2023 amounted to \$7,878,466 and \$7,866,773, 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 \$375,000 and \$511,774, respectively.

Additional information on the City's capital assets can be found in Note III-D on pages 38 through 40 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$1,898,007, including unamortized premium on bonds of \$186,231. This amount is comprised of three equipment leases and bonds payable. The City's total debt decreased by \$367,118 during the current fiscal year. Additional information on the City's long-term debt can be found in Note III-G on pages 42 through 44 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 2022-2023 period.
- 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 2023-2024.

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, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and cash equivalents	\$ 6,409,076	\$ 3,346,691	\$ 9,755,767
Accounts receivable, net	325,426	389,442	714,868
Property taxes receivable	16,947	-	16,947
Lease receivable, current portion	10,840	-	10,840
Inventories	-	117,087	117,087
Prepays and deposits	12,040	19,912	31,952
Total current assets	6,774,329	3,873,132	10,647,461
Restricted assets			
Cash and cash equivalents	2,357,304	2,260,103	4,617,407
Accounts receivable, net	66,704	-	66,704
Total restricted assets	2,424,008	2,260,103	4,684,111
Noncurrent assets			
Lease receivable, less current portion	11,168	-	11,168
Right to use lease assets, net of accumulated amortization	34,869	-	34,869
Capital assets			
Land and construction in progress	2,387,724	552,550	2,940,274
Capital assets, net of accumulated depreciation	5,490,742	7,314,223	12,804,965
Total capital assets	7,878,466	7,866,773	15,745,239
Net OPEB asset - RHIA	14,030	-	14,030
Total noncurrent assets	7,938,533	7,866,773	15,805,306
Total assets	17,136,870	14,000,008	31,136,878
Deferred outflows of resources			
Net deferred outflow of pension related resources	251,854	359,283	611,137
Net deferred outflow of OPEB related resources	4,563	1,214	5,777
Total deferred outflows of resources	256,417	360,497	616,914
Total assets and deferred outflows of resources	17,393,287	14,360,505	31,753,792

(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, 2023

(Continued)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	\$ 182,073	\$ 114,589	\$ 296,662
Accrued payroll liabilities	2,856	-	2,856
Accrued interest payable	18,921	-	18,921
Compensated absences payable, current portion	6,974	11,875	18,849
Leases payable, current portion	18,763	-	18,763
Bonds payable, current portion	270,000	-	270,000
Bond premium, current portion	8,097	-	8,097
Total current liabilities	507,684	126,464	634,148
Noncurrent liabilities			
Compensated absences payable, less current portion	27,898	47,502	75,400
Leases payable, less current portion	13,013	-	13,013
Bonds payable, less current portion	1,410,000	-	1,410,000
Bond premium, less current portion	178,134	-	178,134
Net pension liability	596,283	850,628	1,446,911
Net OPEB liability - implicit rate subsidy	11,486	28,664	40,150
Total noncurrent liabilities	2,236,814	926,794	3,163,608
Total liabilities	2,744,498	1,053,258	3,797,756
Deferred inflows of resources			
Unavailable revenue - leases	22,008	-	22,008
Net deferred inflow of pension related resources	302,976	432,211	735,187
Net deferred inflow of OPEB related resources	32,672	36,780	69,452
Unearned grant revenue	35,000	-	35,000
Total deferred inflows of resources	392,656	468,991	861,647
Total liabilities and deferred inflows of resources	3,137,154	1,522,249	4,659,403
NET POSITION			
Net investment in capital assets	6,012,235	7,866,773	13,879,008
Restricted for:			
Debt service	1,687,682	-	1,687,682
Street maintenance	528,418	-	528,418
System development	203,719	2,164,277	2,367,996
Unrestricted	5,824,079	2,807,206	8,631,285
Total net position	\$ 14,256,133	\$ 12,838,256	\$ 27,094,389

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, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
General government	\$ 1,146,452	\$ 791,663	\$ 188,214	\$ -
Public safety	688,720	163,970	-	-
Roads and streets	420,276	116,058	68,300	100,000
Interest on long-term debt	15,288	-	-	-
Total governmental activities	<u>\$ 2,270,736</u>	<u>\$ 1,071,691</u>	<u>\$ 256,514</u>	<u>\$ 100,000</u>
Business-type activities				
Water	\$ 913,622	\$ 1,353,862	\$ -	\$ 123,063
Sewer	906,150	892,067	-	53,599
Total business-type activities	<u>\$ 1,819,772</u>	<u>\$ 2,245,929</u>	<u>\$ -</u>	<u>\$ 176,662</u>
General revenues				
Property taxes				
Transient room taxes				
Alcohol, cigarette, and other taxes				
Investment earnings				
Miscellaneous				
Total general revenues				
Transfers and contributed capital				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (166,575)	\$ -	\$ (166,575)
(524,750)	-	(524,750)
(135,918)	-	(135,918)
(15,288)	-	(15,288)
<u>(842,531)</u>	<u>-</u>	<u>(842,531)</u>
-	563,303	563,303
-	39,516	39,516
<u>-</u>	<u>602,819</u>	<u>602,819</u>
483,683	-	483,683
2,115,949	-	2,115,949
73,712	-	73,712
220,695	37,156	257,851
111,089	174,533	285,622
<u>3,005,128</u>	<u>211,689</u>	<u>3,216,817</u>
<u>408,247</u>	<u>(408,247)</u>	<u>-</u>
2,570,844	406,261	2,977,105
<u>11,685,289</u>	<u>12,431,995</u>	<u>24,117,284</u>
<u>\$ 14,256,133</u>	<u>\$ 12,838,256</u>	<u>\$ 27,094,389</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Special Revenue Funds	
		Roads and Streets	Transient Room Tax
ASSETS			
Cash and cash equivalents	\$ 1,832,847	\$ 532,517	\$ 1,307,918
Accounts receivable, net	2,887	-	322,539
Property taxes receivable	16,947	-	-
Lease receivable	22,008	-	-
Prepays and deposits	9,189	2,851	-
 Total assets	 \$ 1,883,878	 \$ 535,368	 \$ 1,630,457
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Book overdraft	\$ -	\$ -	\$ -
Accounts payable	70,716	4,099	9,656
Accrued payroll liabilities	2,856	-	-
 Total liabilities	 73,572	 4,099	 9,656
 Deferred inflows of resources			
Unavailable revenue - property taxes	13,768	-	-
Unavailable revenue - leases	22,008	-	-
Unearned grant revenue	35,000	-	-
 Total deferred inflows of resources	 70,776	 -	 -
 Fund balances			
Nonspendable	9,189	2,851	-
Restricted	-	528,418	-
Assigned	-	-	1,620,801
Unassigned	1,730,341	-	-
 Total fund balances	 1,739,530	 531,269	 1,620,801
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 1,883,878	 \$ 535,368	 \$ 1,630,457

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

Capital Projects Funds			
Fire Equipment Reserve	Project and Equipment Reserve	Nonmajor Governmental Funds	Total Governmental Funds
\$ 359,789	\$ 1,623,903	\$ 3,111,931	\$ 8,768,905
-	-	66,704	392,130
-	-	-	16,947
-	-	-	22,008
-	-	-	12,040
<u>\$ 359,789</u>	<u>\$ 1,623,903</u>	<u>\$ 3,178,635</u>	<u>\$ 9,212,030</u>
\$ -	\$ -	\$ 2,525	\$ 2,525
50,000	800	46,802	182,073
-	-	-	2,856
<u>50,000</u>	<u>800</u>	<u>49,327</u>	<u>187,454</u>
-	-	-	13,768
-	-	-	22,008
-	-	-	35,000
-	-	-	70,776
-	-	-	12,040
-	-	1,891,401	2,419,819
309,789	1,623,103	1,240,432	4,794,125
-	-	(2,525)	1,727,816
<u>309,789</u>	<u>1,623,103</u>	<u>3,129,308</u>	<u>8,953,800</u>
<u>\$ 359,789</u>	<u>\$ 1,623,903</u>	<u>\$ 3,178,635</u>	<u>\$ 9,212,030</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

June 30, 2023

Total fund balances		\$ 8,953,800
<p>Right to use lease assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Right to use lease assets	249,330	
Accumulated amortization	<u>(214,461)</u>	34,869
<p>Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Cost	16,818,954	
Accumulated depreciation	<u>(8,940,488)</u>	7,878,466
<p>Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.</p>		
		13,768
<p>Liabilities not due or payable in the current period are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:</p>		
Accrued interest payable	(18,921)	
Compensated absences payable	(34,872)	
Leases payable	(31,776)	
Bonds payable	(1,680,000)	
Bond premium	<u>(186,231)</u>	(1,951,800)
<p>Pension assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement of net position:</p>		
Net pension liability	(596,283)	
Deferred outflows of pension related resources	251,854	
Deferred inflows of pension related resources	<u>(302,976)</u>	(647,405)
<p>OPEB assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement of net position:</p>		
Net OPEB asset - RHIA	14,030	
Net OPEB liability - implicit rate subsidy	(11,486)	
Deferred outflows of OPEB related resources	4,563	
Deferred inflows of OPEB related resources	<u>(32,672)</u>	<u>(25,565)</u>
Net position of governmental activities		<u>\$ 14,256,133</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, 2023

	General Fund	Special Revenue Funds	
		Roads and Streets	Transient Room Tax
REVENUES			
Taxes			
Property	\$ 484,628	\$ -	\$ -
Alcohol	29,576	-	-
Cigarette	1,084	-	-
Other taxes	43,052	-	-
Transient room taxes	-	-	2,115,949
Licenses, permits, and fees	484,396	-	-
Grants	188,214	168,300	-
Debt service fees	-	-	-
Charges for services	39,500	-	-
State revenue sharing	26,700	116,058	-
Investment earnings	134,666	21,631	8,950
Other revenue	23,842	-	-
	<u>1,455,658</u>	<u>305,989</u>	<u>2,124,899</u>
EXPENDITURES			
Current			
Administration	614,221	-	-
General services	-	-	195,589
Public safety	169,493	-	-
Fire protection	472,256	-	-
Highways and streets	-	267,437	-
Debt service	123,543	-	-
Capital outlay	96,342	353,874	-
	<u>1,475,855</u>	<u>621,311</u>	<u>195,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,197)</u>	<u>(315,322)</u>	<u>1,929,310</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	677,289	422,351	-
Transfers out	(297,000)	-	(1,900,321)
Contributed capital in	496	-	-
Contributed capital out	-	-	-
	<u>380,785</u>	<u>422,351</u>	<u>(1,900,321)</u>
Net change in fund balances	360,588	107,029	28,989
Fund balances - beginning	<u>1,378,942</u>	<u>424,240</u>	<u>1,591,812</u>
Fund balances - ending	<u>\$ 1,739,530</u>	<u>\$ 531,269</u>	<u>\$ 1,620,801</u>

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

<u>Capital Projects Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Fire Equipment Reserve</u>	<u>Project and Equipment Reserve</u>		
\$ -	\$ -	\$ -	\$ 484,628
-	-	-	29,576
-	-	-	1,084
-	-	-	43,052
-	-	-	2,115,949
-	-	18,000	502,396
-	-	-	356,514
-	-	407,334	407,334
-	-	-	39,500
-	-	-	142,758
1,381	1,640	44,329	212,597
-	-	-	23,842
<u>1,381</u>	<u>1,640</u>	<u>469,663</u>	<u>4,359,230</u>
-	-	44,353	658,574
-	-	-	195,589
-	-	-	169,493
-	-	-	472,256
-	-	-	267,437
-	-	311,685	435,228
<u>325,841</u>	<u>208,700</u>	<u>2,500</u>	<u>987,257</u>
<u>325,841</u>	<u>208,700</u>	<u>358,538</u>	<u>3,185,834</u>
<u>(324,460)</u>	<u>(207,060)</u>	<u>111,125</u>	<u>1,173,396</u>
456,000	731,681	761,000	3,048,321
-	-	-	(2,197,321)
-	-	-	496
-	-	(443,249)	(443,249)
<u>456,000</u>	<u>731,681</u>	<u>317,751</u>	<u>408,247</u>
131,540	524,621	428,876	1,581,643
<u>178,249</u>	<u>1,098,482</u>	<u>2,700,432</u>	<u>7,372,157</u>
<u>\$ 309,789</u>	<u>\$ 1,623,103</u>	<u>\$ 3,129,308</u>	<u>\$ 8,953,800</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, 2023

Net change in fund balances		\$ 1,581,643
Amounts reported for governmental activities on the statement of activities are different because:		
Governmental funds report right to use lease 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.		
Increase in right to use lease assets	16,686	
Current year amortization	(48,304)	
Removal of right to use lease assets	18,087	
Related accumulated amortization	<u>(18,087)</u>	(31,618)
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	1,012,672	
Less current year depreciation expense	<u>(375,000)</u>	637,672
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		(2,590)
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	11,397	
Lease liability proceeds	(16,686)	
Lease liability payments	50,706	
Bond premium	8,098	
Debt principal paid	<u>325,000</u>	378,515
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.		
		(945)
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.		
		12,104
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>(3,937)</u>
Change in net position		<u><u>\$ 2,570,844</u></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, 2023

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and cash equivalents	\$ 2,263,706	\$ 1,082,985	\$ -
Accounts receivable, net	207,284	182,158	-
Inventories	112,500	4,587	-
Prepays and deposits	11,175	8,737	-
Total current assets	<u>2,594,665</u>	<u>1,278,467</u>	<u>-</u>
Restricted assets			
Cash and cash equivalents	-	-	1,520,428
Capital assets			
Construction in progress	552,550	-	-
Capital assets, net of accumulated depreciation	4,647,421	2,666,802	-
Total capital assets	<u>5,199,971</u>	<u>2,666,802</u>	<u>-</u>
Total assets	<u>7,794,636</u>	<u>3,945,269</u>	<u>1,520,428</u>
Deferred outflows of resources			
Net deferred outflow of pension related resources	183,074	176,209	-
Net deferred outflow of OPEB related resources	632	582	-
Total deferred outflows of resources	<u>183,706</u>	<u>176,791</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>7,978,342</u>	<u>4,122,060</u>	<u>1,520,428</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>
\$ -	\$ 3,346,691
-	389,442
-	117,087
-	19,912
-	<u>3,873,132</u>
<u>739,675</u>	<u>2,260,103</u>
-	552,550
-	<u>7,314,223</u>
-	<u>7,866,773</u>
<u>739,675</u>	<u>14,000,008</u>
-	359,283
-	<u>1,214</u>
-	<u>360,497</u>
<u>739,675</u>	<u>14,360,505</u>

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2023

(Continued)

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	\$ 14,370	\$ 4,393	\$ -
Compensated absences payable, current portion	6,019	5,856	-
Total current liabilities	20,389	10,249	-
Noncurrent liabilities			
Compensated absences payable, less current portion	24,078	23,424	-
Net pension liability	433,441	417,187	-
Net OPEB liability	14,673	13,991	-
Total noncurrent liabilities	472,192	454,602	-
Total liabilities	492,581	464,851	-
Deferred inflows of resources			
Net deferred inflow of pension related resources	220,235	211,976	-
Net deferred inflow of OPEB related resources	18,902	17,878	-
Total deferred inflows of resources	239,137	229,854	-
Total liabilities and deferred inflows of resources	731,718	694,705	-
NET POSITION			
Net investment in capital assets	5,199,971	2,666,802	-
Restricted for system development	-	-	1,520,428
Unrestricted	2,046,653	760,553	-
Total net position	\$ 7,246,624	\$ 3,427,355	\$ 1,520,428

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>
\$ 95,826	\$ 114,589
<u>-</u>	<u>11,875</u>
95,826	126,464
-	47,502
-	850,628
<u>-</u>	<u>28,664</u>
-	926,794
95,826	1,053,258
-	432,211
<u>-</u>	<u>36,780</u>
-	468,991
95,826	1,522,249
-	7,866,773
643,849	2,164,277
<u>-</u>	<u>2,807,206</u>
<u>\$ 643,849</u>	<u>\$ 12,838,256</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, 2023

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
Operating revenues			
Charges for sales and services			
Water sales	\$ 1,353,862	\$ -	\$ -
Sewer charges	-	892,067	-
Total operating revenues	<u>1,353,862</u>	<u>892,067</u>	<u>-</u>
Operating expenses			
Administration	415,237	405,550	-
Materials and supplies	231,810	255,401	-
Depreciation	266,575	245,199	-
Total operating expenses	<u>913,622</u>	<u>906,150</u>	<u>-</u>
Operating income (loss)	<u>440,240</u>	<u>(14,083)</u>	<u>-</u>
Nonoperating revenues (expenses)			
System development charges	-	-	53,599
Investment earnings	10,380	22,349	2,364
Other income (expense)	173,576	957	-
Total nonoperating revenues (expenses)	<u>183,956</u>	<u>23,306</u>	<u>55,963</u>
Income (loss) before transfers and contributed capital	<u>624,196</u>	<u>9,223</u>	<u>55,963</u>
Transfers out	(731,000)	(120,000)	-
Contributed capital in	546,153	-	-
Contributed capital out	-	-	-
Total transfers and contributed capital	<u>(184,847)</u>	<u>(120,000)</u>	<u>-</u>
Change in net position	439,349	(110,777)	55,963
Total net position - beginning	<u>6,807,275</u>	<u>3,538,132</u>	<u>1,464,465</u>
Total net position - ending	<u>\$ 7,246,624</u>	<u>\$ 3,427,355</u>	<u>\$ 1,520,428</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>
\$ -	\$ 1,353,862
-	892,067
-	<u>2,245,929</u>
-	820,787
-	487,211
-	<u>511,774</u>
-	<u>1,819,772</u>
-	<u>426,157</u>
123,063	176,662
2,063	37,156
-	<u>174,533</u>
<u>125,126</u>	<u>388,351</u>
<u>125,126</u>	<u>814,508</u>
-	(851,000)
-	546,153
<u>(103,400)</u>	<u>(103,400)</u>
<u>(103,400)</u>	<u>(408,247)</u>
21,726	406,261
<u>622,123</u>	<u>12,431,995</u>
<u>\$ 643,849</u>	<u>\$ 12,838,256</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities	
	Enterprise Funds	
	Water Operating	Sewer Operating
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,348,222	\$ 881,919
Cash payments to employees	(428,479)	(413,933)
Cash payments to suppliers	<u>(221,482)</u>	<u>(256,073)</u>
Net cash provided (used) by operating activities	<u>698,261</u>	<u>211,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	<u>10,380</u>	<u>22,349</u>
Net cash provided (used) by investing activities	<u>10,380</u>	<u>22,349</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(731,000)	(120,000)
Other income (expense)	<u>173,576</u>	<u>957</u>
Net cash provided (used) by noncapital financing activities	<u>(557,424)</u>	<u>(119,043)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development charges	-	-
Contributed capital out	-	-
Purchase of capital assets	<u>(14,559)</u>	<u>(15,235)</u>
Net cash provided (used) by capital and related financing activities	<u>(14,559)</u>	<u>(15,235)</u>
Net increase (decrease) in cash and cash equivalents	136,658	99,984
Cash and cash equivalents - beginning (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>
Cash and cash equivalents - ending (including \$1,520,428, and \$739,675 for the Sewer SDC, and Water SDC Funds, respectively, reported in restricted accounts)	<u>\$ 2,263,706</u>	<u>\$ 1,082,985</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Contributed capital in for purchase of capital assets	\$ 546,153	\$ -

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

Business-Type Activities		
Enterprise Funds		
Sewer SDC	Nonmajor Water SDC	Total
\$ -	\$ -	\$ 2,230,141
-	-	(842,412)
-	95,826	(381,729)
-	95,826	1,006,000
2,364	2,063	37,156
2,364	2,063	37,156
-	-	(851,000)
-	-	174,533
-	-	(676,467)
53,599	123,063	176,662
-	(103,400)	(103,400)
-	-	(29,794)
53,599	19,663	43,468
55,963	117,552	410,157
1,464,465	622,123	5,196,637
\$ 1,520,428	\$ 739,675	\$ 5,606,794
\$ -	\$ -	\$ 546,153

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

(Continued)

	Business-Type Activities	
	Enterprise Funds	
	Water	Sewer
	Operating	Operating
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 440,240	\$ (14,083)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	266,575	245,199
(Increase) decrease in:		
Accounts receivable	(5,640)	(10,148)
Prepays	(2,094)	-
Inventories	2,611	379
Net deferred outflow of pension related resources	(19,430)	(18,886)
Net deferred outflow of OPEB related resources	71	68
Increase (decrease) in:		
Accounts payable	9,811	(1,051)
Accrued payroll liabilities	1,325	(768)
Compensated absences payable	(1,096)	120,212
Net pension liability	124,533	4,809
Net OPEB liability	(10,958)	(10,508)
Net deferred inflow of pension related resources	(120,048)	(115,163)
Net deferred inflow of OPEB related resources	12,361	11,853
Net cash provided (used) by operating activities	\$ 698,261	\$ 211,913

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

Business-Type Activities		
Enterprise Funds		
Sewer SDC	Nonmajor Water SDC	Total
\$ -	\$ -	\$ 426,157
-	-	511,774
-	-	(15,788)
-	-	(2,094)
-	-	2,990
-	-	(38,316)
-	-	139
-	95,826	104,586
-	-	557
-	-	119,116
-	-	129,342
-	-	(21,466)
-	-	(235,211)
-	-	24,214
<u>\$ -</u>	<u>\$ 95,826</u>	<u>\$ 1,006,000</u>

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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, 2023

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 grants and state highway revenue.

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

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.

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, 2023

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.

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

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Projects 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, 2023

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 in accordance with 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, 2023

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 Lease Assets

The City has recorded right to use lease assets in accordance with GASB Statement No. 87, *Leases*. The right to use lease 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 lease 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, 2023

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 assets 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, 2023

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 assets 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 five items that qualify for reporting in this category, which are unavailable revenue from property taxes, unavailable revenue from leases, unearned grant revenue, deferred amounts related to pensions, and deferred amounts related to other postemployment benefits. Unavailable revenue from property taxes, unavailable revenue from leases, and unearned grant revenue are 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 and unearned grant revenue are 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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Fund Balance

The City reports governmental fund balance 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, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

B. Deficit Fund Equity

At June 30, 2023, the Donation Reserve Fund reported a deficit fund balance of \$2,525 due to a difference between the budgeted and actual fund balance.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

A. Deposits and Investments (Continued)

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

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the state's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Credit Risk

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

Investments

As of June 30, 2023, 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>\$ 8,938,840</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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

A. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

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

Custodial Credit Risk – Deposits

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

The City holds accounts at US Bank and 1st Security 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, 2023, the City had \$295,414 insured by the FDIC and \$5,283,584 covered by the PFCP.

Deposits

The City's deposits and investments at June 30, 2023 are as follows:

Cash on hand	\$ 500
Checking and savings accounts	5,433,834
Total investments	<u>8,938,840</u>
Total deposits and investments	<u>\$ 14,373,174</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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	\$ 1,832,847
Transient Room Tax Fund	1,307,918
Fire Equipment Reserve Fund	359,789
Project and Equipment Reserve Fund	1,623,903
Nonmajor governmental funds	<u>1,284,619</u>
Total governmental activities - unrestricted	<u>6,409,076</u>
Business-type activities - unrestricted	
Water Operating Fund	2,263,706
Sewer Operating Fund	<u>1,082,985</u>
Total business-type activities - unrestricted	<u>3,346,691</u>
Total unrestricted cash and investments	<u>9,755,767</u>
Governmental activities - restricted	
Roads and Streets Fund	532,517
Nonmajor governmental funds	<u>1,824,787</u>
Total governmental activities - restricted	<u>2,357,304</u>
Business-type activities - restricted	
Sewer SDC Fund	1,520,428
Nonmajor proprietary fund - Water SDC Fund	<u>739,675</u>
Total business-type activities - restricted	<u>2,260,103</u>
Total restricted cash and investments	<u>4,617,407</u>
Total cash and investments	<u>\$ 14,373,174</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, 2023

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, 2023, the City recognized lease revenue in the amount of \$10,521.

C. Right to Use Lease Assets

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

Right to use lease asset activity for the City for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Right to use lease assets				
Leased equipment				
Copier	\$ 18,087	\$ -	\$ 18,087	\$ -
Phone and network	203,148	-	-	203,148
Postage meter	29,496	-	-	29,496
2023 copier	<u>-</u>	<u>16,686</u>	<u>-</u>	<u>16,686</u>
Total right to use lease assets	<u>250,731</u>	<u>16,686</u>	<u>18,087</u>	<u>249,330</u>
Less accumulated amortization for				
Leased equipment				
Copier	(16,589)	(1,498)	(18,087)	-
Phone and network	(148,974)	(40,629)	-	(189,603)
Postage meter	(18,681)	(5,899)	-	(24,580)
2023 copier	<u>-</u>	<u>(278)</u>	<u>-</u>	<u>(278)</u>
Total accumulated amortization	<u>(184,244)</u>	<u>(48,304)</u>	<u>(18,087)</u>	<u>(214,461)</u>
Total right to use assets being amortized, net	<u>\$ 66,487</u>	<u>\$ (31,618)</u>	<u>\$ -</u>	<u>\$ 34,869</u>

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

Governmental activities	
General government	<u>\$ 48,304</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance, As Restated	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,093,276	\$ 43,923	\$ -	\$ 2,137,199
Construction in progress	60,580	196,989	7,044	250,525
Total capital assets not being depreciated	2,153,856	240,912	7,044	2,387,724
Capital assets being depreciated				
Buildings	2,296,922	86,973	-	2,383,895
Machinery and equipment	717,285	378,505	-	1,095,790
Intangibles	8,550	-	-	8,550
Vehicles	1,041,248	-	-	1,041,248
Infrastructure	9,588,421	313,326	-	9,901,747
Total capital assets being depreciated	13,652,426	778,804	-	14,431,230
Less accumulated depreciation for				
Buildings	(1,018,194)	(70,489)	-	(1,088,683)
Machinery and equipment	(454,790)	(40,419)	-	(495,209)
Intangibles	(8,550)	-	-	(8,550)
Vehicles	(829,298)	(43,994)	-	(873,292)
Infrastructure	(6,254,656)	(220,098)	-	(6,474,754)
Total accumulated depreciation	(8,565,488)	(375,000)	-	(8,940,488)
Total capital assets being depreciated, net	5,086,938	403,804	-	5,490,742
Governmental activities capital assets, net	\$ 7,240,794	\$ 644,716	\$ 7,044	\$ 7,878,466

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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	\$ 104,899	\$ 447,651	\$ -	\$ 552,550
Capital assets being depreciated				
Buildings	2,159,494	-	-	2,159,494
Machinery and equipment	305,220	-	-	305,220
Vehicles	163,694	-	-	163,694
Infrastructure	<u>12,501,402</u>	<u>128,296</u>	<u>-</u>	<u>12,629,698</u>
Total capital assets being depreciated	<u>15,129,810</u>	<u>128,296</u>	<u>-</u>	<u>15,258,106</u>
Less accumulated depreciation for				
Buildings	(614,514)	(44,351)	-	(658,865)
Machinery and equipment	(247,406)	(14,286)	-	(261,692)
Vehicles	(85,711)	(18,775)	-	(104,486)
Infrastructure	<u>(6,484,478)</u>	<u>(434,362)</u>	<u>-</u>	<u>(6,918,840)</u>
Total accumulated depreciation	<u>(7,432,109)</u>	<u>(511,774)</u>	<u>-</u>	<u>(7,943,883)</u>
Total capital assets being depreciated, net	<u>7,697,701</u>	<u>(383,478)</u>	<u>-</u>	<u>7,314,223</u>
Business-type activities capital assets, net	<u>\$ 7,802,600</u>	<u>\$ 64,173</u>	<u>\$ -</u>	<u>\$ 7,866,773</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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	\$ 2,137,199	\$ -	\$ 2,137,199
Construction in progress	250,525	-	250,525
Buildings	2,383,895	(1,088,683)	1,295,212
Machinery and equipment	1,095,790	(495,209)	600,581
Intangibles	8,550	(8,550)	-
Vehicles	1,041,248	(873,292)	167,956
Infrastructure	9,901,747	(6,474,754)	3,426,993
Total governmental activities capital assets	16,818,954	(8,940,488)	7,878,466
Business-type activities			
Construction in progress	552,550	-	552,550
Buildings	2,159,494	(658,865)	1,500,629
Machinery and equipment	305,220	(261,692)	43,528
Vehicles	163,694	(104,486)	59,208
Infrastructure	12,629,698	(6,918,840)	5,710,858
Total business-type activities capital assets	15,810,656	(7,943,883)	7,866,773
Total capital assets	\$ 32,629,610	\$ (16,884,371)	\$ 15,745,239

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

Governmental activities	
General government	\$ 151,112
Public safety	72,698
Roads and streets	151,190
Total governmental activities	\$ 375,000
Business-type activities	
Water	\$ 245,199
Sewer	266,575
Total business-type activities	\$ 511,774

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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	Fire Equipment Reserve Fund	Project and Equipment Reserve Fund	Nonmajor Governmental Funds	
Transfers out:						
Governmental activities						
General Fund	\$ -	\$ 36,000	\$ 261,000	\$ -	\$ -	\$ 297,000
Transient Room Tax Fund	<u>587,289</u>	<u>386,351</u>	<u>195,000</u>	<u>731,681</u>	<u>-</u>	<u>1,900,321</u>
Total governmental activities	<u>587,289</u>	<u>422,351</u>	<u>456,000</u>	<u>731,681</u>	<u>-</u>	<u>2,197,321</u>
Business-type activities						
Water Operating Fund	45,000	-	-	-	686,000	731,000
Sewer Operating Fund	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>120,000</u>
Total business-type activities	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>761,000</u>	<u>851,000</u>
Total	<u>\$ 677,289</u>	<u>\$ 422,351</u>	<u>\$ 456,000</u>	<u>\$ 731,681</u>	<u>\$ 761,000</u>	<u>\$ 3,048,321</u>

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

General Fund: To fund city hall operations, public safety, and fire protection services.

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

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

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

Nonmajor Governmental Funds

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, 2023

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	\$ 32,282	\$ 2,590	\$ -	\$ 34,872	\$ 6,974
Business-type activities					
Compensated absences	\$ 55,664	\$ 3,713	\$ -	\$ 59,377	\$ 11,875

The General, Roads and Street, 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	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Leases payable							
Copier	3%	\$ 18,087	\$ 1,292	\$ -	\$ 1,292	\$ -	\$ -
Phone and network	3%	203,148	53,674	-	42,778	10,896	10,896
Postage meter	3%	29,496	10,830	-	6,119	4,711	4,711
2023 copier	3%	16,686	-	16,686	517	16,169	3,156
Total leases payable		267,417	65,796	16,686	50,706	31,776	18,763
Bonds							
Series 2020	3%	2,190,000	1,945,000	-	265,000	1,680,000	270,000
Unamortized premium on bonds	N/A	202,427	194,329	-	8,098	186,231	8,097
Total bonds		2,392,427	2,139,329	-	273,098	1,866,231	278,097
Loans							
McMillan Creek Loan - US Bank	4.8%	900,000	60,000	-	60,000	-	-
Total long-term liabilities		\$ 3,559,844	\$ 2,265,125	\$ 16,686	\$ 383,804	\$ 1,898,007	\$ 296,860

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

G. Long-Term Liabilities (Continued)

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.

a. Copier Lease

The agreement was executed on November 29, 2017 to lease a copier and required 60 monthly payments of \$325. Variable payments consisted of \$0.007 per copy over 8,500 black and white images and \$0.047 per copy for color images. The lease liability was measured at an implied discount rate of 3%. The right to use lease asset is discussed in more detail in Note III-C. As of June 30, 2023, the lease had been paid in full.

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 lease asset with a net book value of \$13,545 on June 30, 2023. The right to use lease 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 lease asset with a net book value of \$4,916 on June 30, 2023. The right to use lease asset is discussed in more detail in Note III-C.

d. 2023 Copier Lease

The agreement was executed on May 31, 2023 to lease a copier and requires 60 monthly payments of \$299.83. Variable payments consist of \$0.008 per copy over 3,000 black and white images and \$0.05 per copy over 100 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 lease asset with a net book value of \$16,408 on June 30, 2023. The right to use lease asset is discussed in more detail in Note III-C.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

G. Long-Term Liabilities (Continued)

3. 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.

4. Governmental Activity McMillan Creek Loan

On May 15, 2008, the City entered into a loan agreement with US Bank for \$900,000. Proceeds were used to fund the McMillan Creek Reservoir project. Interest on the loan was fixed at 4.8%. Principal and interest payments were due semiannually on October 15 and April 15. The Water Improvements Debt Service Fund was used to liquidate long-term debt related to the loan. As of June 30, 2023, the loan had been paid in full.

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, 2023 are as follows:

Year Ending June 30	Leases		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 18,763	\$ 556	\$ 270,000	\$ 46,350	\$ 288,763	\$ 46,906
2025	3,252	346	280,000	38,100	283,252	38,446
2026	3,351	247	75,000	32,775	78,351	33,022
2027	3,453	145	80,000	30,450	83,453	30,595
2028	2,957	41	85,000	27,975	87,957	28,016
2029-2033	-	-	325,000	106,275	325,000	106,275
2034-2038	-	-	190,000	70,950	190,000	70,950
2039-2043	-	-	225,000	39,975	225,000	39,975
2044-2046	-	-	150,000	6,750	150,000	6,750
	<u>\$ 31,776</u>	<u>\$ 1,335</u>	<u>\$ 1,680,000</u>	<u>\$ 399,600</u>	<u>\$ 1,711,776</u>	<u>\$ 400,935</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

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	Fire Equipment Reserve	Project and Equipment Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable - prepaids	\$ 9,189	\$ 2,851	\$ -	\$ -	\$ -	\$ -	\$ 12,040
Restricted for:							
Debt service	-	-	-	-	-	1,687,682	1,687,682
Street maintenance	-	528,418	-	-	-	-	528,418
System development	-	-	-	-	-	203,719	203,719
Assigned to:							
Fire equipment	-	-	-	309,789	-	-	309,789
Future equipment purchases	-	-	-	-	1,623,103	-	1,623,103
Special projects	-	-	1,620,801	-	-	-	1,620,801
Debt service	-	-	-	-	-	137	137
System improvements	-	-	-	-	-	1,240,295	1,240,295
Unassigned	<u>1,730,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,525)</u>	<u>1,727,816</u>
Total fund balances	<u>\$ 1,739,530</u>	<u>\$ 531,269</u>	<u>\$ 1,620,801</u>	<u>\$ 309,789</u>	<u>\$ 1,623,103</u>	<u>\$ 3,129,308</u>	<u>\$ 8,953,800</u>

IV. PENSION PLAN

A. Plan Description

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

IV. PENSION PLAN (Continued)

B. Benefits Provided

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The 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.

Death Benefits

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

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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

Disability Benefits

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

Benefit Changes after Retirement

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

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

Pension Benefits

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

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

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

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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

Pension Benefits (Continued)

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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

3. OPSRP Individual Account Program (IAP) (Continued)

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, 2023 were \$180,869, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 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.

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

At June 30, 2023, the City reported a liability of \$1,446,911 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan, relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was 0.0094%, which increased from its proportion of 0.0086% measured as of June 30, 2021.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

IV. PENSION PLAN (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense of \$(40,886). At June 30, 2023, 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	\$ 70,236	\$ 9,023
Change in assumptions	227,028	2,074
Net difference between projected and actual earnings on investments	-	258,680
Change in proportionate share	128,760	232,136
Differences between employer contributions and proportionate share of contributions	4,244	233,274
Total (prior to post measurement date contributions)	430,268	735,187
Contributions subsequent to the measurement date	180,869	-
Total	\$ 611,137	\$ 735,187

Deferred outflows of resources related to pensions of \$180,869 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, 2024. 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
2024	\$ 138,163	\$ 225,388
2025	110,914	233,909
2026	102,379	281,319
2027	61,209	(28,340)
2028	17,603	22,911
	\$ 430,268	\$ 735,187

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

IV. PENSION PLAN (Continued)

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, 2023

IV. PENSION PLAN (Continued)

E. Actuarial Assumptions (Continued)

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
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 2020 Experience Study.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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 June 2021, 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 June 2, 2021.

Asset Class	Target Allocation
Cash	0.00 %
Debt Securities	20.00 %
Public Equity	30.00 %
Private Equity	20.00 %
Real Estate	12.50 %
Real Assets	7.50 %
Diversifying Strategies	7.50 %
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, 2023

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, 2023

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)	\$ 2,565,972	\$ 1,446,911	\$ 510,309

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

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.

L. Changes in Plan Provisions Subsequent to Measurement Date

There have been no changes in plan provisions subsequent to the June 30, 2022 measurement date.

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Benefit Plans

The other postemployment benefits (OPEB) for the City consist of 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, 2023

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	\$ 40,150	\$ (14,030)	\$ 26,120
Deferred outflows of resources			
Change in proportionate share	-	3,479	3,479
Change in assumptions	2,052	110	2,162
Contributions after measurement date	42	94	136
Deferred inflows of resources			
Difference between projected and actual earnings on investments	-	(1,070)	(1,070)
Difference between expected and actual experience	(46,759)	(380)	(47,139)
Change in assumptions	(20,775)	(468)	(21,243)
OPEB expense	5,337	(1,623)	3,714
(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, 2023

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, 2022, the following employees were covered by the benefit terms:

Active employees	12
Inactive employees or beneficiaries receiving benefits	-
	-
Total	12

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 \$40,150 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2023, the City recognized OPEB expense from this plan of \$5,337. At June 30, 2023, 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	\$ -	\$ 46,759
Change in assumptions	2,052	20,775
Total (prior to benefit payments)	2,052	67,534
Benefit payments	42	-
Total	\$ 2,094	\$ 67,534

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

C. Implicit Rate Subsidy (Continued)

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

Deferred outflows of resources related to OPEB of \$42 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 ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Amortization Period Ending June 30	Deferred Outflows and Inflows
2024	\$ (7,334)
2025	(7,334)
2026	(7,334)
2027	(7,334)
2028	(7,006)
Thereafter	(29,140)
	\$ (65,482)

4. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 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	2.40%
Salary Increases	3.40%
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	3.54% (change from 2.16% in previous measurement period)
Healthcare Cost Trend Rate	Medical and vision: 4.25% in 2022, varying between 3.75% and 6.75% in future years Dental: 1.75% in 2022, 4.00% per year thereafter

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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, 2022	\$ 79,510
Changes for the year:	
Service cost	10,722
Interest on total OPEB liability	1,949
Effect of economic/demographic gains or losses	(40,867)
Effect of assumption changes or inputs	(11,164)
Balance as of June 30, 2023	\$ 40,150

Changes in assumptions are the result of the change in the discount rate from 2.16% to 3.54%.

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 (2.54%) or one percentage point higher (4.54%) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	Discount Rate		
	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 45,237	\$ 40,150	\$ 35,573
	Healthcare Cost Trend		
	1% Decrease (3.25%)	Current Trend Rate (4.25%)	1% Increase (5.25%)
Total OPEB liability	\$ 33,443	\$ 40,150	\$ 48,605

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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: <https://www.oregon.gov/pers/emp/pages/annual-reports.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 0.05% 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 207% as of December 31, 2021. 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, 2023 amounted to \$94.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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, 2023, the City reported an asset of \$14,030 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the City's proportionate share was 0.0039%, which decreased from its proportion of 0.0059% as of June 30, 2021.

For the year ended June 30, 2023, the City recognized OPEB expense from this plan of \$(1,623). At June 30, 2023, 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	\$ -	\$ 380
Change in assumptions	110	468
Net difference between projected and actual earnings	-	1,070
Change in proportionate share	3,479	-
Total (prior to post measurement date contributions)	3,589	1,918
Contributions subsequent to the measurement date	94	-
Total	\$ 3,683	\$ 1,918

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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 \$94 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, 2024. 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
2024	\$ 2,590	\$ 934
2025	999	652
2026	-	675
2027	-	(343)
	\$ 3,589	\$ 1,918

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, 2023

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)	\$ (12,645)	\$ (14,030)	\$ (15,217)

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

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.

12. Changes in Plan Provisions Subsequent to Measurement Date

There have been no changes in plan provisions subsequent to the June 30, 2022 measurement date.

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, 2023.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

VI. OTHER INFORMATION (Continued)

C. Restatement

The City made a correction of error for capital assets acquired in a previous period. Beginning net position was restated as follows:

Government-Wide Statements	Governmental Activities
Net position - beginning, as originally reported	\$ 11,594,709
Cumulative effect of correction of error	<u>90,580</u>
Net position - beginning, as restated	<u>\$ 11,685,289</u>

D. 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. 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.

E. Subsequent Events

Management has evaluated subsequent events through December 14, 2023, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

<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
2023	0.00944952%	\$ 1,446,911	\$ 905,492	159.79%	84.50%
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.

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				
2023	\$ 180,869	\$ 180,869	\$ -	\$ 1,023,959	17.66%				
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.

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>	2023	2022
Total OPEB Liability		
Service cost	\$ 10,722	\$ 10,418
Interest	1,949	1,713
Economic/demographic gains or losses	(40,867)	-
Change in assumptions	(11,164)	439
Benefit payments	-	(296)
Net change in total OPEB liability	(39,360)	12,274
Total OPEB liability - beginning	79,510	67,236
Total OPEB liability - ending	\$ 40,150	\$ 79,510
Covered employee payroll	\$ 1,023,959	\$ 905,492
Total OPEB liability as a percentage of covered employee payroll	3.92%	8.78%

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 the year ended June 30, 2023, the inflation rate decreased to 2.40% from 2.50% for June 30, 2022.

For the year ended June 30, 2023, salary increases decreased to 3.40% from 3.50% for June 30, 2022.

For the year ended, 2023, the discount rate increased to 3.54%. 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.

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

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 7,015	\$ 6,285	\$ 10,071	\$ 10,697
2,651	2,516	2,740	2,031
(9,595)	-	(4,194)	-
(384)	2,727	(15,055)	(5,645)
<u>(2,317)</u>	<u>(788)</u>	<u>(1,794)</u>	<u>(550)</u>
(2,630)	10,740	(8,232)	6,533
<u>69,866</u>	<u>59,126</u>	<u>67,358</u>	<u>60,825</u>
<u>\$ 67,236</u>	<u>\$ 69,866</u>	<u>\$ 59,126</u>	<u>\$ 67,358</u>
\$ 1,063,702	\$ 1,039,294	\$ 985,173	\$ 1,046,607
6.32%	6.72%	6.00%	6.44%

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

<u>RHIA</u>				(b/c) City's	
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	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
2023	0.00394830%	\$ (14,030)	\$ 905,492	-1.55%	194.60%
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	0.00942455%	(10,520)	1,046,607	-1.01%	124.00%
2018	0.00961242%	(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 Board 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.

*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	
2023	\$ 94	\$ 94	\$ -	\$ 1,023,959	0.01%	
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 Board 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.

*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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Taxes			
Property	\$ 433,000	\$ 433,000	\$ 50,295
Alcohol	18,000	18,000	11,576
Cigarette	1,500	1,500	(416)
Other taxes	23,000	23,000	20,052
Licenses, permits, and fees	360,350	360,350	124,046
Grants	231,000	231,000	(42,786)
Charges for services	40,500	40,500	(1,000)
State revenue sharing	20,000	20,000	6,700
Investment earnings	8,000	8,000	126,666
Other revenue	10,500	10,500	13,342
	<u>1,145,850</u>	<u>1,145,850</u>	<u>308,475</u>
EXPENDITURES			
Current			
Administration	703,399	819,399	(109,332)
Public safety	457,000	457,000	(287,507)
Fire protection	505,055	505,055	(32,799)
	<u>1,665,454</u>	<u>1,781,454</u>	<u>(429,638)</u>
Debt service	125,000	125,000	(1,457)
Contingency	250,000	134,000	(134,000)
	<u>2,040,454</u>	<u>2,040,454</u>	<u>(565,095)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(894,604)</u>	<u>(894,604)</u>	<u>873,570</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of sale	1,000	1,000	(1,000)
Transfers in	677,289	677,289	-
Transfers out	(397,000)	(397,000)	(100,000)
Contributed capital in	-	-	496
	<u>281,289</u>	<u>281,289</u>	<u>99,496</u>
Net change in fund balance	(613,315)	(613,315)	973,066
Fund balance - beginning	<u>985,000</u>	<u>985,000</u>	<u>389,147</u>
Fund balance - ending	<u>\$ 371,685</u>	<u>\$ 371,685</u>	<u>\$ 1,362,213</u>

Budget Basis	Actual	
	Adjustments	GAAP Basis
\$ 483,295	\$ 1,333	\$ 484,628
29,576	-	29,576
1,084	-	1,084
43,052	-	43,052
484,396	-	484,396
188,214	-	188,214
39,500	-	39,500
26,700	-	26,700
134,666	-	134,666
23,842	-	23,842
<u>1,454,325</u>	<u>1,333</u>	<u>1,455,658</u>
710,067	496	710,563
169,493	-	169,493
<u>472,256</u>	<u>-</u>	<u>472,256</u>
1,351,816	496	1,352,312
123,543	-	123,543
<u>-</u>	<u>-</u>	<u>-</u>
<u>1,475,359</u>	<u>496</u>	<u>1,475,855</u>
<u>(21,034)</u>	<u>837</u>	<u>(20,197)</u>
-	-	-
677,289	-	677,289
(297,000)	-	(297,000)
496	-	496
<u>380,785</u>	<u>-</u>	<u>380,785</u>
359,751	837	360,588
<u>1,374,147</u>	<u>4,795</u>	<u>1,378,942</u>
<u>\$ 1,733,898</u>	<u>\$ 5,632</u>	<u>\$ 1,739,530</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, 2023

	Original Budget	Final Budget	Variance with Final Budget Over (Under)
REVENUES			
Grants	\$ 100,000	\$ 100,000	\$ 68,300
State revenue sharing	-	-	116,058
Investment earnings	4,000	4,000	17,631
Total revenues	104,000	104,000	201,989
EXPENDITURES			
Current			
Personnel services	184,765	184,765	(60,775)
Materials and services	130,100	155,100	(11,653)
Capital outlay	408,000	408,000	(54,126)
Contingency	30,000	5,000	(5,000)
Total expenditures	752,865	752,865	(131,554)
Excess (deficiency) of revenues over (under) expenditures	(648,865)	(648,865)	333,543
OTHER FINANCING SOURCES (USES)			
Transfers in	422,351	422,351	-
Net change in fund balance	(226,514)	(226,514)	333,543
Fund balance - beginning	391,194	391,194	33,046
Fund balance - ending	\$ 164,680	\$ 164,680	\$ 366,589

	Actual		
Budget Basis	Adjustments	GAAP Basis	
\$ 168,300	\$ -	\$ 168,300	
116,058	-	116,058	
<u>21,631</u>	<u>-</u>	<u>21,631</u>	
<u>305,989</u>	<u>-</u>	<u>305,989</u>	
123,990	-	123,990	
143,447	-	143,447	
353,874	-	353,874	
<u>-</u>	<u>-</u>	<u>-</u>	
<u>621,311</u>	<u>-</u>	<u>621,311</u>	
(315,322)	-	(315,322)	
<u>422,351</u>	<u>-</u>	<u>422,351</u>	
107,029	-	107,029	
<u>424,240</u>	<u>-</u>	<u>424,240</u>	
<u>\$ 531,269</u>	<u>\$ -</u>	<u>\$ 531,269</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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Transient room taxes	\$ 1,921,806	\$ 194,143	\$ 2,115,949	\$ -	\$ 2,115,949
Investment earnings	<u>3,500</u>	<u>5,450</u>	<u>8,950</u>	<u>-</u>	<u>8,950</u>
Total revenues	<u>1,925,306</u>	<u>199,593</u>	<u>2,124,899</u>	<u>-</u>	<u>2,124,899</u>
EXPENDITURES					
Current					
Materials and services	584,211	(388,622)	195,589	-	195,589
Contingency	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>594,211</u>	<u>(398,622)</u>	<u>195,589</u>	<u>-</u>	<u>195,589</u>
Excess (deficiency) of revenues over (under) expenditures	1,331,095	598,215	1,929,310	-	1,929,310
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(1,900,321)</u>	<u>-</u>	<u>(1,900,321)</u>	<u>-</u>	<u>(1,900,321)</u>
Net change in fund balance	(569,226)	598,215	28,989	-	28,989
Fund balance - beginning	<u>1,056,418</u>	<u>535,394</u>	<u>1,591,812</u>	<u>-</u>	<u>1,591,812</u>
Fund balance - ending	<u>\$ 487,192</u>	<u>\$ 1,133,609</u>	<u>\$ 1,620,801</u>	<u>\$ -</u>	<u>\$ 1,620,801</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, 2023

	Special Revenue Funds		Debt Service Funds	
	Transportation SDC	Donation Reserve	Debt Service Reserve	Water Improvements Debt Service
ASSETS				
Cash and cash equivalents	\$ 203,719	\$ -	\$ 229,400	\$ 567,363
Accounts receivable, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,627</u>
 Total assets	 <u>\$ 203,719</u>	 <u>\$ -</u>	 <u>\$ 229,400</u>	 <u>\$ 590,990</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Book overdraft	\$ -	\$ 2,525	\$ -	\$ -
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>90</u>
 Total liabilities	 <u>-</u>	 <u>2,525</u>	 <u>-</u>	 <u>90</u>
 Fund balances				
Restricted for:				
Debt service	-	-	229,400	590,900
System development	203,719	-	-	-
Assigned to:				
Debt service	-	-	-	-
System improvements	-	-	-	-
Unassigned	<u>-</u>	<u>(2,525)</u>	<u>-</u>	<u>-</u>
 Total fund balances (deficit)	 <u>203,719</u>	 <u>(2,525)</u>	 <u>229,400</u>	 <u>590,900</u>
 Total liabilities and fund balances	 <u>\$ 203,719</u>	 <u>\$ -</u>	 <u>\$ 229,400</u>	 <u>\$ 590,990</u>

Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
Sewer Improvements Debt Service	1981 Water Revenue Bond	Water Master Plan Reserve	Sewer Master Plan Reserve	
\$ 824,305	\$ 137	\$ 800,115	\$ 486,892	\$ 3,111,931
<u>43,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,704</u>
<u>\$ 867,382</u>	<u>\$ 137</u>	<u>\$ 800,115</u>	<u>\$ 486,892</u>	<u>\$ 3,178,635</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,525
<u>-</u>	<u>-</u>	<u>46,712</u>	<u>-</u>	<u>46,802</u>
<u>-</u>	<u>-</u>	<u>46,712</u>	<u>-</u>	<u>49,327</u>
867,382	-	-	-	1,687,682
-	-	-	-	203,719
-	137	-	-	137
-	-	753,403	486,892	1,240,295
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,525)</u>
<u>867,382</u>	<u>137</u>	<u>753,403</u>	<u>486,892</u>	<u>3,129,308</u>
<u>\$ 867,382</u>	<u>\$ 137</u>	<u>\$ 800,115</u>	<u>\$ 486,892</u>	<u>\$ 3,178,635</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, 2023

	Special Revenue Funds		Debt Service Funds	
	Transportation SDC	Donation Reserve	Debt Service Reserve	Water Improvements Debt Service
REVENUES				
Licenses, permits, and fees	\$ 18,000	\$ -	\$ -	\$ -
Debt service fees	-	-	-	152,691
Investment earnings	1,168	-	-	1,700
Total revenues	19,168	-	-	154,391
EXPENDITURES				
Current				
Administration	-	44,353	-	-
Debt service	-	-	-	101,610
Capital outlay	-	-	-	-
Total expenditures	-	44,353	-	101,610
Excess (deficiency) of revenues over (under) expenditures	19,168	(44,353)	-	52,781
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Contributed capital out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	19,168	(44,353)	-	52,781
Fund balances - beginning	184,551	41,828	229,400	538,119
Fund balances (deficit) - ending	\$ 203,719	\$ (2,525)	\$ 229,400	\$ 590,900

Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
Sewer Improvements Debt Service	1981 Water Revenue Bond	Water Master Plan Reserve	Sewer Master Plan Reserve	
\$ -	\$ -	\$ -	\$ -	\$ 18,000
254,643	-	-	-	407,334
8,821	-	20,401	12,239	44,329
<u>263,464</u>	<u>-</u>	<u>20,401</u>	<u>12,239</u>	<u>469,663</u>
-	-	-	-	44,353
210,075	-	-	-	311,685
-	-	-	2,500	2,500
<u>210,075</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>358,538</u>
<u>53,389</u>	<u>-</u>	<u>20,401</u>	<u>9,739</u>	<u>111,125</u>
-	-	686,000	75,000	761,000
-	-	(443,249)	-	(443,249)
-	-	242,751	75,000	317,751
53,389	-	263,152	84,739	428,876
<u>813,993</u>	<u>137</u>	<u>490,251</u>	<u>402,153</u>	<u>2,700,432</u>
<u>\$ 867,382</u>	<u>\$ 137</u>	<u>\$ 753,403</u>	<u>\$ 486,892</u>	<u>\$ 3,129,308</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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Licenses, permits, and fees	\$ 15,000	\$ 3,000	\$ 18,000	\$ -	\$ 18,000
Investment earnings	<u>1,000</u>	<u>168</u>	<u>1,168</u>	<u>-</u>	<u>1,168</u>
Total revenues	16,000	3,168	19,168	-	19,168
EXPENDITURES					
Capital outlay	<u>185,000</u>	<u>(185,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(169,000)	188,168	19,168	-	19,168
Fund balance - beginning	<u>170,962</u>	<u>13,589</u>	<u>184,551</u>	<u>-</u>	<u>184,551</u>
Fund balance - ending	<u>\$ 1,962</u>	<u>\$ 201,757</u>	<u>\$ 203,719</u>	<u>\$ -</u>	<u>\$ 203,719</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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Current					
Materials and services	<u>44,353</u>	<u>-</u>	<u>44,353</u>	<u>-</u>	<u>44,353</u>
Excess (deficiency) of revenues over (under) expenditures	(44,353)	-	(44,353)	-	(44,353)
Fund balance - beginning	<u>44,353</u>	<u>(2,525)</u>	<u>41,828</u>	<u>-</u>	<u>41,828</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ (2,525)</u>	<u>\$ (2,525)</u>	<u>\$ -</u>	<u>\$ (2,525)</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

DEBT SERVICE RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 25	\$ (25)	\$ -	\$ -	\$ -
EXPENDITURES					
Debt service	<u>329,435</u>	<u>(329,435)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	<u>(329,410)</u>	<u>329,410</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(229,410)	229,410	-	-	-
Fund balance - beginning	<u>229,410</u>	<u>(10)</u>	<u>229,400</u>	<u>-</u>	<u>229,400</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 229,400</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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Debt service fees	\$ 148,000	\$ 4,691	\$ 152,691	\$ -	\$ 152,691
Investment earnings	<u>1,000</u>	<u>700</u>	<u>1,700</u>	<u>-</u>	<u>1,700</u>
Total revenues	149,000	5,391	154,391	-	154,391
EXPENDITURES					
Debt service	<u>101,610</u>	<u>-</u>	<u>101,610</u>	<u>-</u>	<u>101,610</u>
Excess (deficiency) of revenues over (under) expenditures	47,390	5,391	52,781	-	52,781
Fund balance - beginning	<u>638,433</u>	<u>(100,314)</u>	<u>538,119</u>	<u>-</u>	<u>538,119</u>
Fund balance - ending	<u>\$ 685,823</u>	<u>\$ (94,923)</u>	<u>\$ 590,900</u>	<u>\$ -</u>	<u>\$ 590,900</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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Debt service fees	\$ 243,800	\$ 10,843	\$ 254,643	\$ -	\$ 254,643
Investment earnings	<u>250</u>	<u>8,571</u>	<u>8,821</u>	<u>-</u>	<u>8,821</u>
Total revenues	244,050	19,414	263,464	-	263,464
EXPENDITURES					
Debt service	<u>210,075</u>	<u>-</u>	<u>210,075</u>	<u>-</u>	<u>210,075</u>
Excess (deficiency) of revenues over (under) expenditures	33,975	19,414	53,389	-	53,389
Fund balance - beginning	<u>802,131</u>	<u>11,862</u>	<u>813,993</u>	<u>-</u>	<u>813,993</u>
Fund balance - ending	<u>\$ 836,106</u>	<u>\$ 31,276</u>	<u>\$ 867,382</u>	<u>\$ -</u>	<u>\$ 867,382</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, 2023

	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

FIRE EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ -	\$ 1,381	\$ 1,381	\$ -	\$ 1,381
EXPENDITURES					
Capital outlay	<u>329,000</u>	<u>(3,159)</u>	<u>325,841</u>	<u>-</u>	<u>325,841</u>
Excess (deficiency) of revenues over (under) expenditures	(329,000)	4,540	(324,460)	-	(324,460)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>456,000</u>	<u>-</u>	<u>456,000</u>	<u>-</u>	<u>456,000</u>
Net change in fund balance	127,000	4,540	131,540	-	131,540
Fund balance - beginning	<u>109,512</u>	<u>68,737</u>	<u>178,249</u>	<u>-</u>	<u>178,249</u>
Fund balance - ending	<u>\$ 236,512</u>	<u>\$ 73,277</u>	<u>\$ 309,789</u>	<u>\$ -</u>	<u>\$ 309,789</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

PROJECT AND EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ 800	\$ 840	\$ 1,640	\$ -	\$ 1,640
EXPENDITURES					
Capital outlay	<u>799,000</u>	<u>(590,300)</u>	<u>208,700</u>	<u>-</u>	<u>208,700</u>
Excess (deficiency) of revenues over (under) expenditures	(798,200)	591,140	(207,060)	-	(207,060)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>731,681</u>	<u>-</u>	<u>731,681</u>	<u>-</u>	<u>731,681</u>
Net change in fund balance	(66,519)	591,140	524,621	-	524,621
Fund balance - beginning	<u>1,030,709</u>	<u>67,773</u>	<u>1,098,482</u>	<u>-</u>	<u>1,098,482</u>
Fund balance - ending	<u>\$ 964,190</u>	<u>\$ 658,913</u>	<u>\$ 1,623,103</u>	<u>\$ -</u>	<u>\$ 1,623,103</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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ 8,000	\$ 12,401	\$ 20,401	\$ -	\$ 20,401
EXPENDITURES					
Capital outlay	700,000	(256,751)	443,249	(443,249)	-
Contingency	30,000	(30,000)	-	-	-
Total expenditures	730,000	(286,751)	443,249	(443,249)	-
Excess (deficiency) of revenues over (under) expenditures	(722,000)	299,152	(422,848)	443,249	20,401
OTHER FINANCING SOURCES (USES)					
Transfers in	686,000	-	686,000	-	686,000
Contributed capital out	-	-	-	(443,249)	(443,249)
Total other financing sources (uses)	686,000	-	686,000	(443,249)	242,751
Net change in fund balance	(36,000)	299,152	263,152	-	263,152
Fund balance - beginning	410,972	79,279	490,251	-	490,251
Fund balance - ending	<u>\$ 374,972</u>	<u>\$ 378,431</u>	<u>\$ 753,403</u>	<u>\$ -</u>	<u>\$ 753,403</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

SEWER MASTER PLAN RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 4,000	\$ 8,239	\$ 12,239	\$ -	\$ 12,239
EXPENDITURES					
Capital outlay	100,000	(97,500)	2,500	-	2,500
Contingency	15,000	(15,000)	-	-	-
Total expenditures	115,000	(112,500)	2,500	-	2,500
Excess (deficiency) of revenues over (under) expenditures	(111,000)	120,739	9,739	-	9,739
OTHER FINANCING SOURCES (USES)					
Transfers in	75,000	-	75,000	-	75,000
Net change in fund balance	(36,000)	120,739	84,739	-	84,739
Fund balance - beginning	403,718	(1,565)	402,153	-	402,153
Fund balance - ending	\$ 367,718	\$ 119,174	\$ 486,892	\$ -	\$ 486,892

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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Water sales	\$ 1,227,000	\$ 126,862	\$ 1,353,862	\$ -	\$ 1,353,862
Investment earnings	3,000	7,380	10,380	-	10,380
Other income	170,000	3,576	173,576	-	173,576
Total revenues	<u>1,400,000</u>	<u>137,818</u>	<u>1,537,818</u>	<u>-</u>	<u>1,537,818</u>
EXPENSES					
Current					
Personnel services	648,789	(218,985)	429,804	(14,567)	415,237
Materials and services	276,500	(47,301)	229,199	2,611	231,810
Capital outlay	375,000	(360,441)	14,559	(14,559)	-
Depreciation	-	-	-	266,575	266,575
Contingency	30,000	(30,000)	-	-	-
Total expenses	<u>1,330,289</u>	<u>(656,727)</u>	<u>673,562</u>	<u>240,060</u>	<u>913,622</u>
Excess (deficiency) of revenues over (under) expenses	<u>69,711</u>	<u>794,545</u>	<u>864,256</u>	<u>(240,060)</u>	<u>624,196</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(731,000)	-	(731,000)	-	(731,000)
Contributed capital in	-	-	-	546,153	546,153
Total other financing sources (uses)	<u>(731,000)</u>	<u>-</u>	<u>(731,000)</u>	<u>546,153</u>	<u>(184,847)</u>
Change in net position	(661,289)	794,545	133,256	306,093	439,349
Net position - beginning	<u>1,694,396</u>	<u>640,143</u>	<u>2,334,539</u>	<u>4,472,736</u>	<u>6,807,275</u>
Net position - ending	<u>\$ 1,033,107</u>	<u>\$ 1,434,688</u>	<u>\$ 2,467,795</u>	<u>\$ 4,778,829</u>	<u>\$ 7,246,624</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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Sewer charges	\$ 866,200	\$ 25,867	\$ 892,067	\$ -	\$ 892,067
Investment earnings	13,000	9,349	22,349	-	22,349
Other income	1,000	(43)	957	-	957
Total revenues	<u>880,200</u>	<u>35,173</u>	<u>915,373</u>	<u>-</u>	<u>915,373</u>
EXPENSES					
Current					
Personnel services	610,370	(197,205)	413,165	(7,615)	405,550
Materials and services	308,200	(53,178)	255,022	379	255,401
Capital outlay	30,000	(14,765)	15,235	(15,235)	-
Depreciation	-	-	-	245,199	245,199
Contingency	30,000	(30,000)	-	-	-
Total expenses	<u>978,570</u>	<u>(295,148)</u>	<u>683,422</u>	<u>222,728</u>	<u>906,150</u>
Excess (deficiency) of revenues over (under) expenses	(98,370)	330,321	231,951	(222,728)	9,223
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(120,000)</u>	<u>-</u>	<u>(120,000)</u>	<u>-</u>	<u>(120,000)</u>
Change in net position	(218,370)	330,321	111,951	(222,728)	(110,777)
Net position - beginning	<u>844,505</u>	<u>313,031</u>	<u>1,157,536</u>	<u>2,380,596</u>	<u>3,538,132</u>
Net position - ending	<u>\$ 626,135</u>	<u>\$ 643,352</u>	<u>\$ 1,269,487</u>	<u>\$ 2,157,868</u>	<u>\$ 3,427,355</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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
System development charges	\$ 100,000	\$ (46,401)	\$ 53,599	\$ -	\$ 53,599
Investment earnings	<u>3,000</u>	<u>(636)</u>	<u>2,364</u>	<u>-</u>	<u>2,364</u>
Total revenues	103,000	(47,037)	55,963	-	55,963
EXPENSES					
Capital outlay	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	(97,000)	152,963	55,963	-	55,963
Net position - beginning	<u>1,120,422</u>	<u>344,043</u>	<u>1,464,465</u>	<u>-</u>	<u>1,464,465</u>
Net position - ending	<u>\$ 1,023,422</u>	<u>\$ 497,006</u>	<u>\$ 1,520,428</u>	<u>\$ -</u>	<u>\$ 1,520,428</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, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
System development charges	\$ 100,000	\$ 23,063	\$ 123,063	\$ -	\$ 123,063
Investment earnings	<u>1,000</u>	<u>1,063</u>	<u>2,063</u>	<u>-</u>	<u>2,063</u>
Total revenues	101,000	24,126	125,126	-	125,126
EXPENSES					
Capital outlay	<u>450,000</u>	<u>(346,600)</u>	<u>103,400</u>	<u>(103,400)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	(349,000)	370,726	21,726	103,400	125,126
OTHER FINANCING SOURCES (USES)					
Contributed capital out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,400)</u>	<u>(103,400)</u>
Change in net position	(349,000)	370,726	21,726	-	21,726
Net position - beginning	<u>558,649</u>	<u>63,474</u>	<u>622,123</u>	<u>-</u>	<u>622,123</u>
Net position - ending	<u>\$ 209,649</u>	<u>\$ 434,200</u>	<u>\$ 643,849</u>	<u>\$ -</u>	<u>\$ 643,849</u>

OTHER FINANCIAL SCHEDULES

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2023

Tax Year	Taxes Receivable July 1, 2022	2022-2023 Levy	Adjustments and Discounts	Collections	Taxes Receivable June 30, 2023
2022-2023	\$ -	\$ 494,766	\$ (12,853)	\$ 472,722	\$ 9,191
2021-2022	9,008	-	(155)	5,064	3,789
2020-2021	3,930	-	(153)	1,795	1,982
2019-2020	1,873	-	(140)	1,011	722
2018-2019	562	-	(163)	254	145
2017-2018	147	-	(4)	13	130
2016-2017	105	-	(5)	6	94
Prior	934	-	(3)	37	894
Subtotal - Prior	16,559	-	(623)	8,180	7,756
Total	<u>\$ 16,559</u>	<u>\$ 494,766</u>	<u>\$ (13,476)</u>	480,902	<u>\$ 16,947</u>
Add:					
Other taxes and interest				2,393	
Undistributed taxes with county, July 1, 2022				<u>-</u>	
Total available				483,295	
Less: Turnovers to City				<u>(483,295)</u>	
Undistributed taxes with county, June 30, 2023				<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 Charles McNeilly, 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, 2023, and have issued our report thereon dated December 14, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the 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, 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.

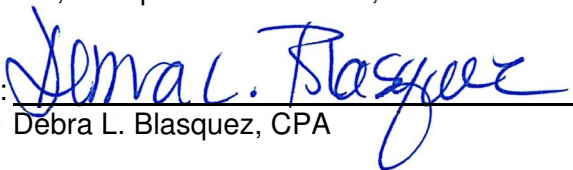
The City does not have any elected officials collecting or receiving money.

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 14, 2023.

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 14, 2023